



CD&R Firefly Holdco Limited
REPORT AND FINANCIAL STATEMENTS
Year to 31 December 2022

Company 09548683

CD&R Firefly Holdco Limited

Year to 31 December 2022



Company Information

DIRECTORS

Gregory Lai
Marco Herbst

COMPANY SECRETARY

Pinsent Masons Secretarial Ltd
1 Park Row
Leeds
LS1 5AB

REGISTERED OFFICE

Cleveland House
33 King Street
London
SW1Y 6RJ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
40 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

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Group Overview

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

Motor Fuel Group (MFG) is the largest independent forecourt operator in the UK and Channel Islands by number of sites with 930 operational sites at the end of the year (929 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.

MFG's performance in 2022, both operationally and financially, has again been exceptionally strong. As the year ended MFG had a healthy balance sheet and a strong liquidity position. The strong performance has continued into the beginning of 2023 and leaves the group well placed to pursue its growth and development plans; in particular the commitment to develop a nationwide 'on route' EV ultra-rapid charging infrastructure, in support of the UK Government's strategy to decarbonise the economy and achieve 'net zero' carbon emissions by 2050.



Strategic Report for the year ended 31 December 2022

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 2022.

Group Highlights

The Group recorded its strongest performance to date in 2022, whilst fuel volumes remained below pre-pandemic levels they did increase in a year with no covid related restrictions. The directors are pleased to report that the Group's array of essential and diverse customer offerings underpinned a strong performance throughout the year.

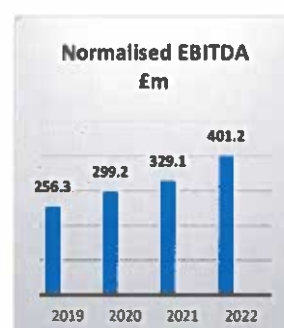
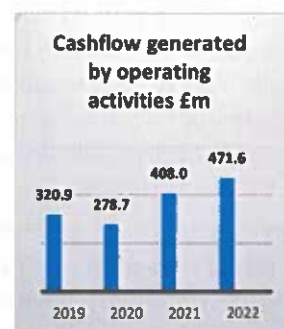
Profit before tax for the year is up 10.6% to £203.6m on revenues of £5,620.1m, operating profit increased by 24.1% to £347.3m and normalised EBITDA is up 21.9% to £401.2m. The Group generated cash from operating activities of £471.6m (2021: £408.0m) This was largely due to the increased profitability of the business but also due to strong working capital management throughout the year.

Fuel volumes are significantly impacted by the level of the underlying wholesale price. The year was notable for exceptional volatility in the commodity markets, caused mainly by the Russian invasion of Ukraine. The increased wholesale price was a large contributing factor in the increase in turnover in the year. Trading volumes in the year were 6% higher than the prior year reflecting the fact that, nationally, fuel sales across the market are recovering further, though they are still lower than pre-pandemic volumes. Stronger fuel margins, in concert with rising fuel volumes, contributed to the increase in profit year on year.



The non-fuel retail shop sales showed strong double digit growth against the prior year and Food to Go ("FTG") also enjoyed exceptionally strong growth.

Profit from EV charging has increased, as MFG invests further in EV charging across its network.



Strategic Report for the year ended 31 December 2022 (continued)

Group Highlights (continued)

A total of 38 site development projects were completed in 2022, including three new to industry ("NTI") petrol stations and four 'knock down and rebuilds' ("KDRB"). In addition, 31 ultra-rapid EV charger hubs were opened in the year, bringing the total number at year end to 54, collectively providing 271 charge points.

In March 2022, and a first for MFG, the Group announced an electric vehicle partnership deal at Great Western Retail Park in Glasgow. The new EV Hub, featuring eight 150kW Ultra-Rapid chargers and an all-weather canopy, will be situated adjacent to Starbucks and will be opened in Q2 2023.

This partnership adds another premium location to MFG's growing national network of EV Power hubs to assist customers with their transition to EVs. Great Western Retail Park 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 chargers will offer motorists 100 miles range in approximately 10 minutes, subject to the charging capability of individual car batteries.

William Bannister, CEO, MFG, said:

"This is another exciting development in our drive to build the UK's best network of Ultra-Rapid EV hubs across the country. We have already invested significantly and ahead of the curve on EV charging across our own forecourt network as part of our dual-fuel strategy to support the UK's transition to electric motoring. We are working with leading real estate owners and managers to provide best-in-class destinations to meet the inevitable demand from the motorist for easy access EV charging in high traffic retail locations."



MFG's state of the art flagship combined EV charging hub, petrol filling, convenience retail and valeting station in Putney won the 2022 Forecourt Trader of the Year award in October 2022.

Strategic Report for the year ended 31 December 2022 (continued)

Group Highlights (continued)

In December 2022, MFG delivered the UK's largest ever monthly roll out of 150kW chargers for a charge point operator in the UK so far. Seven new EV charging sites were opened, with a total of 38 chargers connected.

William Bannister, CEO, MFG, said:

"MFG has delivered a further seven new charging sites across the network in December, completing a successful 2022. We will continue to rollout further EV charging infrastructure throughout the UK in 2023 as part of our £400m investment."



Network evolution

Following the announcement in October 2021 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 were served initial orders as a consequence of the fact that the two businesses have a shared owner. These restricted the ability of MFG to acquire further sites until the remedies required by the CMA are fully enacted and will be in place until the completion of the regulatory review.

On 9 June 2022 the CMA accepted undertakings from CD&R to divest 87 filling stations from the MFG network, and agreements have since been concluded for the sale of all the 87 sites.

Now that all sites have been sold, MFG is reactivating its acquisition program. On the back of the record year, the Group entered 2023 with some £600m of liquidity available, providing financial capability for continuing investment in the development and growth of the network and, in recent weeks, the Group has agreed the acquisition of 23 petrol forecourt sites.

The Group remains well placed to confront the challenges arising and thrive as the industry evolves.

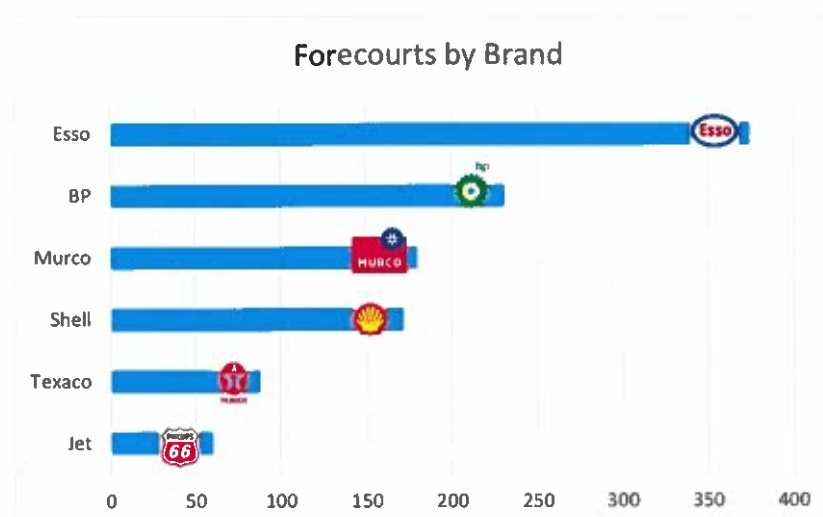
Strategic Report for the year ended 31 December 2022

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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 ultra-rapid charging, car valeting and other services supporting the consumer on the move, both in the local communities and on major trunk roads. Continuing investment is made to upgrade facilities and amenities to meet the vision of providing an exceptional customer experience and to play a key role as an integral part of the UK travel infrastructure.

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.

Note – the Murco sites include Company Owned sites (4) and Dealer Owned sites (176).

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, Pret-a-Manger and Burger King, all of which provide enhanced value and add to the overall customer experience. The partnership with Burger King was new in the year and the first unit launched successfully in May 2022.

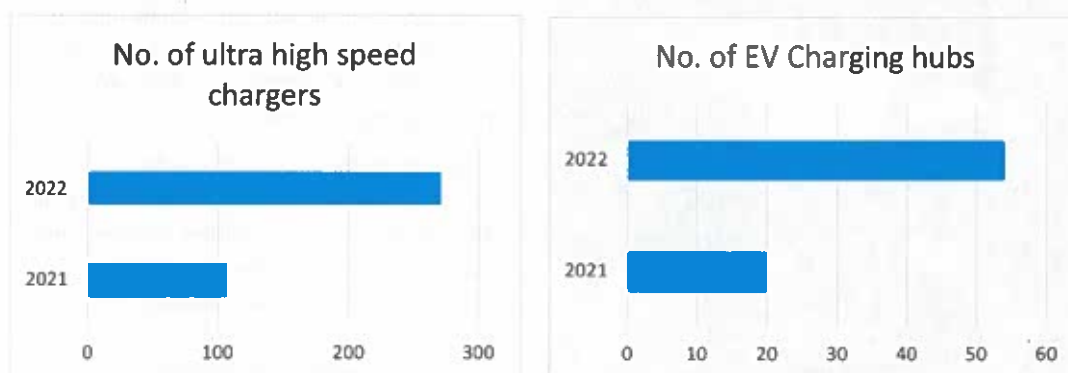
A trend that has continued to accelerate is for forecourts to act as home delivery hubs. UberEats, Just Eat and Deliveroo are now widely integrated within our retail network with 688 sites facilitating UberEats delivery, and 559 sites with Just Eat at the year end.

During 2022 MFG completed the development of three more new-to-industry sites.

Strategic Report for the year ended 31 December 2022 (continued)

Fuel Forecourts by Brand (continued)

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 an EV fuel offering so that our forecourts countrywide remain an essential part of the UK infrastructure, regardless of the particular fuel requirement of the motorist. Continuous improvement at every level is an important theme for the Group and it underpins all aspects of strategic decision making.



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, now that the CMA remediation is completed, the Group has resumed 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 petrol and diesel facilities whilst rolling out more EV ultra-rapid charging hubs. Should other fuel types become viable for the motorist, as alternative technologies develop, then the Group would also look to add those fuels to the network.

Strategic Report for the year ended 31 December 2022

(continued)

MFG Strategy (continued)

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 enable the Group to provide an exceptional service to the local communities and motorists on the move that it supports.

The Group continues in its endeavours to generate further 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.

Hydrogenated Vegetable Oil ("HVO") Blend

MFG have HVO blend diesel at six UK forecourts at the end of 2022. It is fully interchangeable with conventional diesel. The fuel is made with used cooking oil which is refined into a high-quality fuel component before being blended with conventional diesel and an additive, delivering great protection and cleaning power for engines.

HVO blend diesel has 15% lower life cycle greenhouse gas emissions than regular diesel.

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 develops. 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 for the foreseeable future as such infrastructure is scarce elsewhere. By year end 2022 MFG had installed the second largest network of ultra-rapid chargers in the UK.

Strategic Report for the year ended 31 December 2022 (continued)

MFG Strategy (continued)

Electric Vehicle (EV) charging strategy (continued)



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 has 54 Ultra-fast charging hubs open at the year end, providing 271 charge points, with a further 60 hubs and 360 more chargers to follow in 2023. MFG EV will continue developing additional installations into the future. MFG has committed to investing £400m in EV charging infrastructure over ten years using free cash flow generated from its existing business, thus

supporting the Government's policy of transitioning to a clean energy future.

Reliability is a key measure of success in this sector as EV drivers 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 joint first in Zap Map's annual public charging network satisfaction rankings in 2022.

MFG has been leading the move to forecourt charging. Whilst it is projected that approximately 80% of the UK car fleet will still require fossil fuel in 2030, the increase in sales of battery-electric and plug in hybrid cars continues to accelerate. In 2022, the number of new electric car registrations in the UK increased 40.1% year on year, increasing the market share of sales of new electric vehicles from 11.6% to 16.6%.

It is forecast that EV adoption will grow even faster from 2025 onwards, particularly as the stock of second hand EV models increases, albeit 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 in rural areas. MFG's strategy is to target major conurbations and, by pushing ahead with the major EV development program now, the Group will be strongly positioned once EV penetration becomes much more significant in the latter half of the decade.

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 types.

Strategic Report for the year ended 31 December 2022

(continued)

MFG Strategy (continued)

Electric Vehicle (EV) charging strategy (continued)



Whilst MFG has a strong natural advantage in the 'On Route' segment there are other market segments where MFG could compete. As the EV charging business continues to develop MFG is also looking at non-forecourt 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, and continues to seek new partnerships providing a wider geographical reach.

Such off-network partnerships will help MFG EV Power gain increased brand awareness, whilst our partners will benefit from a zero-capex solution, additional rental income, new on-site facilities and, at the same time, demonstrate their 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.

Expanding the retail offering

MFG continues to drive its non-fuel revenue streams. The Group continues in its long term partnership with Booker Retail Partners to provide an exceptional customer experience at our Budgens and Londis branded stores. 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 strong retail offering. To facilitate this MFG's continuous development program improves and often enlarges on-site facilities at a number of sites each year. These developments add more FTG outlets, an enhanced shopping experience and additional scope for offering other non-fuel services. Additionally, the Group has an active drive thru program, providing the facilities for a number of globally recognised drive thru operators to operate alongside MFG forecourts.



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.

Strategic Report for the year ended 31 December 2022 (continued)

MFG Strategy (continued)

Valeting strategy

The MFG valet offer is an important ancillary service to the motorist and Valeting is regarded as being one of the Group's key strategic services; in 2022, Valeting achieved strong single digit growth. MFG has invested strongly in these facilities and will continue to do so. Reliable Valeting 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 Valeting facilities and the Group will continue to add, and improve, rollover washes, jet wash bays, vacuums and airlines to sites where demand from the consumer is present.



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 integrating 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.

Strategic Report for the year ended 31 December 2022

(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 898 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 2022 we sold almost 2.9bn litres into the retail market, an increase on 2021 but volumes in both years were still lower than the pre pandemic year in 2019 due to the sustained change in consumer habits following the Covid 19 period.



Strategic Report for the year ended 31 December 2022 (continued)

Business Model (continued)

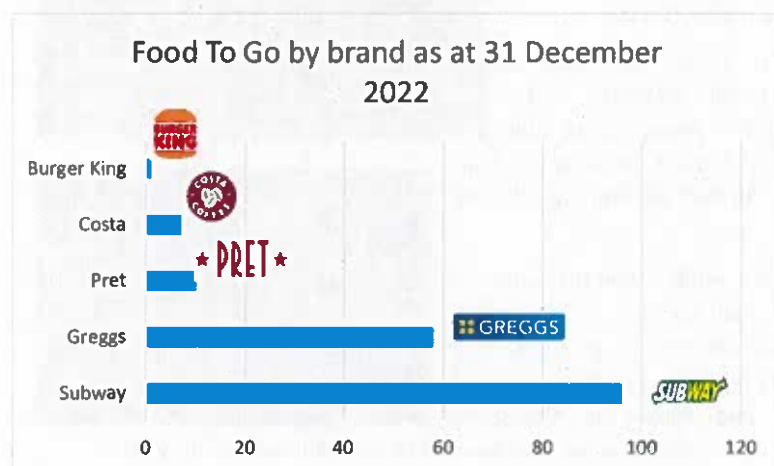
Company Owned Franchise Operated Model (COFO) (continued)

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 these consumer 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 operates an ongoing programme of redevelopment and improvement. In total 38 development projects were completed in 2022, including three New-to-Industry ("NTI") sites.

Food to Go is also a market that continues to expand, 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 FTG business



performance benefits from increased customer footfall. It is also strongly supported by the expanding demand for food delivery services, which operate out of a significant and growing number of MFG outlets. The MFG forecourt network is well suited to provide FTG outlets and it is a service 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. The total number of FTG outlets at the year end was 174. MFG is continuing to refine the network by establishing the optimal FTG offerings for each location.

Strategic Report for the year ended 31 December 2022 (continued)

Business Model (continued)

Company Owned Franchise Operated Model (COFO) (continued)

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.



In addition to FTG, many of the sites are 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 26 sites where the Group owns and operates both the fuel and the onsite retail activity. All staff are employed by the company.



This business model typically supports the larger fuel stations and is a key growth area 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.



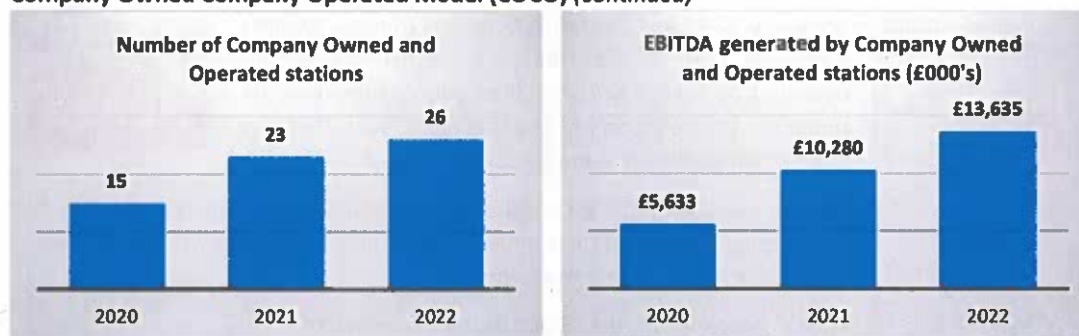
During 2022 the Company grew this network by 3 sites, all of which were NTI. Trading at these new sites has been encouraging, and the Group will continue to add appropriate sites to Peregrine's COCO portfolio.

Strategic Report for the year ended 31 December 2022

(continued)

Business Model (continued)

Company Owned Company Operated Model (COCO) (continued)



The location and size of these sites supported an exceptionally strong performance in 2022. There has been continued EV investment in this network, which are proving to be successful additions to the business.

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 introduced Hydrogenised vegetable oil ("HVO") to its fuel range. This substitute for diesel is an environmentally friendly alternative fuel that produces fewer 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 has introduced a HVO Blend diesel to six selected sites on the UK mainland in 2022.

Strategic Report for the year ended 31 December 2022 (continued)

Business Model (continued)

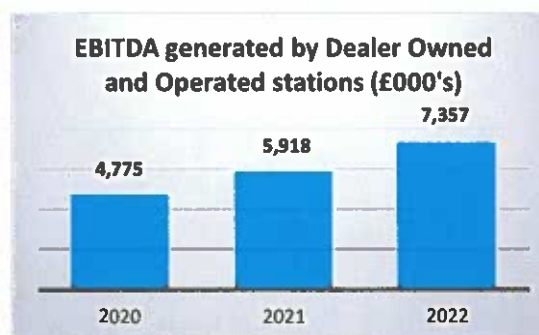
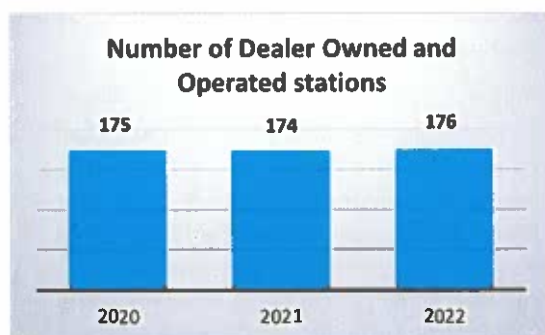
Dealer Owned Dealer Operated Model (DODO)

MFGs 100% owned subsidiary company, St Albans Operating Company Limited, supplies wholesale 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.



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. During 2022 the dealer business traded exceptionally strongly as the sites benefitted from higher margins and, through much of the year, price instability across the market.

Strategic Report for the year ended 31 December 2022

(continued)

Business and regulatory environment

During 2022 the performance of the UK economy was impacted by the ongoing situation in Ukraine. Crude oil prices have been volatile in the year. They rose sharply from \$74 a barrel at the end of 2021 to a high of \$123 a barrel in June, before coming back to \$81 a barrel at the year end. This year was notable for significant peaks and troughs throughout as the global economy adjusted to the reality of major conflict in Europe and the reduction of Russian supplied fuel. Wholesale prices are also impacted by changes in the exchange rate and the GBP/USD rate volatility in the second half of the year also affected prices.

After more than a decade of exceptionally low interest rates in the UK, the Bank of England increased the base rate eight times in the year, moving from 0.25% at 31 December 2021 to 3.5% at 31 December 2022.

Inflationary pressures could be seen throughout the year largely driven by increased commodity costs putting pressures on all sectors in the global economy. As the Western World adjusted to the new fuel supply patterns following the Russian invasion of Ukraine, commodity prices began to settle, but cost pressures globally continued and UK inflation finished the year at 10.5%.

The personal tax regime in the UK continued to be fairly stable and there were no changes to the main UK VAT rate in 2022. In March 2021 the UK Government had announced a rise in the corporation tax rate to 25% from April 2023 onwards but, a year later, the UK Government announced an immediate reduction in the fuel duty rate by 5 pence per litre, for a period of 12 months.

The EV is now clearly the favoured medium to long term alternative to the traditional petrol and diesel fuelled light vehicles. The UK Government announced in November 2020, that it would 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 still depend upon 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 2022

(continued)

Business and regulatory environment (continued)

Financial Review

The Group again delivered a strong financial performance. The Group made a profit for the year after taxation amounting to £154.7m (2021: profit £117.7m, restated). Revenues were £5,620.1m (2021: £4,116.3m) and operating profit was £347.3m (2021: £279.9m, restated). Revenues increased in the year by 36.5%, mostly due to a significant increase in the underlying wholesale price for most of the year, but also to a further post-pandemic recovery in volumes and robust fuel margins.

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 enhances the consumer experience and the non-fuel income streams continue to grow as a consequence.

The Group owned 82.7% of its sites as freehold assets at the year end. This feature, exceptional in the forecourt industry, means that the Group benefits from a relatively stable operating cost base. However, the business has been adversely impacted by the rise in electricity costs over the last year.

Normalised EBITDA is a key metric for the Group. The 2022 result was the strongest performance in the Group's history. The reported outturn of £401.2m was 21.9% higher than the prior year and 34.1% higher than that for 2020.

The Group generated cash from operating activities of £471.6m, (2021: £408.0m) the increase on last year largely driven by favourable working capital effects as a consequence of higher raw material prices. 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 £38.9m during the year (2021: £367m) and, at 31 December 2022, the Group had net liabilities of £3.3m (2021: net liabilities of £135.3m), net current assets of £100.9 (2021: net current liabilities of £132.1m) and net debt of £1,728.9m (2021: £1,784.3m), all of which is non-current.

The Group is financed through a combination of equity and externally syndicated bank debt. At 31 December 2022 the bank debt was £2,015.5m (2021: £2,003.4m), repayable in tranches between 2024 and 2026. Of the available £305m Revolving Credit Facility ("RCF"), none was drawn as at 31 December 2022 (31 December 2021: £50m). The Group is compliant with all covenants under the debt agreements and the management team monitors the projected covenant compliance on a regular basis.

During the year the FX forward contracts with end date 31 December 2022 were rolled forward to the end of 2023. Additionally, an interest rate cap on a portion of the debt was entered into.

The Group has undertaken a refinancing exercise in early 2023 and the maturity dates of the Group's term debt are now extended to 2028; details are set out in Note 30 to the Financial Statements.

Strategic Report for the year ended 31 December 2022

(continued)

Financial Review *(continued)*

Key performance indicators

The Group uses a number of key performance indicators ("KPIs") in managing the business.

Financial KPIs

The key financial performance indicators used by management to manage the business are Management EBITDA, operating cash flow, fuel gross margin, leverage ratio and margin per EV charge

Other financial performance indicators

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.

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 performance indicator for the business. Inventory days were 4.2 days at the end of 2022 (2021: 5.4 days), debtor days 4.1 days (2021: 3.8 days) and creditor days were 30.9 days (2021: 35.0 days)

Strategic Report for the year ended 31 December 2022

(continued)

Key performance indicators (continued)

Financial KPIs (continued)

EBITDA

		2022	2021**	2020
		£m	£m	£m
Profit for the year after tax		154.7	117.7	93.9
Add back	Tax	48.9	66.4	31.9
	Finance expense	204.0	144.5	150.3
	Depreciation	49.7	48.1	49.0
	Amortisation and impairment	4.2	1.1	1.0
Deduct	Finance Income	(60.3)	(48.7)	(26.9)
Normalised EBITDA		401.2	329.1	299.2
Add back	Exceptional operating expenses	7.1	14.6	-
	Other expenses deemed exceptional for management reporting, but not for statutory accounts	7.7	5.3	-
Deduct	Other differences between statutory and management EBITDA*	5.6	3.5	(2.0)
Management EBITDA		421.6	352.5	297.2

*This caption includes differences due to the accounting adjustments for IFRS 16 within the financial statements and gains on disposal of fixed assets.

**restated – see note 28

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

	2022	2021	2020
Financial	£m	£m	£m
Gross Profit	558.3	464.9	395.6
Profit after Tax	154.7	117.7	93.9
Non cash working capital	(354.3)	(351.2)	(237.3)
Liquidity	591.6	474.1	400.7
Net Debt	1,728.9	1,784.3	1,610.6
Non-Financial			
Total number of sites at year end*	930	926	911
FTG outlets at year end*	174	147	129
Number of ultra rapid chargers installed at year end	271	107	-
Purchased electricity (million kWh)**	106.6	103.5	100.2
Emissions – tCO2***	20,463	23,833	24,364
Employee accident rate (per 200,000 hrs)	1.31	0.58	0.29

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

**Purchased electricity excludes electricity purchased for resale, and is for our 2020 baseline stations

***This is for our 2020 baseline stations

Strategic Report for the year ended 31 December 2022

(continued)

Key performance indicators *(continued)*

Non-Financial KPIs

In monitoring the performance of the business, retail fuel volumes (liquid fuel) and kWh sold per month (EV business) are key performance indicators to management.

The Group is carefully focused on all aspects of Health and Safety and various metrics are used to measure performance and to identify any issues, including employee accident rates and whistle blowing incidents.

Management take Cyber security very seriously and the monitoring and assessment of threats and vulnerabilities is a key performance indicator.

Environmental factors are also an important area for the Group, detailed energy usage and emission metrics are reviewed routinely by management and monitored by the Board on a quarterly basis.

Other financial performance indicators

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 performance indicators.

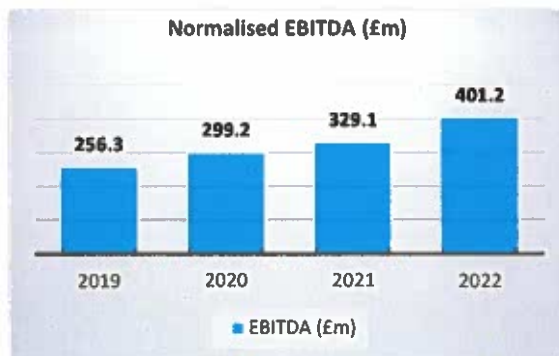
Other performance indicators for the EV business include charger reliability and average daily charges per bay.

Strategic Report for the year ended 31 December 2022 (continued)

Key performance indicators (continued)

Key statistics

Financial



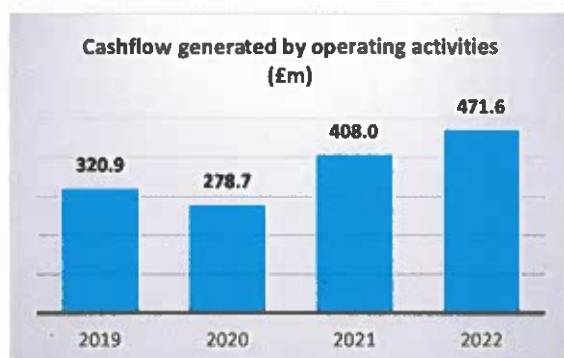
Strategic Report for the year ended 31 December 2022

(continued)

Key performance indicators (continued)

Key statistics

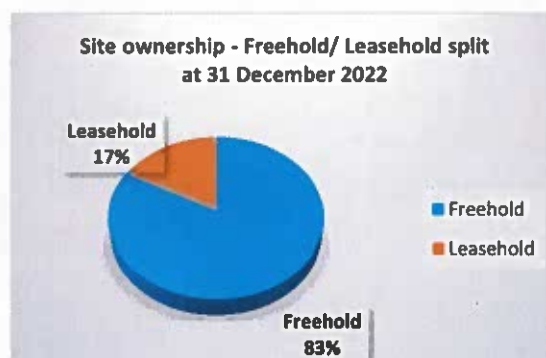
Financial (continued)



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

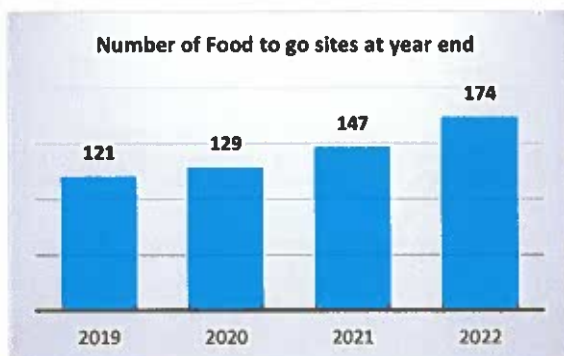


Strategic Report for the year ended 31 December 2022 (continued)

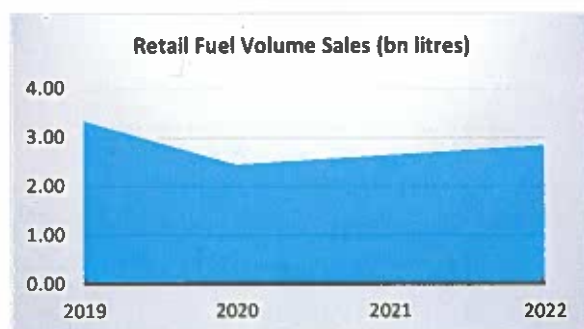
Key performance indicators (continued)

Key Statistics (continued)

Property/ Site numbers (continued)



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.

Whilst volumes have continued to recover from the subdued levels experienced during the Covid period there has been a structural change as consumer behaviour has changed and there is less driving in general.

Strategic Report for the year ended 31 December 2022 (continued)

Key performance indicators (continued)

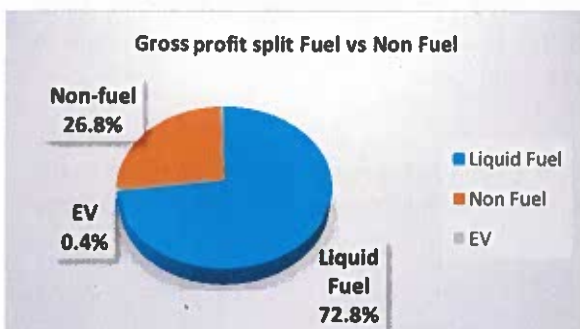
Key Statistics (continued)

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.

Liquid 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 2022

(continued)

Principal risks and uncertainties

During 2022 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 directed 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, the base rate increased during 2022 from 0.5% to 3.5%. Previously, the Group has taken the view that any changes to interest rates in the near term will be manageable with the current liquidity buffer. However in 2022 it took the decision to put an interest rate cap in place to reduce the interest rate risk on 1 billion euros (equivalent to some £880 million) of the Group's debt. The Board continue to monitor the exposure to interest rate risk and will re-assess the situation as the year continues.

Exchange rate risk

The Group is partly funded through Euro denominated bank loans. To mitigate the exchange rate risk on the principal element, the Group has taken out 1 billion euros (equivalent to some £880 million) of currency forward options expiring in December 2023.

Refinancing risk

At year end the majority of the Group's debt was due for renewal in 2025, giving rise to a refinancing risk. In managing this risk in early 2023 the Group has undertaken a refinancing exercise in early 2023 in order to extend the term debt to 2028 (see Note 30 to the Financial Statements).

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. The primary Group covenant is that the ratio of EBITDA to Senior net debt should not exceed 8.25. The Group finished the year with this ratio at approximately 4. To monitor this risk the management team reviews the 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, in order that remedial action could be initiated in good time, if warranted.

Strategic Report for the year ended 31 December 2022

(continued)

Principal risks and uncertainties *(continued)*

Liquidity risk

The Group's operations are 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. At the year end the Group had liquidity of £591.6 million.

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.

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 cover the costs of major incidents of environmental damage).

The Board and Management are all committed to this focus on HSE matters to mitigate HSE risk and that believe there is a low residual 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 2022

(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 Government's response to reduce or reverse the impact of climate changes will impact our business and will change consumer demand for our products.

The main climate change impact on the Group is '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 acutely conscious of transitional risk, taking into account of all changes in policy and reviewing consumer trends. The Board pays particular attention to the transition to low carbon, which provides opportunities, both in the emissions efficiency of the network itself, but also in developing the resilience and of the business model by diversifying into and embracing the alternative fuels market.

A secondary risk is that of increasingly frequent and severe weather events that may impact or 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.

During the year the Group has undertaken a flood risk survey mapping exercise and assessed the likely risk of temporary disruption for each site in the network. There is also potential for longer term physical risk to service stations and the Group has evaluated this through an extensive survey. However, given that the assets are not concentrated geographically, the Group has concluded that there is not a material physical risk to the overall business from direct impacts of climate change in the short to medium term.

MFG has established a set 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 operations, lead the transition to cleaner electric fuel power and influence stakeholders to change behaviours.

Macro-Economic Conditions

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

The commodity price risk is tempered as the Group essentially runs a 'pass through' operation and volatility in wholesale prices does not impact the margin-based approach. Demand for the Group's primary fuels products is largely price-inelastic, underpinning the resilience of the business.

Strategic Report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Macro-Economic Conditions (continued)

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 the supply chain may not be sufficient to fulfil demand. Historical precedent demonstrates that concern about 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.

The full impacts of the ongoing economic downturn and cost of living crisis are not known, however MFG is well placed as the products sold through the Group forecourts are seen to be essential to consumers, providing a degree of insulation to the downturn. To date, the resilience of MFG's business model has meant there has been little impact but the Group continue to monitor the position.

Global Pandemic

Financial performance of the Group can be affected in the event of a global pandemic. The Covid 19 outbreak 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 through short-term individual projects and discretionary, meaning that cash outflows can be managed and deferred rapidly should the need arise. Additionally, the workforce has the experience 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 is driving changes for the traditional forecourt industry, slowly 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.

Strategic Report for the year ended 31 December 2022

(continued)

Principal risks and uncertainties *(continued)*

Technological Change *(continued)*

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

Cyber Risk

Increasingly cyber security is headlining 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 sensitive data, and lead to financial loss and reputational damage.

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 financial position. In all areas of the business MFG see safety as paramount and has procedures and controls in place to ensure that 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. Future restrictions on the sale of new petrol and diesel fuelled vehicles will have a significant impact on the Group and the Group's ongoing diversification through investment in EV charging investment and non-fuel revenue streams is a progressive response.

Strategic Report for the year ended 31 December 2022

(continued)

Principal risks and uncertainties *(continued)*

Regulatory requirements and legislative change *(continued)*

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 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. MFG's 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, therefore helping our employees manage their ability to work effectively requires continued focus.

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 and responsible manner. Our policies are clearly defined and regularly communicated to all employees, they are updated and reviewed regularly.

Strategic Report for the year ended 31 December 2022

(continued)

Future developments

The Group remains in a strong financial position and has sufficient liquidity available for renewed growth. The directors look forward to another strong trading performance in 2023.

MFG has committed to spend £400 million in EV infrastructure by 2030. Following a successful start to the programme, with 20% of the £400 million investment already deployed during 2021 and 2022, the 2023 plan will see MFG accelerate the rate of investment, seeking to install a further 360 Ultra-Rapid 150kW EV chargers at hubs throughout the UK.

William Bannister, CEO, MFG said:

"We were proud to continue our significant investment into the UK's EV infrastructure throughout 2022, opening a record number of EV hubs across our network. Our ambition was to invest ahead of the curve, and give drivers who were contemplating purchasing an electric vehicle the confidence that they could travel as easily as with a petrol or hybrid vehicle. Although we have a way to go to achieve this, our investment in 2022 has set us on a positive trajectory. We have set ourselves another ambitious target for openings in 2023, with the plan to energise 360 chargers whilst delivering the best experience for our customers."



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 that today's ever more demanding customer desires.

The Directors are confident that the performance of the business will continue to be strong and that 2023 will prove to be another successful year.

Approved by the Board and signed on its behalf by Marco Herbst.

Marco Herbst

26 April 2023

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
- ESG Report
- Streamlined Energy and Carbon Report ("SECR")

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 CD&R 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 Lai

Mr Lai is a Partner at CD&R and is based in London. He plays a key role in respect of several of the firm's holdings, including the investments in B&M Retail, BUT International, Exova, HD Supply, Westbury Street Holdings, Morrisons and Motor Fuel Group. Previously, Mr Lai worked in the Investment Banking Division of Citigroup as well as Mubadala Development Company. Mr. Lai 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, Morrisons 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 Università 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)*

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 20 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.



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 EMEA 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 Terence Leahy

Sir Terence 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 Terence is recognised for transforming the supermarket industry in the UK and building Tesco into one of the world's leading retailers. Sir Terence's focus at CD&R is advising portfolio companies on operational and related issues and assisting in evaluating investment opportunities.



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 Terence Leahy.

Governance 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 |

Governance Report *(continued)*

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.

The manner in which these principles have been adopted by the Board, and that of its parent company 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 parent company's board and that strategy is then delivered by the executive management team.
2. The Group's parent company'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 parent company's 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.

Governance Report *(continued)*

Corporate Governance *(continued)*

3. The parent company's board members recognise the importance of good governance and have a clear understanding of their roles and responsibilities. The management and directors receive comprehensive and timely reporting of KPIs on all aspects of the business, which is used to support the decision-making process. The management recognises the benefit of independent challenge and the experienced Non-executive Directors 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 board meetings. The senior management team are responsible for identifying and mitigating risk, the principal risks to the business are outlined on pages 27 to 32. A risk controls framework has been developed and is reviewed by both the parent company's Audit Committee and its Board on a regular basis.
5. The parent company's 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 employees solely on the ability of those employees to support the success of the Group.
6. The Directors are committed to engagement with the Group's 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 43 to 46.

Employee engagement

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

Communication is key and regular updates 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.

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.

Governance Report *(continued)*

Supplier Engagement

The Board is aware that the business relationships it maintains with its suppliers are integral to the success of the business. To that end board members and senior management engage regularly with 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 brand partners so a focus on actively supporting these brands contributes directly to the success of the Group.

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 performance metric that the Group monitors closely.

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

Creditor days at the end of 2022 were 30.9 days (2021: 35.0 days).

Whistleblowing policy

The Group is committed to conducting business with honesty and integrity and all employees are expected to maintain the highest standards, any divergence from these expected standards is not tolerated. A whistleblowing policy is in place which enables staff to report any suspected wrongdoing either in direct company activities or within the supply chain.

Whistleblowing is treated with the utmost confidence and any occurrences are reported to the Board.

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.

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.

In 2022 we boosted our community and volunteering efforts significantly, building on the foundations laid in 2021, when we formalised an initiative to encourage every employee to get involved and support community efforts, up to two days per year, on full pay. Employees have embraced this initiative with open arms and took part in litter picking, football events, local school and charity fundraisers for our nominated partnership with Macmillan.

In March 2022 we announced an exciting new partnership with local football team St Albans City FC and will use this as a means of supporting the 'Saints' and the wider community where fans live and work. We look forward to being involved with a long and successful partnership, and the extended community outreach which taps into the 'Better World' aspect of our ESG strategy.

In addition to this we donated £2,000 to Alban City School, which will be allocated to the school's next book order, and the cheque has already been presented to the Headteacher, Gilly Stray by an MFG Finance Director.

Governance Report *(continued)*

Modern Slavery

The Group fully acknowledges the human rights of every individual.

The Group recognises its responsibility to take a pro-active approach to identify and prevent 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	<ul style="list-style-type: none"> • Safety • Competitive prices • Convenience • Choice • Customer service • Sustainability 	<ul style="list-style-type: none"> • Providing a safe environment for those who visit the site • 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 	<ul style="list-style-type: none"> • 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 • Online surveys and focus groups • Face to face at our hubs and franchise operations
EMPLOYEES	<ul style="list-style-type: none"> • Pay and Benefits • Job satisfaction • Safety • Career development • Security • Wellbeing and mental health supports • Societal impacts • Diversity and inclusion • Environment and ethical concerns • Listened to at Board level 	<ul style="list-style-type: none"> • Well trained and motivated employees are key to the success of the business and a positive and broader social impact • It is important to understand and collate employees' views, so MFG can achieve its purpose and vision collaboratively • MFG want employees to feel valued, and that their contributions and experiences are considered at Board level 	<ul style="list-style-type: none"> • Benefits package and encouragement of participation in pension schemes • Career progression opportunities and support for development • Communication between Board and workforce through regular executive team communications, verbally via email and employee portal • Employees are encouraged to provide suggestions and comments via an anonymous suggestion box. The newly formed Communities team report to the ESG committee that has representation at Board level • Employee Survey and excellent culture • Focus on Diversity and Inclusion initiatives and respect for all

Who	Key interests of stakeholder group	Reason for engagement	How we engage with them
CONTRACT MANAGERS	<ul style="list-style-type: none"> • Opportunity for success • Support and guidance • Site developments • Training schemes • Uniform and appropriate third-party contracts 	<ul style="list-style-type: none"> • Collaborative approach with Contract Managers • Promotion of best practice, adherence to legislation and guidelines and mutually beneficial operating and financial outcomes • Good governance framework 	<ul style="list-style-type: none"> • Support provided by MFG industry experts • Robust and economically beneficial third-party contract arrangements • Well established operating model that evolves consistently with mutual benefit • Training and assistance provided allowing for development of individuals and their businesses • Timely and ongoing support, both financial and operational • Ability to re-mobilise safety schemes, as was done during Covid
SUPPLIERS:			
FUEL	<ul style="list-style-type: none"> • Strong sales volumes • Brand awareness/ protection • Long term relationships • Adherence to payment terms 	<ul style="list-style-type: none"> • Strong, cohesive relationships with the supply chain ensure security of supply, competitive pricing and promotional support. • MFG leverages the brand value of national and internationally recognised brand names • MFG and suppliers must work collaboratively to achieve success 	<ul style="list-style-type: none"> • Close working relationships with major suppliers through regular communications • Promotional and marketing support • Quality management systems • Training of key staff representing third party brands • Adherence to and support of third party strategies in support of their brands • Detailed contracts and Service Level Agreements • Mutual support offered in adverse business environment
NON FUEL	<ul style="list-style-type: none"> • Strong sales volumes • Evolution of relationships • Adherence to payment terms • Promotional activity • Product trials 		

Who	Key interests of stakeholder group	Reason for engagement	How we engage with them
COMMUNITIES	<ul style="list-style-type: none"> Alignment of product offering to local community needs Environmental, Social, Governance (ESG) factors 	<ul style="list-style-type: none"> MFG service stations are an important part of the communities we serve MFG offers a number of ancillary services as an alternative marketplace supporting trends and buying patterns / local expectations Sites supply appropriate goods and services for the communities living around them. Sites need to be safe, free from hazards and pollution. MFG needs to safeguard those that work and visit by delivering the ESG plan 	<ul style="list-style-type: none"> 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 Targeted and specific charitable fundraising is facilitated through the site network
THE ENVIRONMENT	<ul style="list-style-type: none"> Pollution Spills Carbon emission measurement and reduction Efficient water usage Actions to reduce energy use 	<ul style="list-style-type: none"> Commitment to minimising environmental impacts of operations MFG to play a key role in the development of the UK alternative road fuel infrastructure. 	<ul style="list-style-type: none"> 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 Regular water audit programme Floor risk survey undertaken

Who	Key interests of stakeholder group	Reason for engagement	How we engage with them
LANDLORDS	<ul style="list-style-type: none"> • Timely payments of rents • Site maintenance and upkeep 	<ul style="list-style-type: none"> • Collaborative approach required for successful operation of leasehold sites. 	<ul style="list-style-type: none"> • Strong business relationships and regular communications • Support offered in times of adversity, such as the recent pandemic • Timely and accurate payment • Responsible practice
GOVERNMENT	<ul style="list-style-type: none"> • Taxation • Planning • Carbon reduction • EV infrastructure 	<ul style="list-style-type: none"> • Policies and regulatory change are prevalent in the sector MFG engages in, strict adherence to these are critical for the success of the business • MFG's strategy is to be a good corporate citizen and to pay its fair share of tax, contributing to society through the activities it undertakes 	<ul style="list-style-type: none"> • Published tax strategy • Use of third party expertise • Strong relationships forged with HMRC representatives • Reputation for integrity and honesty • Energy efficiency programs • Ongoing management of landscape and upholding relationships
INVESTORS	<ul style="list-style-type: none"> • Delivering long term profits, sustainably • Reputation • Growth • Compliance with laws and regulations • Regular updates • ESG focus and management of climate risks as we transition to a low carbon economy 	<ul style="list-style-type: none"> • Collaborative investment leads to successful and dynamic decision making. • To utilise their expertise, knowledge and experience • To promote understanding and foster confidence • To use two-way channels to understand their needs 	<ul style="list-style-type: none"> • The Board regularly communicate with the investors to align strategy • Key staff have close working relationships and regular communications • ESG report • Website
BANKS AND LENDERS	<ul style="list-style-type: none"> • Long term growth and development • Maintain obligations and forward planning • Good relationships • Understand our strategy and stable market position 	<ul style="list-style-type: none"> • Good relationships and communications • Product awareness and strategic leverage 	<ul style="list-style-type: none"> • Published tax strategy • Use of third-party expertise • Reputation for integrity and honesty • Energy efficiency programs • Comprehensive monthly and quarterly reporting • Lender presentations • Responsiveness to lender requests and requirements

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 quarterly meetings. The Group has an ESG committee and has implemented the Streamlined Energy and Carbon Reporting requirements; more detail on the metrics monitored by the Board is set out on pages 53 - 55 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. TCFD specifies 4 pillars that should be considered in this area: Governance, Strategy, Risk management and Metrics and Targets, alongside 11 disclosure requirements. Below is a section detailing MFG’s work in supporting the work in respect of the impacts of climate change.

Governance

a) Board’s oversight of climate-related risks and opportunities

The parent company’s board has ultimate responsibility for climate-related risks and opportunities. That board sets the sustainability strategy and targets for the executive management team who are responsible for implementing them. The board formally addresses sustainability and climate related risks following each quarterly report from the ESG committee.

The Group’s ESG committee meets quarterly and includes executive and non-executive representatives and certain nominated Board members. It guides all sustainability activities across the Group, monitors progress against targets and is responsible for reporting progress to the board.

b) Management’s role in assessing and managing climate-related risks and opportunities

Management’s role is to execute the board’s strategy and does so through specifically commissioning studies, feasibility projects and third party consultations. In particular, fulfilling the board’s mandate, management is progressing the capital projects required to implement EV charging infrastructure, satisfying both business strategic goals and addressing transition risk.

As regards direct climate risk to operations, management commissioned a Physical Risk Report received in May 2022. This comprehensive report evaluated the physical risks for MFG’s business under two plausible climate scenarios, a 1.5°C rise scenario and a 4.0°C rise scenario. The risks analysed in the report related to the physical impacts of climate e.g. precipitation, flood, heat stress, direct damage to property and wider impacts.

The risks detailed in this report are considered as part of the strategic development of the network.

Governance Report (continued)

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

Strategy

- a) Climate-related risks and opportunities the organisation has identified over the short, medium and long term

In the short to medium-term the main climate-related risk to MFG is 'transitional risk' around de-carbonisation and the move away from petrol and diesel vehicles, UK sales of such new vehicles being banned from 2030, thus progressively restricting the market for MFG's historical main revenue streams.

The potential for longer term physical risk to service stations from climate change, e.g. floods, high temperatures, does exist and the Group has evaluated this through an extensive survey which has identified those stations more at risk from an increase in temperature and different weather events. However, given that the assets are not concentrated geographically, the Group has concluded that there is not a material physical risk to the overall business from direct impacts of climate change, in the short to medium term.

On this same timescale there is also a major opportunity to diversify the income streams through the installation of EV charging, as well as an opportunity to reduce emissions and save money through reduced power usage at sites. Identified technological improvements are already helping to decrease both emissions and energy usage, which in turn lowers costs.

Looking at the longer term, MFG's EV strategy is a key contributor to the UK's de-carbonisation agenda. A commitment was made in 2021 to build and operate some 500 EV ultrafast charging hubs by 2030. The cost of implementation is significant (£400 million has been committed) however the Group remains strongly cash generative and it is anticipated the whole cost will be met from free cash flow. As the EV charging capacity of the business expands, and power is sourced from renewable energy suppliers, it supports a reduction in the burning of hydrocarbon fuels.

MFG is also exploring the opportunities and benefits of other alternative fuels; a trial of Hydrogenated Vegetable Oil ("HVO") initially in a few selected stations was expanded in 2022. The Group continually monitors alternative fuel options and undertakes feasibility projects where it is considered potentially worthwhile.

- a) The impact of climate-related risks and opportunities on MFG's businesses, strategy, and financial planning

The impact of climate change on MFG's business over the longer term is transformational. The relationship of the revenue streams will change as there is progressively less fossil fuel sold and a greater proportion of revenue is generated from EV charging, using renewably-sourced power. The business must adapt and continue to grow its non fossil fuel business income streams, both EV charging and the other offerings (food to go, valeting, convenience store etc). Financial planning is taking into account the necessary large investment in EV infrastructure, along with spend to reduce the carbon footprint of the sites themselves, for example by fitting solar panels, changing light bulbs to LED, energy management systems and more efficient refrigeration.

Governance Report *(continued)*

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

Strategy *(continued)*

- b) The resilience of MFG's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Transition risk for MFG is not proportional to the eventual extent of global temperature change. The commitment to install EV infrastructure is fully costed and is being paid for out of free cash flow. MFG announced in 2021 that the Group will spend £400 million on EV infrastructure by 2030.

With regards to physical risks, MFG has undertaken a survey which assessed the level of risk for the different locations for incremental changes in temperature. The physical risk to the network at the current time is not regarded as material to the overall business, however this is clearly an emerging threat and will be kept under review.

Risk management

- a) MFG's processes for identifying and assessing climate-related risks

MFG uses:

Horizon scanning – a materiality assessment was undertaken using both internal and external resource; this exercise drove the focus on the key issues affecting both the Group and its stakeholders.

Prioritisation – topics were explored in stakeholder engagement exercises, interviews and surveys. Where additional expertise was required the Group worked with external consultancy firms in order to clearly understand the key climate related risks that the Group is or will be exposed to. Employee engagement was also sought and will continue to be a key part of development in this area.

Validation – key risk areas were reviewed by the senior Management team who developed a mitigation strategy to the transition risk that had been identified as the significant issue for the Group. The strategy was ratified by the Board and released to the public, committing the Group to developing its new infrastructure model.

Finalisation – material issues were identified and a materiality matrix was produced, plotting issues of material importance and concern to stakeholders, the bearing these issues might have on MFG, and the company's ability to influence them.

Climate risks are included within the Group's risk register which is maintained by the management team and discussed by the group's Audit Committee ahead of review by the board. At least two parent company board members attend both the group's Audit Committee and its ESG Committee where climate-related risks and related financial implications and disclosures are monitored.

The Group has taken a pro-active approach to maintain and upgrade its site and office equipment; to that end energy audits are regularly undertaken to target the replacement of inefficient infrastructure and equipment.

Governance Report *(continued)*

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

Risk management *(continued)*

- b) MFG's processes for managing climate-related risks

Firstly, MFG seeks to understand the risks and maintains an ongoing programme of investment to address them. We aim to minimise energy used within the business (seeking to reduce scope 2 emissions), and build EV power sales using renewably-supplied electricity, ultimately to supplant liquid fuel sales and thus reduces scope 3 emissions which are not currently reported (Limited Scope 3 emissions currently reported, in relation to company cars only).

- c) MFG's processes for identifying, assessing, and managing climate-related risks; integration into MFG's overall risk management

Climate-related risks are included on the Group's business risk register and reported to the board as part of an ongoing risk management process. The risk management process is undertaken by management and engages with all the relevant staff and expertise employed within the business.

Metrics and targets

- a) The metrics used by MFG to assess climate-related risks and opportunities and their connection with MFG's strategy and risk management process

Metrics include the capacity of the electric charging facilities across the network, carbon emissions, electricity usage (excluding electricity for re-sale), number of hybrid / EV company cars, confirmed litres of fuel lost in operations, ecology/biodiversity net gain figures

- b) MFG's Scope 1, Scope 2, greenhouse gas (GHG) emissions (plus, in due course, trends in Scope 3 emissions – not yet reported),

Emissions data is contained within the SECR which is provided in full on pages 57 - 59.

Governance Report *(continued)*

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

Metrics and targets *(continued)*

- c) MFG's targets to manage climate-related risks and opportunities and performance against those targets

Targets announced in 2021, updated annually where appropriate, along with progress against these targets, include:

- To strive for zero pollution at all MFG locations arising from loss of primary containment
 - There were two minor incidents in 2022 which caused no significant harm to the environment
 - 22 tank re-line / replacement projects completed in 2022
 - 18 repump projects completed in 2022, based on environmental sensitivity ranking
 - Water Audit programme has been carried out on 64 sites in 2022 and remedial actions initiated where recommended
- To reduce carbon emissions by 30% by 2030
 - Achieved a reduction of 6% year on year in 2022, a total of 8% based on a 2020 baseline
- To reduce electricity usage by 30% by 2030
 - Electricity usage has increased 10% since 2020, as business volumes have recovered from the pandemic
 - 32 LED lighting systems installed in 2022
 - 18 energy management systems installed in 2022
- To ensure a net biodiversity gain in new developments from 2022
 - Ecology surveys were carried out for all major developments in 2022 where required

In 2022 we refreshed our targets in a phased approach:

Target	Performance against target
Develop a roadmap to carbon neutrality by 2050 based on incremental steps that are realistic and achievable	We have reduced our carbon emissions year on year and against our 2020 baseline
Commit to a fully-electric company car fleet by 2030	As at the year end there were 41 hybrid vehicles and 6 electric vehicles as part of the company car fleet (comprising 36% of the total fleet)
Commit to building our first net-carbon-neutral site before end 2024	Ongoing target
Commit to trialling Hydrogen fuel sales at appropriately identified sites	Assessed as is not feasible for MFG as yet, but the Group continually monitors the market and this will be reviewed again as and when technology and demand develops.
Commit to trialling Hydrogenated Vegetable Oil (HVO) fuel sales at appropriately identified sites on UK mainland	We have an HVO blend fuel on sale at 6 UK mainland sites (as well as a full HVO fuel on Jersey) and will look to continue to develop this roll out








ESG Report

MFG has committed to publishing its ESG Report on its website each year. The following pages contain a summary of the ESG strategy and commitments.

We conducted our first materiality assessment in 2021, so we could identify and prioritise the sustainability issues firstly those which were of greatest concern to our stakeholders, and secondly the ones most likely to have the greater impact on our business.

The results of the materiality assessment informed our 'Fuel the Future' strategy, and is at the core of our ESG reporting. We align our strategy to the following UN Sustainable Development goals:

Aligning with Sustainable Development Goals (SDGs)

Climate change and carbon reduction: <i>Reduce our carbon footprint</i> Supporting the transition to alternative energy resources by upgrading infrastructure		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
Developing our people and supporting our local communities: <i>Equal opportunities and rewarding careers</i> Protecting the quality of life enjoyed by communities in which we operate		5.5 ensure participation and equal opportunities at leadership level
		11.3 inclusive and sustainable urbanisation
Health and Safety: <i>Protect our staff from harm</i> Highest standards to reduce risks associated with our business		3.9 substantially reduce the number of deaths and illnesses from pollution
		8.8 protect labour rights and promote safe and secure working environments for all workers

ESG Report *(continued)*

Strategy





Our sustainability strategy is 'Fuel the Future' and it comprises three elements:







- **Fuel a greener world** – we make it easier to be greener. We are a leading part of the UK mobility transition to a net-zero world
- **Fuel a better world** – we make local communities more resilient and adaptive through our community hubs
- **Fuel a safer, more diverse world** – we support the local community and embrace diversity and equality, providing a safe environment for all who visit

Our main ESG targets are as follows:






Environmental

Environmental Targets for 2022	Our metrics and KPIs	How we are fuelling a greener world	
Strive for zero pollution at all MFG locations arising from any failure of primary containment	Confirmed litres of fuel lost to ground per quarter (target = 0 Litres lost to ground)	Two minor incidents in 2022 contained to only 2,600 litres lost to ground, subsequently remediated	
	Complete a minimum of 10 tank re-line/replacement projects per year	22 projects completed and 88 relined	
	Complete a minimum of 15 'repump' projects per year, based on environmental sensitivity ranking	18 projects completed	
	30% of all sites in the network to receive a water use audit during each year	64 Audits completed in FY2022 representing of 7% of the network. Issues with third party suppliers meant that MFG did not meet this target. Additional suppliers have been engaged to remedy this	

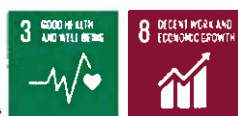
Environmental Targets for 2022	Our metrics and KPIs	How we are fuelling a greener world	
Reduce Scope 1 plus Scope 2 absolute carbon emissions by 30% by 2030, from a 2020 baseline	Report annual emission figures and percentage reduction against 2020 baseline. (Metric = annual emissions vs 2020 levels)	2022: 20,463 tCO ₂ 2021: 23,833 tCO ₂ 2020: 24,364.21 tCO ₂	
	Introduce hybrid vehicles to the company car fleet from 2021 All new vehicles leased from 2025 to be hybrid/EV Entire fleet to be comprised of hybrid/EV vehicles by 2028	Internal Combustion Engine ("ICE") = 84 vehicles (64%) Hybrid = 41 vehicles (31%) EV = 6 vehicles (5%) Whilst the target is 100% EV vehicles, the Group are using Hybrid vehicles as a transition measure.	
	Report electricity usage figures and percentage reduction against 2020 baseline	2022: 106,561,371 kWh, an increase of 6.4% against the 2020 baseline	
Reduce electricity usage by 30% by 2030 from a 2020 baseline	Install 40 additional LED lighting systems during 2022	32 LED lighting systems installed in FY2022	
	Install 40 additional energy management systems during 2022	18 installations during the year, shortfall due to well documented supply chain issues across the industry; completed 23 installations in total by end 2022	
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 completed for major developments in 2022 where appropriate or required	



Social



Social targets for 2022	Our metrics and KPIs	How we are fuelling a better world	
Support charity partners	Fundraising and awareness	£594k raised for Macmillan Cancer Support and DEC Ukraine Appeal	
Improve gender pay gap metrics	Monitoring of gender pay gap figures and providing equal opportunities	Mean GPG 2022: 28.7% (2021: 45%) Median GPG 2022: 16.6% (2021: 20%)	
Improve employee training and development offering	All employees to successfully complete all training courses as mandated by the group's Information and Instruction & Training Policy during the course of the year – metric is compliance with employee company HSE training matrix > 90%.	Compliance with the HSE Training Matrix is 92%	

Governance



Governance targets for 2022	Our metrics and KPIs	How we are fuelling a safer world	
Compliance with HSE-related legal and regulatory obligations	A maximum of one improvement notice received by the organisation from Regulators annually Zero Prohibition Notices	No improvement notices received in 2022 No prohibition notices received in 2022	
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)	2022 employee accident rate = 1.31 per 200,000 hours 2022 Contract Manager ("CM") accident rate = 0.16 per 200,000 hours	

ESG Report *(continued)*

Highlights
<ul style="list-style-type: none">• 30% of the UK's ultra-rapid hubs have been installed by MFG; with 271 ultra rapid chargers at end 2022 end across 54 hubs
<ul style="list-style-type: none">• Over £1 million has been raised over the last two years for Macmillan Cancer Support, MFG's official charity partner
<ul style="list-style-type: none">• New relationship with Alban City school, within walking distance of Head Office, which includes volunteering opportunities for MFG employees at the school as well as financial contributions by the group
<ul style="list-style-type: none">• Plastic bottles and non-recyclable cups have been successfully phased out at Head Office
<ul style="list-style-type: none">• At year end there were 15 solar panel photo voltaic installations on forecourt canopies across the network

Streamlined Energy and Carbon Report ("SECR")

UK energy use and associated greenhouse gas emissions

Current UK based annual energy usage and associated annual greenhouse gas ("GHG") emissions are reported pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force on 1 April 2019.

Organisational boundary

In accordance with the 2018 Regulations, the energy use and associated GHG emissions are for those assets owned or controlled within the UK only as defined by the operational control boundary. This includes 930 forecourts across the UK, the Head Office in St Albans, plus scope 1 company-owned cars and scope 3 business travel in employee-owned or rental vehicles (grey fleet).

Reporting period

The annual reporting period is 1st January to 31st December each year and the energy and carbon emissions metrics are aligned to this period.

Quantification and reporting methodology

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2022 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations as these relate to the majority of the reporting period. The report has been reviewed independently by Briar (Briar Consulting Engineers Limited).

Electricity and gas consumption were based on invoice records, while mileage was used to calculate energy and emissions from fleet vehicles and grey fleet. Market-based emissions have been calculated, and for sites without renewable contracts, residual emission factors have been used. Gross calorific values were used except for mileage energy calculations as per Government GHG Conversion Factors.

The emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations:

Scope 1 – direct GHG emissions

Includes emissions from activities owned or controlled by the organisation that release emissions into the atmosphere – Mandatory for large unquoted companies to report UK Scope 1 emissions

Scope 2 – indirect GHG emissions

Include emissions released into the atmosphere associated with consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of MFG's activities but which occur at sources the Group do not control – Mandatory for large unquoted companies to report UK Scope 2 emissions

Streamlined Energy and Carbon Report ("SECR") (continued)**Scope 3 – Other indirect emissions**

Emissions that are a consequence of MFG's actions, which occur at sources which the Group do not own or control and which are not classed as Scope 2 emissions – Mandatory for large unquoted companies to disclose energy use and related emissions from business travel in rental cars or employee-owned vehicles where they are responsible for purchasing the fuel

Breakdown of energy consumption used to calculate emissions (kWh):

Energy type	2021	2022
Mandatory requirements:		
Gas	377,371	502,857
Purchased electricity	108,604,627	112,124,836
Transport fuel	2,860,470	3,044,206
Total energy (mandatory)	111,842,468	115,671,899

Note: Figures may not sum due to rounding

Breakdown of emissions associated with the reported energy use (tCO₂e):

Emission source	2021	2022
Mandatory reporting:		
<u>Scope 1</u>		
Gas	69.1	91.8
Company owned vehicles	666.9	725.0
<u>Scope 2</u>		
Purchased electricity (location-based)	23,060.0	21,682.7
<u>Scope 3</u>		
Category 6: Business travel (grey fleet only)	41.3	26.1
Total gross emissions (mandatory)	23,837.4	22,525.6
<u>Intensity ratios (mandatory emissions only)</u>		
Tonnes of CO ₂ e per million litres of fuel sold (location-based)	7.32	6.43
Voluntary reporting:		
<u>Scope 2</u>		
Purchased electricity (market-based)	9,092.7	70.9
Total gross emissions (mandatory & voluntary) (location-based)	23,837.4	22,525.6
Total gross emissions (mandatory & voluntary) (market-based)	9,870.1	913.8
<u>Intensity ratios (mandatory & voluntary emissions)</u>		
Tonnes of CO ₂ e per million litres of fuel sold (location-based)	7.32	6.43
Tonnes of CO ₂ e per million litres of fuel sold (market-based)	3.03	0.24

Note: Figures may not sum due to rounding

Streamlined Energy and Carbon Report ("SECR") (continued)

Emissions Analysis

Between the last two reporting years, Motor Fuel Limited has seen a significant reduction in its Purchased Electricity (market-based) emissions. The reason for this is due to a new REGO-backed contract which was signed in October 2021. From January to September 2021, 47% of the Company's electricity consumption was through a REGO-backed contract. From October 2021 to December 2022, this number increased to 99%. As a result of Motor Fuel Limited investing in renewable electricity contracts, the Company has experienced a 92.1% decrease in its market-based intensity ratio in 2022 compared to 2021.

The company has also reported a decrease in Grey Fleet emissions in 2022 compared to 2021. An increase in Hybrid vehicle usage amongst employees, as well as many more forecourts with operational Electric Vehicle Charge Points this year, have played a factor in this.

Energy efficiency action during current financial year

During 2022, Motor Fuel Limited expanded its program of installing electric vehicle (EV) charge points, which began in 2021. The Company now has 54 sites with EV hubs and singletons which it owns and operates, and a further 90 sites with EV hubs and singletons which are owned and operated by a third party.

A scheme was implemented where an Energy Management System (EMS) controls refrigeration and HVAC systems, initially at 20 sites, to improve operational efficiency at the Company's forecourts and stores, with the view to extend the programme to further sites during 2023.

The Company saw three NTI sites open in 2022, Beverley West, West Suffolk Services & Market Deeping, which all feature energy efficient equipment and systems. These include inverter driven condensing units, doors to refrigeration cabinets and have an EMS installed. There were also canopy-mounted solar photovoltaic (PV) panels installed at 6 sites in 2022, allowing the Company to continue shift away from fossil-fuel generated electricity.

In 2023, Motor Fuel Limited plans to continue to expand its installation of EV charging hubs at both owned and third party property. The Company has set a target of 30 sites with solar PV and 50 sites using an EMS by the end of 2023. It also aims to develop sites various refrigeration and HVAC measures, up to an equivalent of 25 full schemes.

The Company has identified 300 fuel stations to receive an LED lighting upgrade, for both internal and external lights, and to continue its rolling programme of upgrading the remaining non-Automated Meter Reading ("AMR") devices to AMR.

Intensity Ratio

The intensity ratio is total gross emissions in metric tonnes CO₂e (mandatory emissions) per million litres of fuel sold. This metric is considered the most relevant to the Company's energy consuming activities and provides a good comparison of performance over time and across different organisations and sectors.

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 2022.

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 Firefly Holdco Limited, incorporated in the United Kingdom. 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 33.

Dividends

An interim dividend of £38,900,000 was paid in the year (2021: £367,000,000). A final dividend of £23.4m was paid in April 2023.

Charitable and political donations

The Group made charitable donations of £17,000 (2021: £2,000) and no political donations in the year (2021: £nil).

Directors

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

- Gregory Lai
- Marco Herbst

Gregory Lai, 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 |

Employees

The Group is committed to ensuring that employment is based on equal opportunity for all employees irrespective of gender, sexual orientation, race, colour, disability, marital status, religion or age. The Group seeks to 'promote from within' to provide staff development opportunity and will seek to offer new roles internally where possible.

The Group seeks to ensure that disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of those vacancies that they are able to fill and are not discriminated against on the grounds of their disability. The Group's offices provide inclusive access for disabled staff, and its service stations are assessed to ensure inclusive access for all its customers. If members of staff become incapacitated or disabled the Group continues employment where possible and undertakes to facilitate continuing employment. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Further information on the engagement of employees can be found in the Governance report.

Gender information

The Group recognises the value of a diverse workforce and looks to offer opportunities to everyone. The Group has a culture that embraces diversity and fosters inclusion. Diversity is seen as a strength and the Group works hard to ensure a fair and inclusive environment for all, where the unique insights, perspectives and backgrounds of individuals are valued. Having these values as an integral part of our operations gives the Group a better understanding of the needs of the varied customers across the different local communities served and means the Group can benefit from a wider talent pool. The Group provides equal opportunity in franchisee selection and in recruitment, career development and reward of all employees.

Directors' Report *(continued)*

Gender information *(continued)*

Gender diversity within the Group as at 31 December 2022 is outlined below:

Level	Male	Male %	Female	Female %	Total
Board directors	2	100.0	0	0.0	2
Senior managers	23	82.1	5	17.9	28
Other employees	489	47.8	534	52.2	1,023
Total	514	48.8	539	51.2	1,053

The Group is committed to gender equality and publishes its Gender Pay Gap information on the website each year.

For statements on corporate governance, employee and supplier engagement please refer to the Governance report on pages 38 to 40.

Approved by the Board and signed on its behalf by



26 April 2023

Marco Herbst

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the CD&R Firefly Holdco Limited Report 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

Approved by the Board and signed on its behalf by



26 April 2023

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 2022 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 as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 CD&R Firefly Holdco Limited Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2022; 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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Independent auditors' report to the members of CD&R Firefly Holdco Limited *(continued)*

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 2022 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.

Independent auditors' report to the members of CD&R Firefly Holdco Limited *(continued)*

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 Companies Act and UK Corporation tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 the manipulation of financial reporting through booking journals and management bias in relation to accounting estimates. Audit procedures performed by the engagement team included:

- Enquiring with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Auditing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness and performing unpredictable audit procedures
- Reading minutes of board of director meetings
- Reviewing management's assumptions and relevant calculations in relation to estimates
- Reviewing of corporation tax workings and discussing with management any known or suspected instances of non-compliance with UK Corporation tax legislation
- Reviewing financial statement disclosures and testing to supporting documentation

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.

Independent auditors' report to the members of CD&R Firefly Holdco Limited *(continued)*

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 (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

26 April 2023

Consolidated Income Statement

for the year ended 31 December 2022

		Group 2022	Group 2021, restated (note 28)
	Note	£m	£m
Continuing operations			
Revenue		5,620.1	4,116.3
Cost of sales		(5,061.8)	(3,651.4)
Gross profit		558.3	464.9
Operating expenses		(203.9)	(170.4)
Exceptional operating expenses		(7.1)	(14.6)
Operating profit	5	347.3	279.9
Finance income	8.1	60.3	48.7
Finance expense	8.2	(204.0)	(144.5)
Profit before income tax		203.6	184.1
Income tax expense	9	(48.9)	(66.4)
Profit for the year, attributable to equity owners of Parent		154.7	117.7

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

for the year ended 31 December 2022

		Group 2022	Group 2021, restated (note 28)
	Note	£m	£m
Profit for the year		154.7	117.7
Other comprehensive expense for the year:			
- Items that may be reclassified subsequently to profit or loss:			
- Deferred tax on potential chargeable gains	9.3	3.1	(6.5)
Total other comprehensive expense for the year		3.1	(6.5)
Total comprehensive income for the year, attributable to equity owners of Parent		157.8	111.2

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

as at 31 December 2022

		Group 2022	Group 2021	Company 2022	Company 2021
	Note	£m	£m	£m	£m
Assets					
Non-current assets					
Intangible assets	12	495.5	496.4	-	-
Property, plant and equipment	11	1,607.9	1,677.2	-	-
Right-of-use asset	11	82.2	83.1	-	-
Investments	13	-	-	295.8	295.8
Total non-current assets		2,185.6	2,256.7	295.8	295.8
Current assets					
Inventories	14	58.9	54.1	-	-
Trade and other receivables	15	100.6	66.5	38.9	-
Assets held for sale		170.3	-	-	-
Cash and cash equivalents	16	286.6	219.1	-	-
Total current assets		616.4	339.7	38.9	-
Total assets		2,802.0	2,596.4	334.7	295.8
Liabilities					
Trade and other payables	17	(467.9)	(433.5)	(38.9)	-
Accruals		(47.6)	(38.3)	-	-
Total current liabilities		(515.5)	(471.8)	(38.9)	-
Net current assets / (liabilities)		100.9	(132.1)	-	-
Non-current liabilities					
Provisions	18	(13.4)	(17.1)	-	-
Deferred tax	19	(179.6)	(158.9)	-	-
Leases	11	(78.6)	(78.1)	-	-
Borrowings	20	(2,018.2)	(2,005.8)	(2.7)	(2.4)
Total non-current liabilities		(2,289.8)	(2,259.9)	(2.7)	(2.4)
Total liabilities		(2,805.3)	(2,731.7)	(41.6)	(2.4)
Net (liabilities) / assets		(3.3)	(135.3)	293.1	293.4
Equity					
Share capital	22	3.0	3.0	3.0	3.0
Share premium	23	91.8	91.8	91.8	91.8
(Accumulated losses) / retained earnings		(98.1)	(230.1)	198.3	198.6
Equity attributable to equity owners of parent	25	(3.3)	(135.3)	293.1	293.4

The Company reported a profit for the financial year ended 31 December 2022 of £38.6m (2021: profit of £366.7m).

The financial statements on pages 68 to 114 have been approved by the Board of Directors and authorised for issue on 26 April 2023, and are signed on its behalf by



Marco Herbst

Company number: 09548683

Consolidated Statement of Changes in Equity

	Group			Equity attributable to equity owners of Parent, restated
	Share capital	Share premium	Retained earnings / (Accumulated losses), restated	
	£m	£m	£m	£m
As at 1 January 2021	3.0	91.8	16.6	111.4
Profit for the year	-	-	117.7	117.7
Other comprehensive expense	-	-	(6.5)	(6.5)
Total comprehensive income for the year	-	-	111.2	111.2
Dividend paid	-	-	(367.0)	(367.0)
Share based payments	-	-	9.1	9.1
As at 31 December 2021	3.0	91.8	(230.1)	(135.3)
Profit for the year	-	-	154.7	154.7
Other comprehensive income	-	-	3.1	3.1
Total comprehensive income for the year	-	-	157.8	157.8
Dividend paid	-	-	(38.9)	(38.9)
Share based payments	-	-	13.1	13.1
As at 31 December 2022	3.0	91.8	(98.1)	(3.3)

Company Statement of Changes in Equity

	Company			Equity
	Share capital	Share premium	Retained earnings	attributable to equity owners of Parent
	£m	£m	£m	£m
As at 1 January 2021	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
Profit for the year	-	-	38.6	38.6
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	38.6	38.6
Dividend paid	-	-	(38.9)	(38.9)
As at 31 December 2022	3.0	91.8	198.3	293.1

Consolidated Statement of Cash Flows
for the year ended 31 December 2022

		Group 2022	Group 2021, restated
	Note	£m	£m
Net cash flows from operating activities			
Profit before income tax		203.6	184.1
Non-cash adjustments			
Depreciation on property, plant and equipment	11	42.4	41.0
Depreciation on right-of-use asset	11	7.3	7.1
Amortisation on intangible assets	12	1.2	1.1
Impairment of assets	11	3.0	-
Share based payments	7	13.1	9.1
Loss on disposal of property, plant and equipment		2.4	4.0
Net finance costs		143.7	95.8
Working capital adjustments			
Increase in inventories		(4.8)	(14.8)
Increase in trade and other receivables		(21.0)	(12.0)
Increase in trade and other payables		80.7	92.6
Cash generated by operating activities		471.6	408.0
Interest paid		(107.2)	(90.7)
Income tax paid		(25.0)	(24.7)
Net cash generated by operating activities		339.4	292.6
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(149.6)	(95.8)
Purchase of intangibles	12	(0.3)	(0.4)
Disposal of property, plant and equipment		0.9	-
Bank interest received and FX on Euro account		1.8	0.5
Acquisition of subsidiaries, net of cash received		-	(30.3)
Acquisition of subsidiaries, deferred tax		-	(2.7)
Net cash used by investing activities		(147.2)	(128.7)
Cash flows from financing activities			
Proceeds from borrowings		-	359.7
Repayment of borrowings	20	(50.0)	(82.0)
Principal elements of lease payments	11	(10.3)	(9.7)
Receipts on maturity of derivatives		18.6	4.2
Payments on derivatives		(44.1)	(5.7)
Dividends paid		(38.9)	(367.0)
Net cash used in financing activities		(124.7)	(100.5)
Net increase in cash and cash equivalents		67.5	63.4
Cash and cash equivalents brought forward		219.1	155.7
Cash and cash equivalents carried forward	16	286.6	219.1

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 UK adopted International Accounting Standards 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.

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.

When testing the continuing carrying value attributed to goodwill, the directors believe that is appropriate to consider the Group as one cash generating unit (CGU) as fuel and other contract, which inherently impact results at all sites, are not negotiated on a site by site basis.

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.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.7 *Intangible assets (continued)*

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.

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 year, 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.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

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.

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.

Commission 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.

Notes to the financial statements (*continued*)

2 Summary of significant accounting policies (*continued*)

2.11 Revenue and income recognition (*continued*)

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 commission.

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

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 two defined contribution pension schemes 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 following new standards, amendments and interpretations, adopted for the first time for the period commencing 1 January 2022, none of which has had a material impact on the consolidated financial statements of the Group:

- *Annual Improvements to IFRS Standards 2018-2020 Cycle – Minor amendments to IFRS 1, IFRS 9 and IAS 41. Amendment to Illustrative Examples accompanying IFRS 16.*
- *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 while the company is preparing the asset for its intended use to be recognised in profit or loss, and not as an adjustment to 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*

(b) Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods 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:

- *IFRS 17 Insurance Contracts*
- *Amendments to IFRS 17 – Initial Application of IFRS 17 & IFRS 9 – Comparative information*
- *Amendments to IAS 1 and IFRS Practice statement 2 – Disclosure of Accounting Policies*
- *Amendments to IAS 8 – Definition of Accounting Estimates*
- *Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction*
- *Amendments to IAS 1 – Classification of liabilities as current or non current*
- *Amendments to IAS 1 – Non-current liabilities with Covenants*
- *Amendments to IFRS 16 – Lease liability in a sale or leaseback*

Notes to the financial statements (*continued*)

2 Summary of significant accounting policies (*continued*)

2.20 Exceptional items

Material items of income or expense which derive from events or transactions that fall within the ordinary activities of the Group but which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size and incidence for the financial statements to give a true and fair view.

2.21 Share-based payments

MFG operates an equity-settled share-based payments plan. A valuation exercise was performed for the plan, using the commonly accepted Option Pricing Method. This methodology employs the Black Scholes Option Pricing Model. Critical inputs for this model include volatility assumptions and expected term to exit event. Please see note 7.4 for further details of the plan.

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, cash in transit, 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, and an interest rate cap to reduce the interest rate risk on a portion of the Group's debt. 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 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 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.

Notes to the financial statements (*continued*)

4 Critical accounting estimates and judgements

Accounting judgements (*continued*)

4.3 Assets held for sale

Assets held for sale are held at the lower of cost and net realisable value. Net realisable value is the fair value of the consideration receivable less estimated cost to sell.

Accounting estimates

4.4 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.

4.5 Vesting period of Management Incentive Scheme

The vesting period for the management incentive plan was extended in the year, for a further 5 years from 30 August 2022, as this is now managements best estimate for time to vest.

4.8 Recoverability of investments

The Directors consider that the investments in group undertakings are fully recoverable on the basis of the strong operating performance of the trading entities.

Notes to the financial statements (continued)

5 Operating Profit

Operating profit is stated after charging items as follows:

	Group 2022	Group 2021
	£m	£m, restated
Inventory recognised as an expense through cost of sales	5,061.8	3,651.4
Employee costs – Note 7	44.4	38.9
Establishment and general:		
-Loss on disposal of property, plant and equipment	2.4	4.0
-Auditors' remuneration – Note 6	0.4	0.4
-Short term lease costs – Note 11	0.3	0.4
-Depreciation of right-of-use assets – Note 11	7.3	7.1
-Depreciation of owned property, plant and equipment – Note 11	42.4	41.0
-Amortisation and impairment of intangible assets – Note 12	1.2	1.1

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 costs relating to an exercise undertaken in 2022 to explore strategic alternatives to the existing ownership structure of the Group. Costs were incurred in relation to that exercise, however, during the period it was decided to change direction and, instead, it was agreed that 87 filling stations would be divested in order to satisfy the Competition and Markets Authority ruling rather than sell the Group.

In the prior year exceptional items included the voluntary repayment of the rates relief relating to 2020.

6 Auditors' remuneration

	Group 2022	Group 2021
	£m	£m
The Group obtained the following services from the auditors and their associates:		
Current year audit of the MFG Group	0.4	0.4
Other audit related assurance services	-	-
Total auditors' remuneration	0.4	0.4

The auditors' remuneration for the Company has been borne by Motor Fuel Limited. Audit fee was agreed at a group level, allocation was not done at CD&R Firefly Holdco Limited level. Debt covenant report fees of £6,450 were incurred in the year (2021: £6,450).

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 2022 Number	Group 2021 Number
Directors and senior managers	27	28
Other employees	968	830
	995	858

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 2022 £m	Group 2021, restated £m
Aggregate remuneration of employees (including directors)		
Wages and salaries	27.6	27.2
Social security costs	2.1	1.6
Other pension costs	1.6	1.0
Share based payments	13.1	9.1
	44.4	38.9

During the year the Group operated two defined contribution pension schemes. 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 2022 £m	Group 2021, restated £m
Remuneration of the directors and key management personnel		
Wages and salaries	4.0	3.8
Social security costs	0.5	0.5
Pension costs – defined contribution plans	-	0.1
Share based payments	13.1	9.1
	17.6	13.5
Remuneration of highest paid director	-	-

Notes to the financial statements *(continued)*

7 Employees and remuneration *(continued)*

7.4 Management Incentive Plan

Motor Fuel Group implemented a management incentive plan in 2015 ("MIP 2015"), the terms of which were set out in the Articles of Association of CD&R Firefly Holdco Limited ("Firefly Holdco"), a holding company of the Group. The MIP 2015 was designed to incentivise key employees of the group (including executive directors) and reward them for excellent performance, by allowing them to share in the increase in value of the group alongside CD&R. Pursuant to the MIP 2015 shares in Firefly Holdco were issued to certain executive and senior managers in return for cash consideration. Participation in the MIP 2015 was at the Board's discretion and no individual had a contractual right to participate in the plan or receive any guaranteed benefit – any such benefit being dependent on the performance of the business of the Group. The shares issued under the MIP 2015 did not carry any voting rights and no participant was entitled to sell or transfer their shares (other than in very limited circumstances) without CD&R's consent. Given the MIP 2015 was designed to incentivise key employees, if a participant ceased to be employed by the Group for any reason, they could be required to forfeit their shares on the terms set out in the Articles of Association.

MFG implemented a new management incentive plan in 2018 ("MIP 2018") on completion of the acquisition of MRH, the terms of which are set out in the Articles of Association of CD&R Tiger Jersey Holdco Limited ("Tiger Jersey"), the new holding company of the Group. Similarly to the MIP 2015, the MIP 2018 was designed to continue to incentivise key employees of the enlarged Group (including executive directors and reward them for excellent performance, by allowing them to share in the increase of the value of the group. Therefore, the participants at the time of implementation were the same as under the MIP 2015. Pursuant to the MIP 2018, shares in Tiger Jersey were issued to the participants of the MIP 2015 in exchange for cash and/or for the shares that the participants held under the MIP 2015. As per the MIP 2015, there is no contractual right to receive any guaranteed benefits under the MIP 2018 – any such benefit being dependent on the performance of the business of the group. The shares issued under the MIP 2018 do not carry any voting rights and no participant is entitled to sell or transfer their shares (other than in very limited circumstances) without CD&R's consent. Given that the MIP 2018 is designed to incentivise key employees, if a participant ceases to be employed by the group for any reason, they can be required to forfeit their shares on the terms set out in the Articles of Association of Tiger Jersey. Under the terms of the MIP 2018, if CD&R sell all or the majority of its shares in Tiger Jersey, the MIP 2018 participants could also be required to sell their shares at the same time and provide appropriate warranties to any prospective buyer.

There is no formal vesting period defined in the MIP 2018 but management considered a 5-year period as a reasonable time frame for the vesting period from incorporation of the entity. Despite its dependance on the exit mechanism, management views the MIP 2018 as an equity settled plan.

As required by IFRS 2, a valuation exercise was performed for the MIP 2018, using the commonly accepted Option Pricing Method. This methodology employs the Black Scholes Option Pricing Model. Critical inputs for this model include volatility assumptions and expected term to exit event.

Notes to the financial statements *(continued)*7 Employees and remuneration *(continued)*7.4 Management Incentive Plan *(continued)*

The number and weighted average fair value of the equity instruments at the measurement date were as below:

	Shares	Fair Value Per Share	Total Fair Value
	Number	£	£000
Sweet Shares (A and A2 Ords)	765,858	30.59	23,428
Reinvested Sweet Ordinary Shares (B3 Ords)	872,068	30.59	26,677
Total Sweet Ordinary Shares	1,637,926	30.59	50,105

The charge to income for the year was £13,100,000 (2021: £9,100,000) (see Note 7.2).

In summary and as mentioned above, the Board of Directors of CD&R Tiger Jersey Holdco Limited considers that there is in substance both a prior MIP (2015) and a current MIP (implemented from the new group structure in June 2018). The MIP 2015 was initially to be paid in Equity, however due to the "exit event" of the acquisition of MRH the MIP 2015 was actually partially paid in cash with the remaining earned value being rolled over to the MIP 2018.

In the case of disposal of the Group, it will be for the buyer to acquire the shares of the beneficiaries of the MIP 2018: there is no obligation for the Company nor its parent company CD&R Firefly Holdings S.à r.l to buy/settle for the shares on an exit.

The vesting period for the management incentive plan was extended in the year, for a further 5 years from 30 August, as this is now management's best estimate for time to vest.

Notes to the financial statements (*continued*)**8 Finance income and expense****8.1 Finance income**

	Group 2022	Group 2021
	£m	£m
Interest and similar income	1.8	-
Fair value gain on derivatives – Note 21.5	58.5	-
Fair value gain on financial assets and liabilities	-	48.6
Other interest and similar income	-	0.1
	60.3	48.7

8.2 Finance expense

	Group 2022	Group 2021
	£m	£m
Bank interest	108.4	89.8
Fair value loss on financial assets and liabilities	50.8	0.2
Interest and finance charges payable for lease liabilities not at fair value through profit and loss	4.0	3.9
Interest payable on loans from parent undertaking	0.3	0.3
Fair value loss on derivatives – Note 21.5	-	36.9
Amortisation of loan arrangement fees	9.5	8.1
Other interest and similar charges – inc. settlement of swaps (Note 21.5)	31.0	5.3
	204.0	144.5

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

9 Income tax expense**9.1 Income tax expense**

	Group 2022	Group 2021
	£m	£m
Current tax		
- UK corporation tax on profit for the period	27.2	29.0
- Adjustment in respect of prior periods	(2.1)	(3.3)
Total current tax	25.1	25.7
Deferred tax		
- Origination and reversal of timing differences	18.9	3.4
- Adjustment in respect of prior periods	0.1	3.1
- Effects of changes in tax rates	4.8	34.2
Total deferred tax	23.8	40.7
Net income tax expense	48.9	66.4
Deferred tax taken to other comprehensive income	(3.1)	6.5

Notes to the financial statements (*continued*)9 Income tax expense (*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 2022	Group 2021, restated
Corporate tax rate being the average UK corporation tax rate during the year	19%	19%
	£m	£m
Profit before income tax	203.6	184.1
Tax charge at the UK corporate tax rate	38.7	35.0
Effects of:		
Permanent depreciation	(1.9)	1.0
Non-deductible expenditure	7.4	2.8
Chargeable gains rolled over	(2.9)	(1.4)
- Adjustments in respect of previous periods - current tax	(2.1)	(3.3)
- Adjustments in respect of previous periods - deferred tax	0.1	3.1
Deferred tax (credited) / charged directly to other comprehensive income	3.1	(6.5)
Effect of changes in tax rates	4.8	34.2
Movement in unprovided deferred tax	1.7	1.5
Tax charge for the year before and after group relief	48.9	66.4

9.3 Deferred tax

	Group 2022 £m	Group 2021 £m
Movements in deferred tax liabilities were as follows:		
Deferred tax liability brought forward	158.9	109.0
Acquired with Subsidiaries	-	2.7
Charged to the income statement	23.8	40.7
(Credited) / charged to other comprehensive income	(3.1)	6.5
Deferred tax liability carried forward	179.6	158.9

Notes to the financial statements *(continued)*9 Income tax expense *(continued)*9.3 *Deferred tax (continued)*

Amounts (credited) / charged to other comprehensive income in the year were as follows:

	Group 2022	Group 2021
	£m	£m
Origination and reversal of temporary differences, net	(3.1)	6.5
	<u>(3.1)</u>	<u>6.5</u>

Note 19 has a full analysis of the deferred tax balance.

Short term timing differences include the following items giving rise to deferred tax assets: an IFRS derivatives transition adjustment recoverable over 10 years at £2.1m (2021: £2.3m) and an onerous fuel provision of £2.3m (2021: £2.9m) expected to have completely reversed during the year ended 31 December 2025.

9.4 *Factors that may affect future tax charges*

Deferred tax has been provided for at a rate of 25% (2021: 25%). 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

	2022	2021
	£m	£m
Total comprehensive income	<u>38.6</u>	<u>366.7</u>

Total comprehensive income for the Company represents interest payable to the parent company and dividends receivable.

Year to 31 December 2022

Notes to the financial statements (continued)

11 Property, plant and equipment (Group)

(a) Land, buildings, plant and fixtures

	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 2022	1,415.2	163.3	172.8	29.0	1,780.3
Additions in the year	13.2	-	134.4	2.0	149.6
Impairment	(3.0)	-	-	-	(3.0)
AHFS reclassification	(142.9)	(18.3)	(21.3)	(3.3)	(185.8)
Disposals	(3.3)	(0.8)	(14.6)	(2.4)	(21.1)
Reclassification	20.3	3.7	(23.8)	(0.2)	-
As at 31 December 2022	1,299.5	147.9	247.5	25.1	1,720.0
Accumulated depreciation					
As at 1 January 2022	47.8	7.1	37.6	10.6	103.1
Charge for the year	11.4	2.0	25.1	3.9	42.4
AHFS reclass	(5.8)	(1.4)	(7.2)	(1.1)	(15.5)
Disposals	(1.0)	(0.1)	(14.4)	(2.4)	(17.9)
As at 31 December 2022	52.4	7.6	41.1	11.0	112.1
Carrying amount					
As at 31 December 2021	1,367.4	156.2	135.2	18.4	1,677.2
As at 31 December 2022	1,247.1	140.3	206.4	14.1	1,607.9

Assets held for sale include the value of the 87 forecourts that, under the terms of the agreement with the CMA, the Group was obliged to sell. The sites were marketed towards the end of 2022 and all sales are expected to be completed within 12 months of the balance sheet date. The net book value of the assets held for sale is £170.3m, which includes accumulated depreciation of £15.5m and impairment of £3.0m

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 £940.8m (2021: £1,026.2m).

These Group assets were pledged in security for the bank loans (Note 20).

Notes to the financial statements *(continued)*11 Property, plant and equipment (Group) *(continued)*(a) Land, buildings, plant and fixtures *(continued)*

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £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

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:

	2022 £m	2021 £m
Right-of-use assets		
Buildings	81.3	81.7
Vehicles	0.9	1.4
	<u>82.2</u>	<u>83.1</u>
Lease liabilities		
Current	9.7	9.7
Non-current	78.6	78.1
	<u>88.3</u>	<u>87.8</u>

Additions to right-of-use assets during the 2022 financial year were £6.4m (2021: £6.4m).

(ii) Amounts recognised in the consolidated income statement

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

	2022 £m	2021 £m
Depreciation charge for right-of-use assets		
Buildings	6.5	6.5
Vehicles	0.8	0.6
	<u>7.3</u>	<u>7.1</u>
Interest expense (included in finance costs)	4.0	3.9
Expense relating to short-term leases (included in administrative expenses)	0.3	0.4

The total cash outflow for leases in 2022 was £10.0m (2021: £9.7m).

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.

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 reflects an estimate of inflation based on RPI over 30 years, and a discount rate of 6.78% 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 13.5 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 2022	483.1	1.2	15.5	2.5	502.3
Additions	-	-	-	0.3	0.3
Disposals	-	-	-	(0.1)	(0.1)
As at 31 December 2022	483.1	1.2	15.5	2.7	502.5
Accumulated amortisation					
As at 1 January 2022	-	0.5	5.1	0.3	5.9
Charge for the year	-	0.1	0.8	0.3	1.2
Disposals	-	-	-	(0.1)	(0.1)
As at 31 December 2022	-	0.6	5.9	0.5	7.0
Carrying Amount					
As at 31 December 2021	483.1	0.7	10.4	2.2	496.4
As at 31 December 2022	483.1	0.6	9.6	2.2	495.5

	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

Notes to the financial statements *(continued)***13 Investment**

The Company's investment at both 31 December 2022 and 2021 comprises shares in CD&R Firefly 2 Limited (Note 27).

14 Inventories

	Group 2022	Group 2021	Company 2022	Company 2021
	£m	£m	£m	£m
Finished goods – fuel	56.1	51.1	-	-
Finished goods – dry stock	2.8	3.0	-	-
	58.9	54.1	-	-

No inventories were provided against in the year (2021: £nil).

Notes to the financial statements (continued)

15 Trade and other receivables

	Group 2022	Group 2021	Company 2022	Company 2021
	£m	£m	£m	£m
Trade receivables	62.6	41.4	-	-
Corporation tax receivable	-	-	-	-
Other receivables	2.6	2.5	38.9	-
Accrued income and prepayments	24.6	22.6	-	-
Derivatives – note 21.5	10.8	-	-	-
	100.6	66.5	38.9	-

The directors believe that the carrying value of receivables represents their fair value and is stated net of a loss allowance of £0.2m (2021: £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 2022, £5.3m (2021: £3.5m) 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, £4.7m of these overdue receivables have been collected:

	2022 Group	2021 Group	2022 Company	2021 Company
	£m	£m	£m	£m
Up to three months	4.4	3.3	-	-
Three to six months	0.9	0.2	-	-
Total	5.3	3.5	-	-

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

	2022 Group	2021 Group	2022 Company	2021 Company
	£m	£m	£m	£m
Largest receivable	9.0	6.7	-	-

Details of credit risk management policies are shown in Note 21.6.

Notes to the financial statements (continued)

16 Cash and cash equivalents

	Group 2022	Group 2021	Company 2022	Company 2021
	£m	£m	£m	£m
Cash and cash equivalents	286.6	219.1	-	-

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.

17 Trade and other payables

	Group 2022	Group 2021	Company 2022	Company 2021
	£m	£m	£m	£m
Trade payables	428.4	351.8	-	-
Corporation tax payable	1.4	0.9	-	-
Other tax and social security	10.8	8.0	-	-
Lease liabilities – Note 11	9.7	9.7	-	-
Other creditors	17.6	15.4	38.9	-
Derivatives - Note 21.5	-	47.7	-	-
	467.9	433.5	38.9	-

18 Provisions

	Onerous Lease	Environmental provision	Dilapidations provision	Total
	£m	£m	£m	£m
At 1 January 2022	12.8	4.3	-	17.1
Provided in the year	-	-	0.2	0.2
Released in the year	-	(0.1)	-	(0.1)
Utilised in the year	(3.5)	(0.3)	-	(3.8)
At 31 December 2022	9.3	3.9	0.2	13.4

Notes to the financial statements (*continued*)18 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.

The dilapidations provision is in respect of estimated remediation costs in anticipation of a planned Head Office move.

19 Deferred tax

Movements in deferred tax liabilities were as follows:

	Group 2022	Group 2021
	£m	£m
Deferred tax liability brought forward	158.9	109.0
Acquired with subsidiaries	-	2.7
Charged to the income statement	23.8	40.7
(Credited) / charged to other comprehensive income	(3.1)	6.5
	179.6	158.9

The provision for deferred tax consists of the following:

	Group 2022	Group 2021
	£m	£m
Accelerated capital allowances	35.9	15.4
Revaluations prior to acquisitions by the Group	147.6	149.2
Short term timing differences	(3.9)	(5.7)
	179.6	158.9

Short term timing differences include deferred tax on the following items: IFRS derivatives transition adjustment recoverable over 10 years £2.1m (2021: £2.3m) and an onerous fuel provision £2.3m (2021: £2.9m) expected to reverse in the year ended 31 December 2025.

The group has unrecognised deferred tax assets of £4.2m (2021: £9.3m), this is in respect of potential chargeable losses (2021: £6.4m).

Notes to the financial statements (continued)

20 Borrowings

	Group 2022	Group 2021	Company 2022	Company 2021
	£m	£m	£m	£m
Non-current				
Secured bank loan	2,015.5	1,953.4	-	-
Secured bank overdraft ('RCF')	-	50.0	-	-
Preference shares	2.7	2.4	2.7	2.4
Total borrowings	2,018.2	2,005.8	2.7	2.4

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

	Group 2022	Group 2021	Company 2022	Company 2021
Between two and five years:				
Secured bank loan	2,015.5	1,953.4	-	-
Secured bank overdraft ('RCF')	-	50.0	-	-
	2,015.5	2,003.4	-	-
After five years:				
Preference shares (note 22.1)	2.7	2.4	2.7	2.4
	2.7	2.4	2.7	2.4

The bank loan facilities at 31 December 2022 comprise:

- £765m senior secured loan B1 facility – interest depending on leverage ratio - 4.25% over SONIA (Sterling Overnight Index Average) and credit adjustment spread, repayable in 2025
- €786m senior secured loan B2 facility – interest of 3.25% over Euribor, repayable in 2025
- £305m senior secured revolving credit facility (RCF) – interest of 2.75% 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 SONIA and credit adjustment spread, repayable in 2026

Notes to the financial statements (*continued*)**20 Borrowings (*continued*)**

- €300m Senior secured loan B3 loan – 3.25% over Euribor, repayable in 2025

At year end the drawn balance on the RCF was £nil (2021: £50m).

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.

Subsequent to the year end all the bank borrowings have been refinanced (note 30).

21 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.

21.1 Capital risk management

Funding to date has been by equity and loans. Loans were outstanding as shown in Note 20. 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.

21.2 Principal financial instruments

The principal financial instruments were as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	£m	£m	£m	£m
Trade and other receivables	65.2	43.9	38.9	-
Trade and other payables	455.7	424.6	38.9	-
Accruals	47.6	38.3	-	-
Cash and cash equivalents	286.6	219.1	-	-

21.3 Financial assets

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

	Group 2022	Group 2021	Company 2022	Company 2021
	£m	£m	£m	£m
Cash and cash equivalents	286.6	219.1	-	-
Trade receivables	62.6	41.4	-	-
Other receivables	2.6	2.5	38.9	-

Notes to the financial statements *(continued)*21 Financial instruments *(continued)*

21.4 Financial liabilities

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

	Group 2022	Group 2021	Company 2022	Company 2021
	£m	£m	£m	£m
Trade payables	428.4	351.8	-	-
Other payables	17.6	15.4	38.9	-
Accruals	47.6	38.3	-	-
Lease liability – within one year	9.7	9.7	-	-
Lease liability – greater than one year	78.6	78.1	-	-
Loans	2,018.2	2,005.8	2.7	2.4

The repayment dates of the loans are as per Note 20 above. The maturity of the lease liabilities is shown above. All other financial liabilities are expected to be repayable within 12 months.

21.5 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. This exposure is managed by an interest rate cap on the Euribor reference rate with end date of 31 December 2023.

Foreign exchange exposure arises on the Euro denominated bank loan. This exposure is managed by FX forward contracts with end dates of 29 December 2023.

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

The relevant fair values are as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	£m	£m	£m	£m
Liability brought forward	47.7	10.8	-	-
Movements in year:				
- Interest rate swap	(2.3)	-	-	-
- Currency swap	(1.1)	1.1	-	-
- FX forward contracts	(55.1)	35.8	-	-
(Asset) / liability carried forward	(10.8)	47.7	-	-

Notes to the financial statements *(continued)*21 Financial instruments *(continued)*21.5 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:

	2022	2021
	£m	£m
Increase of 100 basis points in EUR curve	6.9	(2.8)
Decrease of 100 basis points in EUR curve	(4.5)	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 £9.6m) annually (2020: €7.9m, approximately £7.0m).

Every 1% increase / decrease in the SONIA rate increases / decreases the interest on the Group's GBP denominated loan by £10.7m 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:

	2022	2021
	£m	£m
Appreciation of EUR of 10% vs GBP	(91.9)	(92.7)
Depreciation of EUR of 10% vs GBP	92.2	92.8

21.6 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 £286.6m was held at the reporting date (2021: £219.1m).

There was no significant concentration of credit risk in respect of receivables at the reporting date as described at Note 15.

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)***21 Financial instruments *(continued)*****21.6 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.

21.7 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.

21.8 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 20 and 21.

22 Share capital**22.1 Number of shares in issue authorised and fully paid**

	Group 2022	Group 2021	Company 2022	Company 2021
	Number	Number	Number	Number
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)

22 Share capital (continued)

22.1 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 (2021: nil).

The preference shares are treated as debt – see Note 20.

22.2 Nominal value of shares in issue, fully paid

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £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

23 Share premium

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £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

24 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)

25 Reconciliation of movement in shareholder funds

	Group 2022	Group 2021, restated	Company 2022	Company 2021
	£m	£m	£m	£m
Brought forward	(135.3)	111.4	293.4	293.7
Total comprehensive income for the year	157.8	111.2	38.6	366.7
Dividend paid	(38.9)	(367.0)	(38.9)	(367.0)
Share based payments	13.1	9.1	-	-
Carried forward	(3.3)	(135.3)	293.1	293.4

26 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.

27 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
CD&R Firefly 4 Limited ¹	09547863
Indirectly Held	Company Number
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)

27 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
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 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
Guernsey Petroleum Distributions Limited (Guernsey) ⁵	615
RGF Limited (Jersey) ³	118854
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)*

27 Principal subsidiaries *(continued)*

The principal retail trade is carried out by Motor Fuel Limited, Peregrine Retail Limited and Roberts Garages 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, other than 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
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 28.

Notes to the financial statements *(continued)***28 Prior year restatement**

During the year the accounting for share based payments was reassessed. As a result of this review it was determined that share based payments which were previously accounted for within CD&R Tiger Jersey Holdco Limited accounts should be more appropriately reflected within the Motor Fuel Limited accounts which has been done, and therefore within the CD&R Firefly Holdco Limited consolidated accounts.

The impact of this is shown below:

Reconciliation of total shareholders' funds at 31 December 2021	£m
Total shareholders' funds at 31 December 2021 as originally presented	(135.3)
Adjustment to total comprehensive income	(9.1)
Adjustment to equity	9.1
Restated shareholders' funds at 31 December 2021	(135.3)

Reconciliation of total comprehensive income for the year ended 31 December 2021	£m
Total comprehensive income for the year ended 31 December 2021 as originally presented	120.3
Adjustment to total comprehensive income	(9.1)
Restated total comprehensive income for the year ended 31 December 2021	111.2

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 27.

Notes to the financial statements *(continued)*

30 Post Balance Sheet events

a) Assets held for sale

As described in Note 11a), following a review by the CMA, the Group was obliged to sell 87 petrol stations. These sites were marketed in the latter part of 2022 and all have been sold since the year end.

b) Sites acquired

The Group has agreed the purchase of twenty three operational sites since the year end (twenty two freehold sites and one leasehold).

c) Borrowings refinanced

The Group has completed a refinancing exercise in March and April 2023. This involves:

- The Second Lien Facility currently drawn being repaid in full along with outstanding accrued interest (funded using cash and a £58m draw on the RCF);
- A portion of the Term Loans currently drawn being amended and extended into new facilities (facilities not amended and extended will be left in place);
- An €83.4m incremental Term Loan draw; and
- Fully extending the RCF and LC facilities at the same level

In April the Group undertook the additional refinancing transactions:

- Executed additional cross currency swap transactions to fully hedge the euro portion of the debt through 2023 and also additional transactions to roll the €246m hedge from December 2023 to December 2025.
- A dividend of £23.4m was declared in April 2023 enabling expensive shareholder debt to be redeemed in CD&R Tiger Jersey Holdco Ltd
- In April the Board approved a payment to the Founder Investors of £60.0m which was paid in the same month.

