

CD&R Firefly Holdco Limited

Year to 31 December 2020



CD&R Firefly Holdco Limited
REPORT AND FINANCIAL STATEMENTS
Year to 31 December 2020



Company 09548683

CD&R Firefly Holdco Limited

Year to 31 December 2020



Company Information

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Group Overview

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

Welcome to Motor Fuel Group

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



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Motor Fuel Group (MFG) is the largest independent forecourt operator in the UK and Channel Islands by number of sites with 911 operational sites at the end of the year (910 forecourts and one convenience store). MFG operates under six of the major oil company brands, as well as its own Electric Vehicle (EV) brand and partners with a large number of nationally and internationally recognised retail and fast-food brands. In a year dominated by the Covid 19 pandemic MFG has performed strongly and the business has demonstrated its resilience in the face of an unprecedented global crisis. Throughout the business, it has brought out the best in our workforce who have worked tirelessly to ensure that every operating station remained open throughout the year. There has been no interruption to supply and the stations have continued to serve their local communities, providing essential supplies to those that rely upon them.

Continued outstanding operating performance, a healthy balance sheet with a strong capital, funding and liquidity position, a continued drive towards the development of the network and the diversification of the business model leave MFG well placed for the year ahead.



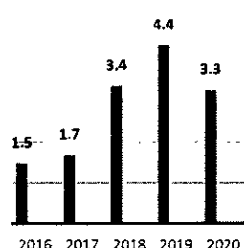
Strategic Report for the year ended 31 December 2020

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 2020.

Group Highlights

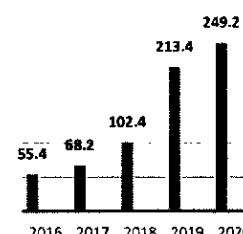
The economic environment in 2020 was very different to that envisaged at the beginning of the year. The Covid 19 pandemic and the subsequent Government restrictions had an impact throughout the year limiting the miles driven by consumers but also driving a change in behaviour. However, the directors are pleased to report that not only did the Group weather the initial storm but has performed strongly throughout the year.

Revenue £bn



Reported profit before tax for the year is up 12.1% to £125.6m on revenues of £3,307.8m. Reported operating profit increased by 16.7% to £249.2m. Normalised EBITDA is up 16.7% to £299.2m. The Group continued to generate cash with cashflow from operating activities of £278.8m. This was largely due to the increased profitability of the business and partly due to Government support

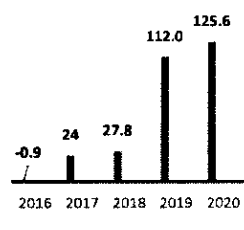
Operating Profit £m



measures but also due to strong working capital management throughout the year.

Trading revenues were impacted by a fall in the fuel volume sold as a consequence of the Government lockdown measures which saw a decline in people travelling through various periods of the year. However strong non-fuel trading allied to improved fuel margins compensated for the fall in fuel volumes. The non-fuel retail sales showed like for like growth throughout the year reflecting the changing consumer habits towards local convenience retail as shoppers tended to head to smaller retail sites which were perceived to be safe, and more accessible places to visit. The cost base is predominantly variable and careful cost management, together with business rates relief, underpinned the performance of the business in the year and reflected the overall resilience of the business model.

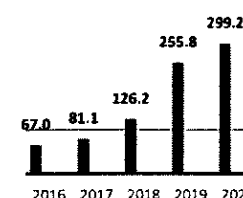
Profit before tax £m



Capital development, which is largely discretionary by nature, was slowed during the first lockdown period but continued apace once the construction industry fully re-opened. A number of projects were completed in the year as the Group continues to improve and upgrade the network. These more substantial developments are in addition to the ongoing program of 'refit and refresh', which

spearheads MFG's drive for continuous improvement.

Normalised EBITDA £m

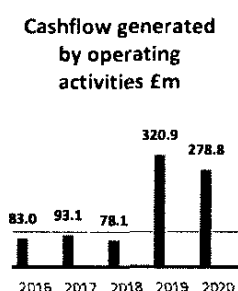


Strategic Report for the year ended 31 December 2020

(continued)

Group Highlights (continued)

The fuel market is changing and whilst the shift towards alternative solutions is still in its infancy, the direction of travel towards electric vehicles ("EV") is clear. MFG embraced this change back in 2018 and by the year end 108 sites had electric chargers installed. MFG aims to be the first-choice refuelling option regardless of the energy source. During 2020 the Group accelerated its EV charging strategy by commencing construction of its



first MFG-branded high-speed electric vehicle charger hubs (an MFG hub being a zone with multiple bays of ultra-rapid EV chargers, all providing charging power of between 150Kwh to 350Kwh), complementing our other services on those sites, with the first hub becoming operational in February 2021. MFG will continue this roll-out with another 40 installations planned for this year at various of our sites around mainland UK. The implementation of an MFG-branded EV infrastructure around the country is an integral pillar of the Group's growth strategy and will become an increasingly significant component of the business in future years. In November the UK Government, announced that it would be bringing forward to 2030 its ban on the sale of new petrol-only and diesel-only fuelled cars and light vans. It is anticipated that the replacement fuel of choice

will be electricity.

In July 2020 the Group was ranked 8th in the 19th annual Sunday Times HSBC Top Track 100, a league table of Britain's one hundred private companies, ranked by sales revenue.

In September 2020 the Group opened Jersey's only New to Industry (NTI) site. It is the largest petrol forecourt in the Channel Islands offering extensive retail and valet facilities with a state-of-the-art Auto Centre. The forecourt is operated by MFG's Jersey subsidiary (Roberts Garages) and is located beside Jersey Airport.



In December 2020 the Group announced the acquisition of a small network of forecourts in the North West of England further enhancing the quality of the network. This acquisition brought the number of stations operated by the Group to 911.

The 2018 MRH acquisition brought with it a small number of legacy assets that were non-core to the main business. One of these, a small Fuel Terminal on the Isle of Wight was environmentally challenged due to its location and the nature of its business. The Group invested significant time and resource in attempting to find a specialist purchaser for the site, however it was unable to do so. In July the Group undertook an environmental audit and determined the environmental risk of keeping the business open outweighed the benefits of doing so, consequently it was decided that the business would be closed and the site would be decommissioned. This exercise commenced in the second half of the year and was substantially and successfully completed at year end.

Strategic Report for the year ended 31 December 2020

(continued)

Group Highlights (continued)

The Group ended the year with £401m of liquidity available providing a sustainable and robust platform with the capability for continuing investment in the development and growth of the network. The year has ended with further uncertainty caused by the ongoing pandemic, but the Group remains well placed to confront the challenges arising, build on the resilience demonstrated through 2020 and thrive in the post-pandemic environment.

Covid 19 impact

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



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

In line with the rest of the hospitality industry the café areas in the sites closed in the first lockdown period. Once the restrictions were relaxed these areas re-opened and rigorously followed the new health and safety requirements, as outlined by the authorities.

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

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

Strategic Report for the year ended 31 December 2020

(continued)

Covid 19 impact *(continued)*

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

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

The Group has taken care to financially support all employees through the pandemic. Where any employee was required to self-isolate they were able to do so on full pay. All employees were rewarded with a 'Covid bonus' for their efforts and flexibility during the pandemic.

From a business perspective the Group traded well through the worst of the pandemic. Whilst fuel sales were inevitably reduced the Group was compensated through an improved fuel margin during the period. The shops at the forecourts benefitted as their strong emphasis on convenience gained support from those in the local communities who changed their shopping patterns either by design or necessity.

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

In order to bolster our liquidity during the first phase of the pandemic the Group secured an additional, one-year term, £80m incremental Revolving Credit Facility (RCF) in April. This was never utilised as the need did not arise however it provided a useful capital buffer during the year.

Business purpose and objectives

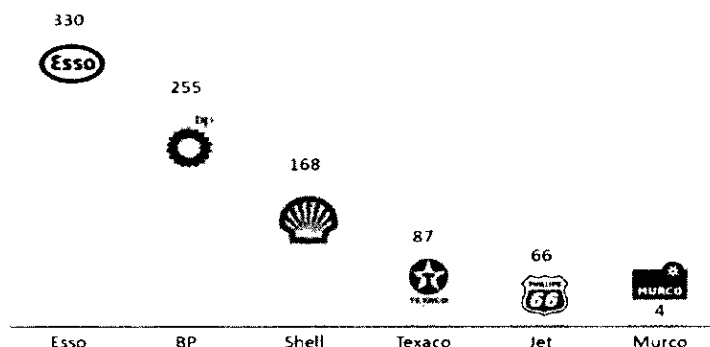
MFG's purpose is to provide its customers with an attractive and competitive forecourt offering, comprising top fuel brands along with high quality convenience stores, Food to Go (FTG), EV fast-charging and other services supporting the consumer on the move, both in the local communities and on the major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

Strategic Report for the year ended 31 December 2020

(continued)

Business purpose and objectives (continued)

Petrol 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.

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 and Starbucks, all of which provide enhanced value and add to the overall customer experience. A trend that was developing pre lockdown, and then subsequently accelerated, was for forecourts to act as delivery hubs. Uber Eats, Just Eat and Deliveroo are now an integral part of the retail network with nearly 600 sites facilitating grocery and FTG delivery services by year end.

During the last few years MFG has grown significantly through a combination of organic growth and a number of acquisitions. The planned program of acquisitions was initially scaled back in 2020 as a consequence of the Covid pandemic, however MFG did acquire a small network of six stations in December 2020. Acquiring networks and individual stations remains a key part of the MFG growth strategy. In tandem with this MFG is also developing NTI sites and is building a strong pipeline of development opportunities.

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

Strategic Report for the year ended 31 December 2020 (continued)

MFG Strategy

The Group's strategic goal continues to be to develop the business into the most dynamic and profitable independent forecourt operator in the UK. It is already, unassailably, the largest independent forecourt operator, an essential service, core part of UK infrastructure and the fifth largest retailer by number of stores, because of this scale MFG is able to drive growth out of free cash flow.

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 the Group continues to pursue its acquisition strategy.

Fuel strategy

Petrol and diesel will be fuel types that will be required by consumers for many years to come, and MFG is well placed to continue to service the demand of the consumer both in urban locations and on the major trunk



roads. This core infrastructure requirement remains the anchor for the Group, around which the complementary services, retail, fast food etc are developed. Many years of experience and a well-developed network allow the Group to continue to provide an exceptional service to the local communities and motorists on the move that it supports.

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

Electric Vehicle (EV) charging strategy

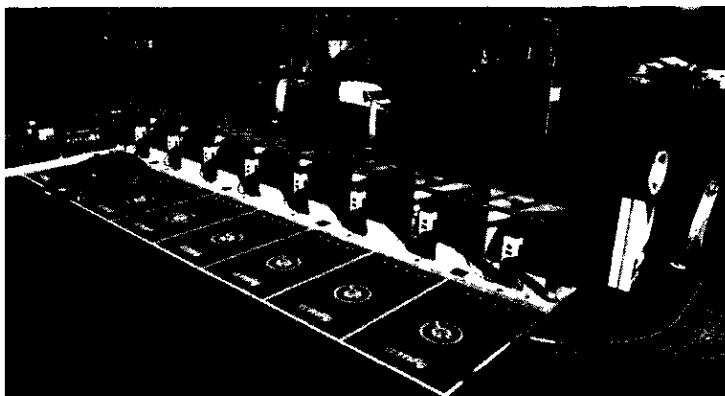
MFG is the main independent UK Fuel and Retail infrastructure business of significant scale specialising in both urban and key trunk route locations and as such is uniquely placed to be at the forefront of the EV charging market as it evolves. Due to the size and geographic spread of the network the Group will play a key role in supporting the UK infrastructure development as the UK moves towards the Government's stated intention of prohibiting 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 will initially target the 'On Route' segment. This segment will focus on the 'top-up' rapid charging requirements of drivers and is expected to provide the majority of charging points in the short term as the infrastructure does not exist elsewhere

Strategic Report for the year ended 31 December 2020

(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 c60% 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 the Group is planning to install 40 EV Charging Hubs around the network in 2021 and will continue developing

additional installations into the future. MFG has committed to investing £400m in EV charging infrastructure over the next ten years using free cash flow generated from the proceeds of petrol and diesel sales, thus supporting the Government's policy of developing a clean infrastructure model.

Whilst it is projected that approximately 80% of the UK car fleet will still require fossil fuel in 2030 it is also forecast that significant acceleration in EV adoption will occur from 2025 onwards. It is also apparent that EV adoption will occur at different rates in different parts of the country. Adoption in major urban areas will be significantly faster than remote rural areas, especially in London. MFG's strategy will target these major conurbations and, by commencing a major EV development program now, the Group will be strongly positioned once EV growth accelerates in the latter half of the decade.

MFG has been leading the move to forecourt charging and has already installed over 100 EV chargers at our sites, the highest rate of rollout in the independent sector.

These early-stage chargers are typically lower speed standalone units and have been installed in conjunction with selected partners. The MFG EV strategy is now focused on providing a fully owned network of ultra-rapid charging hubs. Significant investment will ensure the sites are industry- leading travel retail destinations with a wide convenience store offer and strong FTG partnerships. As the UK fuel mix transitions from fossil fuels to EV, MFG will be able to meet demand for both energy sources. Over 30% of the 2021 capital budget has been ringfenced for the EV roll-out and investment at least at this level is expected to continue into the future as MFG further develops its EV fuel offering.



Strategic Report for the year ended 31 December 2020

(continued)

MFG Strategy *(continued)*

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

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

Whilst MFG has a strong natural advantage in the 'On Route' segment there are other market segments where MFG could effectively compete. As this evolving business continues to develop MFG will be looking for opportunities to develop new and alternative opportunities with the aim of providing high quality charging facilities wherever the consumer demand exists.

Expanding the retail offering

MFG continues to drive the growing non-fuel revenue streams. This remains a key element of the ongoing strategy, providing both diversification of income and greater profit generation as the site contribution is enhanced by the stronger retail offering. To facilitate this a development programme is constantly running both improving and upgrading the in-site facilities. These developments add more FTG outlets, an enhanced



shopping experience and additional scope for offering other non-fuel services. Additionally, other opportunities are taken, and the Group has an active drive thru program providing the facilities for a number of globally recognised drive thru operators. Seven new drive thru facilities were constructed in 2020 and the continuing development of these establishments is a core part of the development program.

The Group is the fifth largest retailer by number of stores in the UK and the number of sites the Group operates

provides significant opportunity for continued development, providing high quality facilities for its customers.

Strategic Report for the year ended 31 December 2020

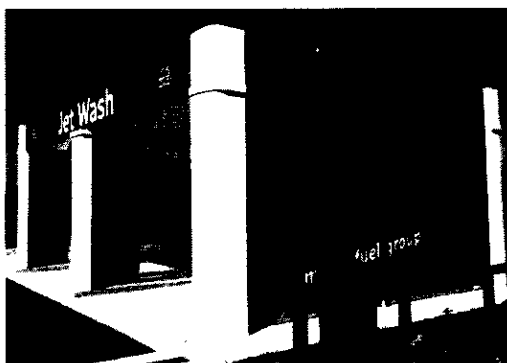
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MFG Strategy *(continued)*

Expanding the retail offering *(continued)*

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

Valeting strategy



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

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



Acquisition strategy

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

Using a tried and tested methodology the Group is able to bring a market leading approach to running these 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 existing and 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 that particular local community. In 2020 the Group completed two NTI sites as part of this program.

Strategic Report for the year ended 31 December 2020

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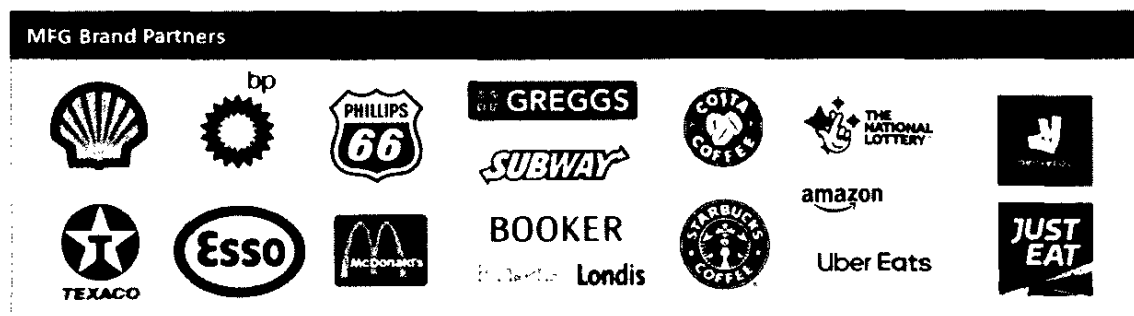
Business Models

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

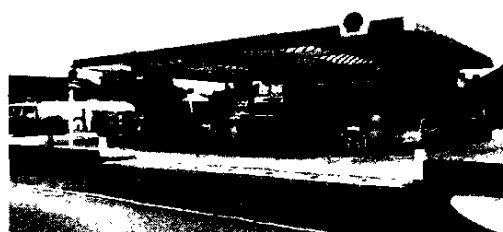
Company Owned Franchise Operated Model (COFO)

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 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 892 petrol stations 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.



Fuel 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 2020 we sold over 2.5bn litres into the retail market, a market which was smaller than in the prior year due to the reduction in total miles driven due to the lockdowns and general changes to consumer behaviour in response to the Covid 19 pandemic.



Strategic Report for the year ended 31 December 2020 (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 the growth in internet food deliveries



and the drop in footfall at the large out of town supermarkets persists. This trend became more

pronounced during 2020 as consumers moved further towards convenience offerings during the first lockdown period and then continued to do so for the remainder of the year. MFG is ideally placed to serve this expanding convenience demand with its nationwide network of nationally recognised brands, Londis and Budgens. MFG continues to invest in the network of stores and there is a substantial ongoing programme of redevelopment and improvement. This program was deferred in the early part of the year as a consequence of the first lockdown, but was resumed in the second half of the year, once the restrictions on the construction industry were lifted, and the Group is pleased with the progress made during this period.

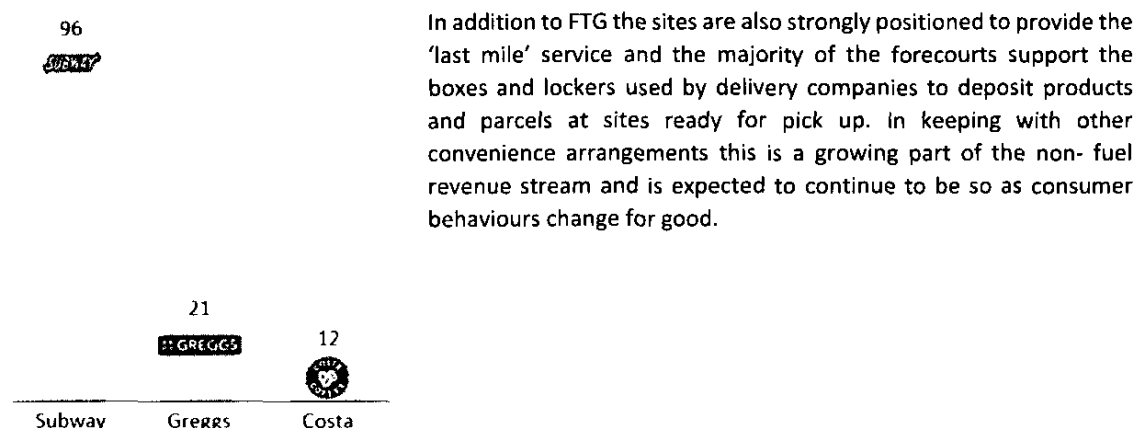
FTG is also a market that is expanding, again this trend is driven by the convenience factor as consumers look to purchase ready prepared food to fit in with their busy lifestyles. The MFG forecourt network is well suited to provide FTG outlets and it is an area MFG is continuing to develop. Internationally recognised brands partner with MFG and these fast food and coffee providers have proved to be a successful encouragement to increasing footfall. During the year MFG opened 11 new FTG sites bringing the total number of outlets to 129 and is continuing to develop the network by establishing the right FTG offerings in the right locations. The FTG business benefited from the successful operation of the delivery services provided by the different third party carriers, whilst this trend began during the period of the first lockdown it has continued and is expected to do so as consumer purchasing habits continue to evolve.

Strategic Report for the year ended 31 December 2020 (continued)

Business Model (continued)

Company Owned Franchise Operated Model (COFO) (continued)

Number of Food to Go outlets by brand at 31st December 2020



Company Owned Company Operated Model (COCO)

Through a subsidiary that trades under the COCO model, at 15 COCO sites the Group owns and operates both the fuel and the onsite retail activity. All staff are employed by the company. As with the COFO model the company leverages its relationships with nationally and internationally recognised brands to provide attractive and compelling retail destinations to the consumer. 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.

This business model typically supports the larger fuel stations and is a key growth focus for the Group. During 2020 the Company grew this network by 25% and, as part of the ongoing investment program, other sites will be specifically targeted that fit with this business model. This COCO network was also the beneficiary of significant capital expenditure in the year and finished 2020 by opening a 'knockdown rebuild' (KDRB) station that transitioned from a COFO arrangement to COCO.

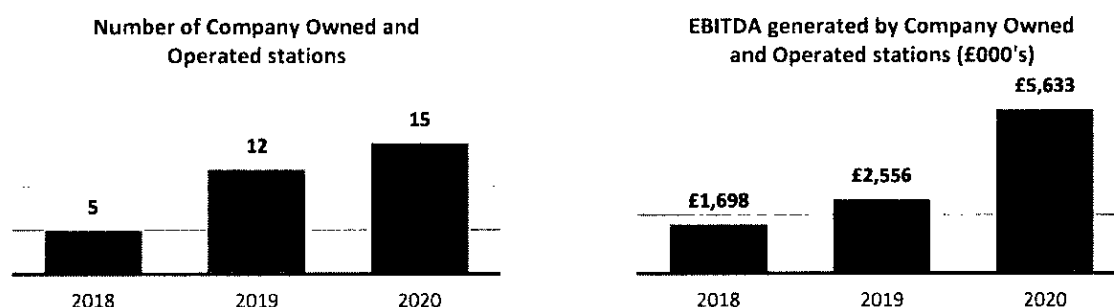


Strategic Report for the year ended 31 December 2020

(continued)

Business Model (continued)

Company Owned Company Operated Model (COCO) (continued)



The location and size of these sites were particularly suited to the change in consumer trends witnessed during the pandemic and financial performance was exceptionally strong in 2020. They are also well suited to the MFG EV strategy and the first COCO EV hub site opened in February 2021. There will be continued EV investment in this network in 2021.

The Channel Islands

Roberts Garages ("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 2020 Roberts successfully opened its new flagship store on Jersey which was a new to industry development and the largest forecourt on the Channel Islands. This site has performed well from the outset and is proving to be a strong addition to the Roberts portfolio.

Strategic Report for the year ended 31 December 2020 (continued)

Business Model (continued)

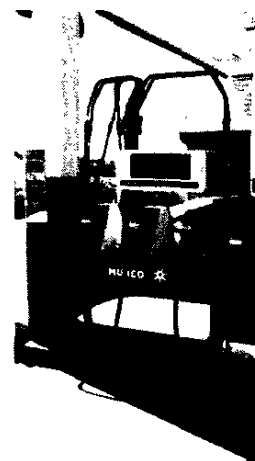
Dealer Owned Dealer Operated Model (DODO)

A further subsidiary operates under the Murco brand, supplying fuel to sites that are neither owned nor operated by MFG. At these sites our 'dealers' operate under the Murco brand which was established in 1960 and is a familiar forecourt name throughout the UK.

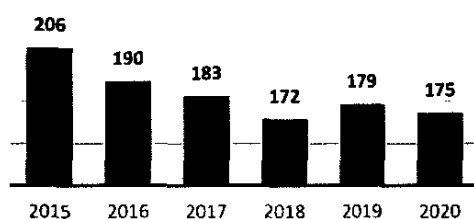


The Group will continue to operate under the Murco banner, growing and developing this business based upon the service, relationships, and delivery standards that Murco has always been known for.

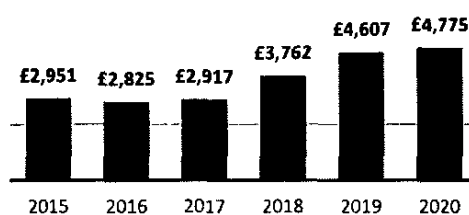
Fuel is procured by the Group from a number of different oil terminals around the Country and is delivered to the sites by a fleet of tankers arranged through a third-party logistics partner.



Number of Dealer Owned and Operated stations



EBITDA generated by Dealer Owned and Operated stations (£000's)



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

Strategic Report for the year ended 31 December 2020

(continued)

Business and regulatory environment

During 2020 the performance of the UK economy was dominated by the impact of the Covid 19 pandemic and the various Government restrictions put in place to control the spread of the virus. This largely overshadowed the political and economic uncertainty, that would otherwise have received more focus, arising over the negotiations with the European Union regarding the trade deal between the UK and EU. The UK Government's business agenda and program for 'levelling up' were side-lined by the need to react to the pandemic. Strategy was outlined with regards to the green agenda and plans were detailed as to how the UK could meet its environmental targets.

The sector within which the Group operates was deemed an essential service and all petrol stations remained open throughout the year. The FTG operations were required to close in the first lockdown period but this had only limited impact on the business. As a consequence of the Government restrictions and lock downs fuel volumes in 2020 were lower than the previous year, falling to a low point in April. From then on, the fuel volumes slowly recovered and largely levelled off for the rest of the year with periodic changes as national and regional restrictions were imposed and then lifted.

There was a high degree of volatility in the crude oil price with the price falling quickly through March and April as global demand plummeted. The price recovered from its low point and recovered slowly through the rest of the year. Falling wholesale prices in the first quarter provided scope for some margin improvement for the Group in that period, going some way to mitigate the sudden fall in sales volumes. The fuel margin improvement continued for the remainder of the year.

The fiscal regime in the UK continued to be stable and there were no changes to either the fuel duty or the main UK VAT rate in 2020. A temporary cut in VAT for the hospitality sector was announced in July which remained in place for the rest of the year. This stimulus provided support to the Group's FTG business as it reopened after the first lockdown. In March 2021 the UK Government announced a rise in the corporation tax rate to 25% from April 2023 onwards.

The fuel market in the UK is in transition. Over the last decade the oil majors have continued their policy of divesting sites, the hypermarkets are focusing on their core operations as they come under pressure from the discounters and many smaller independents continue to look to exit the marketplace. This continues to provide opportunities for the Group to grow its network.

Covid 19 aside, UK fuel volumes had been largely stable in recent years but are projected to decline gradually into the future as fuel efficiency improves and the EV market grows, albeit from a very low base. Retail fuel margins have remained reliable as the marketplace evolves and the expectation is that they will continue to do so.

The EV is now clearly the favoured medium to long term alternative to the traditional petrol and diesel fuelled vehicles. The UK Government announced in November 2020, that it will bring forward by 5 years to 2030 its previously legislated ban on the sale of new petrol-only and diesel-only cars and light vans. However, sales of new Plug-in Hybrid Electric Vehicles (PHEVs) will be allowed to continue to 2035. Whilst many questions remain about the ability of the UK to support this rate of transition, and consumer demand for EV's remains slow, but growing, 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.

Strategic Report for the year ended 31 December 2020 (continued)

Business and regulatory environment (continued)

Near term forecast sales of full EVs are projected to remain modest, with an acceleration from 2025 onwards. However, it is projected that 80% of vehicles on the road in 2030 will still require fossil fuel infrastructure. And with the average lifetime of a car in the UK being 14 years, it is anticipated that two thirds of vehicles will still be using petrol or diesel fuel in 2035. 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.

Financial Review

The Group made a profit for the year after taxation amounting to £95.3m (2019: profit £93.1m, restated).

Despite the impact of the Covid 19 pandemic on trading conditions for 10 months of the year, the Group again delivered a strong financial performance. Revenues were £3,307.8m (2019: £4,442.4m) and operating profit was £249.2m (2019: £213.4, restated). Fuel sales revenues were robust, volumes sold were negatively impacted by the lockdowns and the change in consumer behaviour as a consequence of the Government restrictions, largely mitigated by an improved fuel margin throughout the year.

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

The Group owns 82.5% of its sites as freehold assets. Together with the low fixed cost nature of the Contract Manager operation this meant the operating cost base largely reduced in line with the fall in fuel sales volumes. This feature, exceptional in the forecourt industry, protected the Group from the worst of the pandemic's economic consequences.

Normalised EBITDA is the key metric for the Group. The 2020 result was the strongest performance in the Group's history. The reported result of £299.2m was 16.7% higher than the 2019 restated result of £256.3m and 137.1% higher than the £126.2m reported in 2018.

Late in the year MFG acquired a small filling station network, adding six stations to the portfolio, bringing the total number of sites to 911. The Covid pandemic did impact the planned acquisition strategy in 2020 but, from 2021, the program will continue as a significant pipeline of opportunities continues to exist in the UK.

At 31 December 2020, the Group had net assets of £111.4m (2019: net assets £18.7m, restated), net current liabilities of £81.7m (2019: £170.7m) and net debt of £1,610.6m (2019: £1,644.6m), all of which is non-current.

The Group generated cash from operating activities of £278.8m, (2019: £320.9m) the decrease on last year driven by a decrease in creditors due to a reduction in purchases during the November lockdown, and a decrease in debtors due to reduced sales in December, again due to government-imposed restrictions. The Group benefits from a negative working capital position as its payables days are significantly longer than the inventory and receivables days.

Strategic Report for the year ended 31 December 2020 (continued)

Financial Review (continued)

The Group is financed through a combination of equity, externally syndicated bank debt and shareholder loans. At 31 December 2020 the bank debt was £1,766.3m (2019: £1,748.2m), repayable in July 2025. Of the original available £230m RCF, £65m was drawn and outstanding as at 31 December 2020 (31 December 2019: £90m). The Group is compliant with all covenants under the debt agreements and monitors compliance on a regular basis.

In April 2020 in response to the uncertainties arising through the Covid 19 pandemic, an incremental, one-year term, RCF facility of £80m was secured. Ultimately use of this incremental facility was not required and it remained undrawn at year end. However, in January 2021 the Group extended its RCF facility by bringing £75m of the one-year facility arranged in April 2020 into its term agreement, increasing the RCF facility available to 2025 to £305m.

During the year the interest rate caps and swaps that the Group had taken out previously, expired, the Group having chosen not to renew them. Also maturing were the cross-currency swaps taken out as protection against volatility affecting the euro denominated debt. These were replaced by FX forward contracts with end dates of 31st December 2021.

In July a decision was taken to close the Oil Terminal on the Isle of Wight. This was a non-core business in a challenging location. The business was closed, and the terminal was decommissioned in the second half of the year.

Key performance indicators

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

Financial KPIs

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

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

During the year the Group reported gross profit of £395.7m (2019: £359.6m) and an operating profit of £249.2m (2019: £213.4m). The Group continues to seek to optimise profits, effectively manage controllable costs and make efficiency improvements. Normalised EBITDA is a primary financial KPI for the business.

Strategic Report for the year ended 31 December 2020

(continued)

Key performance indicators (continued)

Financial KPIs (continued)

EBITDA

		2020	2019	2018
			restated	
		£m	£m	£m
Profit for the year after tax		95.3	93.1	13.7
Add back	Tax	30.3	18.9	14.1
	Finance expense	150.5	137.3	82.6
	Depreciation	49.0	42.0	23.1
	Amortisation	1.0	0.9	0.8
Deduct	Finance income	(26.9)	(35.9)	(8.1)
Normalised EBITDA		299.2	256.3	126.2
	Exceptional operating expenses	-	-	25.0
	Other differences between statutory and management EBITDA*	(2.0)	(10.2)	-
EBITDA		297.2	246.1	151.2

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

Whilst normalised 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

		2020	2019	2018
			restated	
Financial		£m	£m	£m
	Gross Profit	395.7	359.6	277.0
	Profit after Tax	95.3	93.1	13.7
	Non cash working capital	(237.3)	(274.3)	(153.6)
	Liquidity	400.7	243.6	252.1
	Net Debt	1,610.6	1,644.6	1,441.6
Non-Financial				
	Total number of sites at year end*	911	903	925
	FTG outlets at year end*	129	121	103
	Sites with EV charging capability at year end*	108	104	87

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

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 less current liabilities) which is an important KPI for the business. Inventory days were 5.0 days at the end of 2020 (2019: 5.2 days), debtor days 4.5 days (2019: 4.5 days) and creditor days were 30.9 days (2019: 29.0 days)

Strategic Report for the year ended 31 December 2020

(continued)

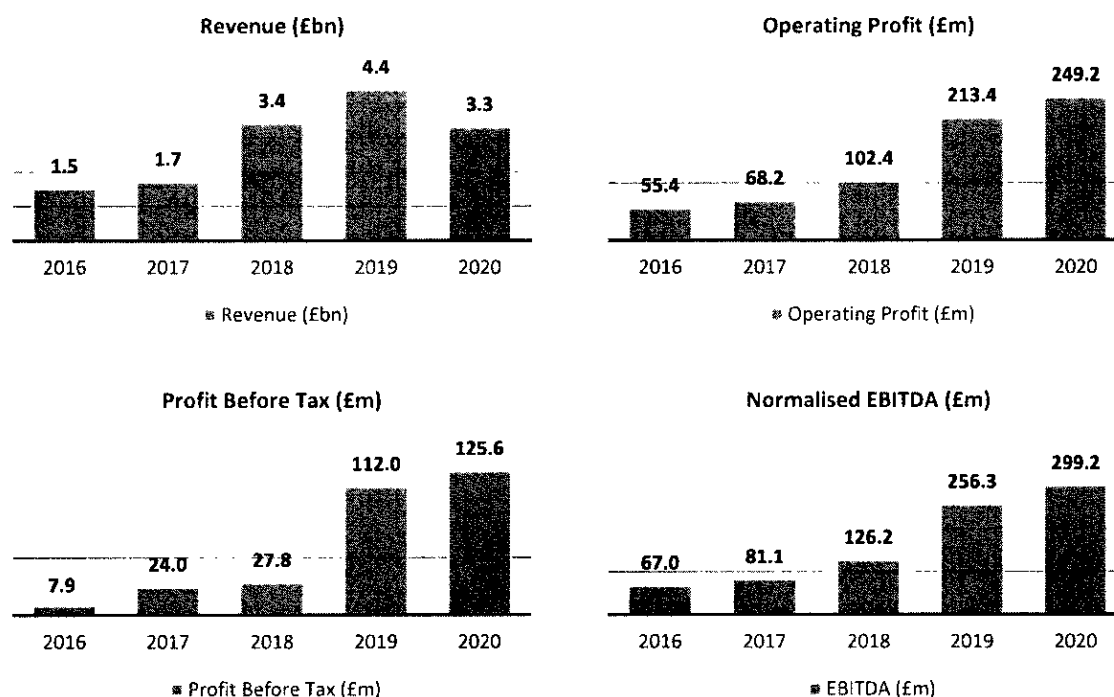
Key performance indicators (continued)

Non-Financial KPIs (continued)

The Group is carefully focused on all aspects of Health and Safety and various metrics (see ESG report on page 42) are used to measure performance and to identify any issues. This has been particularly important during 2020 due to the Covid 19 pandemic and has been a key area of consideration. Environmental factors are also an important area for the Group, detailed energy usage and emission metrics are reviewed by the Board on a quarterly basis. Wider detail around the presentation and usage of all of these KPIs and metrics is given in the Environmental, Social and Governance (ESG) section of this report on page 42.

Key statistics

Financial



Strategic Report for the year ended 31 December 2020

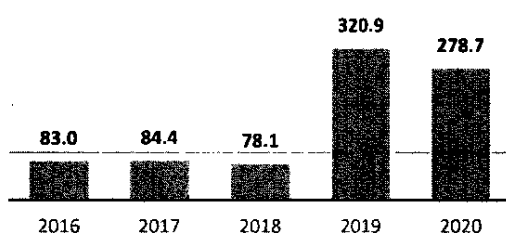
(continued)

Key performance indicators (continued)

Key Statistics (continued)

Financial (continued)

Cashflow generated by operating activities
(£m)

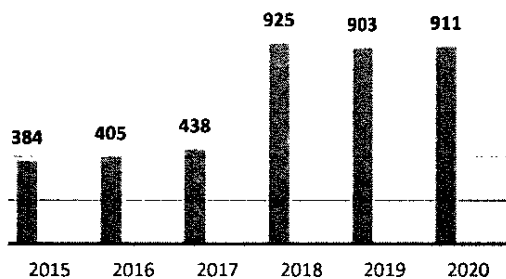


EBITDA is defined as Profit after tax adding back tax, interest, depreciation and amortisation.

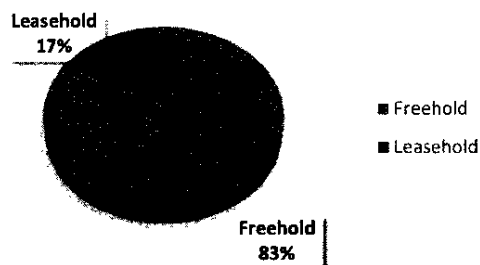
Cashflow generated by operating activities is cash generated before purchase of Property, Plant and Equipment (PPE) and M&A activities.

Property/ Site numbers

Number of MFG sites at year end



Site ownership - Freehold/ Leasehold split



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

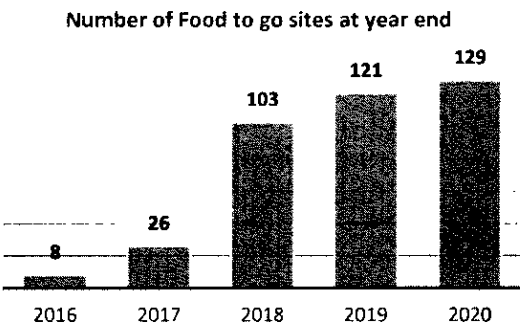
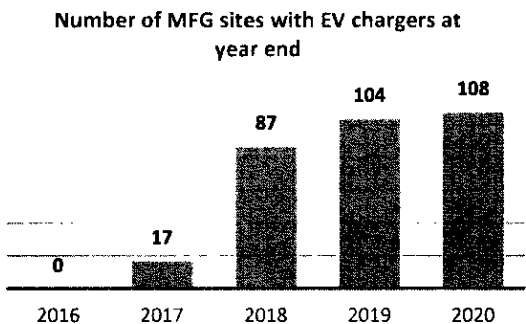
Strategic Report for the year ended 31 December 2020

(continued)

Key performance indicators (continued)

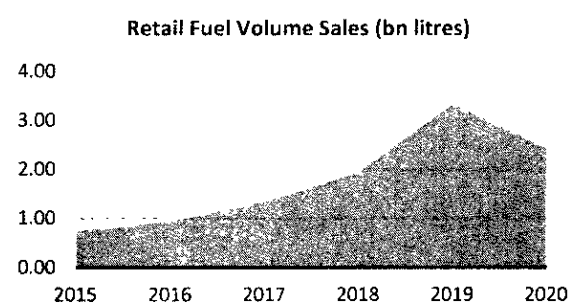
Key Statistics (continued)

Property/ Site numbers (continued)



Until 2020 EV chargers at sites were single, low speed chargers. During 2020 some of these were removed ahead of the development of MFG ultra-rapid EV charging hubs to be implemented in 2021.

Fuel Sales



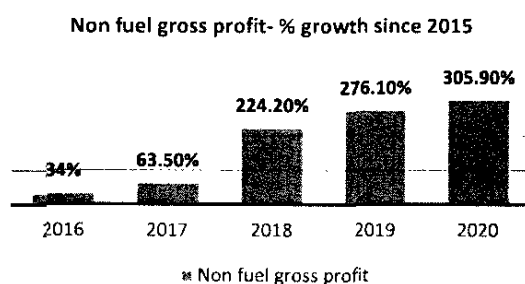
The 2020 volumes were impacted by the Covid 19 Pandemic, the Government instigated lockdowns and changing customer patterns as a response to the pandemic.

Strategic Report for the year ended 31 December 2020 (continued)

Key performance indicators (continued)

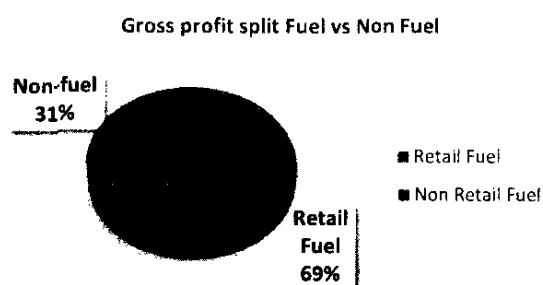
Key Statistics (continued)

Non-Fuel Gross Profit



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

Fuel/ Non-fuel gross profit split



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

As the non- fuel offerings continue to develop further in line with changing consumer requirements it is anticipated that this segment will grow further.

Strategic Report for the year ended 31 December 2020

(continued)

Principal risks and uncertainties

During 2020 the Group continued to develop and adhere to its established risk management framework. This framework had previously operated to consider principal risks and uncertainties in line with best practice. It has been further developed to include formal consideration of potential emerging risks.

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

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

Interest rate risk

The Group is partly financed through externally syndicated bank debt and is therefore exposed to rising interest rates. Whilst the UK has witnessed historically low interest rates for an extended period of time, changes in interest rates over time are an inevitability. Interest on the bank debt is calculated on a quarterly basis. Due to the current economic climate and the existing low interest rate environment the Group has taken the view that there is unlikely to be significant change to interest rates in the near term. Whilst actively managing this position the Group has taken the decision not to hedge interest rate exposure following the expiration of the interest rate instruments in 2020. The Board is keeping this policy under review and the wider interest rate environment and prevailing forecasts are monitored continuously.

Covenant compliance risk

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

Liquidity risk

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

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.

Strategic Report for the year ended 31 December 2020

(continued)

Principal risks and uncertainties *(continued)*

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 provide cover for the costs of major incidents of environmental damage).*

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

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.

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

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

Strategic Report for the year ended 31 December 2020

(continued)

Principal risks and uncertainties *(continued)*

Macro-Economic Conditions

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

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

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

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

Global Pandemic

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

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

Strategic Report for the year ended 31 December 2020

(continued)

Principal risks and uncertainties *(continued)*

Technological Change

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

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

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

Cyber Risk

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

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

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

Regulatory requirements and legislative change

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

Strategic Report for the year ended 31 December 2020

(continued)

Principal risks and uncertainties *(continued)*

Regulatory requirements and legislative change *(continued)*

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

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

Future developments

The 2021 financial year has again been overshadowed by the Covid 19 pandemic, with the UK entering a lockdown period. This notwithstanding, the business performance in the early part of the year has been resilient and the trends prevalent in the second half of 2021 have continued. All forecourts continue to remain open and remain a key source of support to the local communities they serve providing safe, secure, and convenient shopping locations.

The Group remains in a strong financial position and has sufficient liquidity available to it. The directors look forward to a return towards normality as the year progresses, once the benefits of the UK vaccination program allow it.

Meantime, the Group continues with its development program and looks forward to opening a number of refreshed and re-invigorated forecourts over the course of the year.

The Group's ultra-rapid charging EV strategy is being implemented and the first EV ultra -rapid charging hubs have opened. These will be followed by circa 40 more through 2021 as the Group looks to establish the MFG EV Power brand and position as the UK's premier supplier of fast clean energy for electric vehicles.

The Group continues to focus on its customers and works hard to identify the requirements and demands of the local communities it serves. Understanding these needs enables the Group to work effectively with our Contract Managers to optimise the overall business and to provide the wide range of offerings today's ever more demanding customer desires. Monitoring of the continually evolving Covid situation is ongoing and management will continue to respond quickly and appropriately as we have throughout.

Strategic Report for the year ended 31 December 2020 (continued)

Future developments (continued)

In January 2021 MFG announced that it had signed an agreement to purchase seven operational stations and nine NTI sites from BP. Immediately following completion of the acquisition the total number of stations operated by MFG will be 918.

The Directors are confident that the performance of the business will continue to be strong and that 2021 will prove to be another successful year.

Approved by the Board and signed on its behalf by



Gregory Lai (Director)

27 April 2021

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 Finance Disclosure
- ESG Report
- SECR Report

Ownership

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

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

Directors of CD&R Firefly Holdco Limited

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

Gregory Lai

Mr Lai is a Partner at CD&R and is based in London. He plays a key role in the execution of several of the Firm's transactions, including the investments in B&M Retail, BUT International, Exova, HD Supply, Westbury Street Holdings and Motor Fuel Group. Previously, Mr 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.

Marco Herbst

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

Governance Report *(continued)*

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

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, Kalle, and Motor Fuel Group. 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.

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 Terrence Leahy

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

William Bannister – Chief Executive Officer

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

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

Governance Report *(continued)*

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

Key Management Personnel

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

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

Corporate Governance

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

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

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

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

Governance Report *(continued)*

Corporate Governance (continued)

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

1. Purpose and leadership – MFG is the leading UK independent forecourt operator and strives to deliver a superior consumer experience which promotes the purpose of the Group. These values are clearly articulated by the Board and that strategy is then delivered by the executive management team.
2. The Group's Board comprises a number of individuals with a balance of skills, experience and knowledge and many years of experience in the forecourts and retail industries. In addition to the entrepreneurial founders, the Board also contains experienced investors from CD&R, majority shareholders, who bring a wealth of experience and significant resources from this well established private equity firm. The Board is further supplemented by experienced Non-executive Directors assisting with both the development of the Group and its governance.
3. The Directors recognise the importance of good governance and have a clear understanding of their roles and responsibilities. The Directors receive comprehensive and timely reporting of KPIs on all aspects of the business, which is used to support the decision-making process. The Directors recognise the benefit of independent challenge and have experienced Non-executive Directors appointed to provide this scrutiny.
4. The business strategy clearly identifies the direction for the Group and strategic opportunities to deliver this strategy are a key focus of the Board meetings. The senior management team are responsible for identifying and mitigating risk, the principal risks to the business are outlined on pages 26 to 30. A risk controls framework has been developed and is reviewed by both the Audit Committee and the Board on a regular basis.
5. The Board has appointed a Remuneration Committee to oversee all aspects of remuneration ensuring it is fair and appropriate to support the success of the Group. The Board is committed to remunerating the employees solely on the ability of those employees to support the success of the Group.
6. The Directors are committed to engagement with its stakeholders and ensuring that the Group's strategic direction is aligned with the interests of the key stakeholders. Good communication is key to this and there is regular engagement with employees, suppliers, local communities and other stakeholders. The Directors are committed to operating in a socially responsible manner, engaging with the community and developing the business working towards environmental sustainability. The Group has detailed its key stakeholders and their engagement with them in its Section 172 statement on page 36 to 39.

Governance Report *(continued)*

Stakeholder engagement

The Group presents the following statement, outlining the key stakeholders of the business, its engagement with these groups and the rationale for doing so.

The Board considers the successful maintenance of these relationships to be integral to the long-term success of the business and also to be an important part of the local communities it strives to serve. The impact on stakeholders of business decisions is considered at the quarterly formal Board meetings. These formal meetings are supplemented with informal sessions which are used to review, consider, and challenge the operational and financial decisions made by the business.

The Covid 19 pandemic has had a significant impact on all stakeholders since it emerged at the beginning of the year. The Covid impact has significantly affected the way the Group has engaged with its stakeholders in the year.

Detail on, and evidence of, stakeholder engagement is documented throughout this report, but for conciseness the key points are detailed in the S172 Statement below.

Section 172 Statement

Stakeholder	Stakeholder's key interests	Reason for engagement	Ways of engagement
Customers	Safety Competitive prices Convenience Choice Customer service	Understanding consumer behaviour and the changing trends in the marketplace allows MFG to develop the right offering to enhance the overall customer experience.	<ul style="list-style-type: none"> ● Rapid response to changing environment i.e. Covid secure shops and forecourts ● Reinforcing social distancing message through banners and posters ● Customer feedback ● Social media engagement ● Promotions ● Loyalty schemes ● Investment in disability access programs including phone app to aid disabled motorists ● Website and social media provide regular updates on developments ● Renewable power for EV charging

Governance Report *(continued)*

Section 172 Statement *(continued)*

Stakeholder	Stakeholder's key interests	Reason for engagement	Ways of engagement
Employees	Pay and Benefits Job satisfaction Safety Career development Security Well being	Well trained and motivated staff are the key to the success of the business.	<ul style="list-style-type: none"> • Staff are highly motivated and well rewarded for success • Benefits package and encouragement of participation in pension schemes. • Career progression opportunities and support for development • Strong managerial capacity • Expansion of in-house capacities in business- critical functions • Communication between Board and workforce through regular executive team communications, both verbally and via email • Consideration of workforce suggestions submitted via an anonymous suggestion box • Covid secure workplace has been provided with screens in place, additional capacity, and comprehensive procedures for social distancing to be enabled at all times. • Remote working where appropriate and equipment provided to do so. • Rota system operated to ensure social distancing • All staff supported throughout the Covid pandemic • Attention to disability needs • Employee satisfaction survey
Contract Managers	Safety Opportunity for success Support and guidance Site developments Training Uniform and appropriate third-party contracts	Collaborative approach with Contract Managers ensures best practice, adherence to legislation and guidelines and mutually beneficial operating and financial outcomes.	<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 to the benefit of both parties. • Training and assistance provided allowing for development of individuals and their businesses • Timely and ongoing support, both financial and operational, provided to Managers throughout the pandemic. • Rapid response to changing environment i.e. provision of PPE, sneeze screens and hand sanitiser • Regular Contract Manager forum facilitated to assist with business improvement ideas

Governance Report *(continued)*

Section 172 Statement *(continued)*

Stakeholder	Stakeholder's key interests	Reason for engagement	Ways of engagement
Suppliers <ul style="list-style-type: none"> • Liquid fuel • Renewable power • Convenience store supplies • Equipment provision and maintenance • Business services • Site development contractors • Logistics • Banks 	<p>High sales volumes Brand awareness/protection Long term relationships Adherence to payment terms</p> <p>High sales volumes Evolution of relationships Adherence to payment terms Promotional activity Product trials</p>	<p>Strong, cohesive relationships with the supply chain ensure security of supply, competitive pricing, and promotional support.</p> <p>The MFG business leverages the brand value of national and internationally recognised brand names so it is vital to the success of the MFG business and important to the suppliers that both parties work collaboratively for the mutual benefit of both.</p>	<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 SLAs • Mutual support offered in adverse business environment
Communities	<p>Alignment of product offering to local community needs Environmental, Social, Governance (ESG) factors</p>	<p>MFG stations are an important part of the fabric of the local community and offer a number of services no longer available on the high street as consumer trends and patterns change. Sites need to supply appropriate goods and services for the communities living around them.</p> <p>The sites need to be safe, free from pollution and the Group needs to safeguard those that work and visit by upholding the highest standards with regard to ESG factors.</p>	<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. • Supporting local communities by keeping sites open and operational during the Covid pandemic. • Targeted and specific charitable fundraising is facilitated through the site network – the NHS was a main beneficiary • Website and social media provide regular updates on developments

Governance Report *(continued)*

Section 172 Statement *(continued)*

Stakeholder	Stakeholder's key interests	Reason for engagement	Ways of engagement
The Environment	Pollution Spills Carbon measurement Efficient water usage	Commitment to minimising environmental implications of the operation. To play a key role in the development of the UK alternative transport 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 relinings, 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
Landlords	Timely payments of rents Care and Maintenance of sites	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, ongoing dialogue during Covid Pandemic ● Timely and accurate payment ● Responsible custodianship of sites
Government	Taxation Planning Carbon reduction EV infrastructure	<p>Policies and regulatory change are prevalent in the business MFG engages in; strict adherence is critical for the success of the business.</p> <p>MFG strategy is to be regarded as being a good corporate citizen and to pay its fair share of tax.</p>	<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 ● Availed of rates relief and deferral of tax payments

Employee engagement

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

Employee engagement has never been more important than in 2020 with many employees working remotely for large parts of the year. The Board have been conscious of this throughout and numerous initiatives have been undertaken throughout the period of the pandemic ensuring that the welfare, both mental and physical, of all employees have been looked after.

Governance Report *(continued)*

Employee engagement

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

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

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

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

Supplier Engagement

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

The strength of these relationships was demonstrated during 2020 as the particular challenges of the Covid 19 pandemic intensified the need for these strong collaborative working relationships became ever more important in ensuring that there was never any interruption to the supply chain meaning that the sites could remain open, fully operational and well stocked throughout.

Payment of trade payables

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

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

Creditor days at the end of 2020 were 30.9 days (2019: 29.0 days).

Governance Report *(continued)*

Task Force on Climate related Financial Disclosures

The Group recognises that everyone has a role to play in limiting climate change and supporting the transition to a low carbon economy. There is an established governance framework that ensures risks associated with climate change are considered by the Board and key metrics are considered at its quarterly meetings. The Group has implemented the Streamlined Energy and Carbon Reporting requirements and more detail on the metrics assessed by the Board can be seen in the Governance section of this Annual Report (page 51).

There are two key aspects to climate change that impact or potentially impact the Group, a further aspect, which has been embraced, provides an important opportunity for the Group's future development.

Whilst increased physical risk due to long term changes to weather and climate is considered not to be directly significant to the Group due to the number and geographical dispersion of the sites, a heightened risk of flooding of individual of sites in certain regions as a consequence of adverse weather is a realistic possibility. and thus flood risk is a key consideration when buying and developing sites.

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

This presents an opportunity for MFG to play a vital role in supporting the UK's provision of core infrastructure through its commitment to develop an extensive EV charging network. We already have EV charging points installed on 10.1% of the Group's sites and over 30% of the capital budget for 2021 has been ringfenced for EV development. It is anticipated that a high level of EV facilities expenditure will continue in the future as MFG plays its part in the UK's transition to a low carbon economy. MFG is investing in ultra rapid EV charging hubs where all electricity sold is certified as being 100% renewable. Significantly, charging technology will improve over time and MFG aims to remain at the forefront of this evolution. This continuing diversification away from traditional road fuels both allows MFG to play its part in fighting climate change and embrace its longer term future.

Governance Report *(continued)*

ESG Report

The Group has a broad based ESG outlook that encompasses all aspects of our environmental, social and governance commitments. The Board believe that maintaining these social responsibilities and behaving as a good corporate citizen is essential to the success of a well-run business.

ESG is a standing item at the quarterly Board meetings and a comprehensive reporting package is prepared for review. That package contains a full suite of metrics and KPIs against which the business performance is measured. The Group recognises the importance of this approach and whilst this process is currently in place it is also recognised that more can be done. The Group is committed to further improving performance and reporting in respect of ESG.

Key to the Group's strategy is the development of the Electric Vehicle charging infrastructure as this will provide significant long-term environmental benefit. However, it is only a part of the business strategy as it is recognised that there will still be a customer requirement for petrol and diesel fuelling for decades to come. In order to cater to the communities it serves with the products they demand, the Group will continue to provide petrol and diesel in the most socially responsible manner possible.

Environmental impact

The Group is committed to ensure that any negative environmental consequences of its operations are minimised. The Group contracts with an expert environmental consulting firm to provide advice and services to manage environmental risks associated with operations across the filling station network focussed particularly on mitigation of contaminated land risk. An energy management specialist is also engaged to manage the Group's energy consumption and associated emissions.

During 2020 the Group has been working with both its environmental consultants and specialist departments within its insurance broker to develop its in house environmental, health and safety systems to the internationally recognised standards prescribed in ISO14001 and ISO45001. This involves considerable alteration to existing systems of work and the policies which govern them, attaining these standards is considered a major corporate objective of the Group and it is anticipated this will occur in 2021.

Governance Report *(continued)*

ESG Report *(continued)*

Environmental impact *(continued)*

The Group has identified five key areas and has outlined specific policy objectives for each.

Climate Change and Carbon Emissions

Policy – Reduce the impact of business operations on factors contributing to climate change by actively promoting the potential of alternative energy sources and protecting the environment by enhancing existing infrastructure.

This is being achieved by: -

- The progression of the EV strategy with circa 40 ultra- rapid EV charging hubs scheduled for 2021.
- Continuation of ongoing fuel infrastructure upgrade program comprising fuel tank relining, repumping program, fuel line replacements and installation of interstitial monitoring systems.
- Exercise undertaken to evaluate the merits of photovoltaic (solar panels) energy at sites.

Energy Management

Policy- To continuously improve efficiency in the consumption of raw materials and energy, seeking opportunities for improvement and ensuring compliance with legal obligations.

This is being achieved by: -

- Continuing to install energy management systems, with 20 being targeted for 2021.
- Continuing to replace halogen lights with LED alternatives, with 50 sites being targeted for 2021.
- Continuing to undertake energy audits on the remainder of the estate, and work towards assessing plant identified as inefficient to formulate plans for replacement.
- Data capture, submission and publication of Streamlined Energy and Carbon Report (SECR) in line with 2021 regulatory requirements.
- Submission of Energy Savings Opportunity Scheme (ESOS) report.

Sustainability of resources and renewable energy

Policy – To commit to the use of sustainable resources wherever possible.

This is being achieved by: -

- Contracting to purchase the Group's electricity supply from December 2021 to December 2023 that is derived from 100% green sources.
- Evaluating Photovoltaic (PV) energy for individual locations.
- Undertaking 586 TM44 (fluorinated gas) compliance reviews, including an individual energy audit.
- Performing consumption assessment reviews and energy audits, identifying high consumption sites, and installing energy reduction systems and/ or LED lighting systems where reasonably practicable.

Governance Report *(continued)*

ESG Report *(continued)*

Environmental impact *(continued)*

Waste, pollution, and responsible disposal of hazardous waste

Policy- To commit to the responsible disposal of all hazardous waste and to pursue a program of recycling waste created at the Group's facilities.

- Ensuring that the forecourt interceptor hydrocarbon waste is uplifted by a competent contractor. This has been renewed with two service providers for 2021.
- Continuation of the commitment and legal obligation to identify and manage asbestos locations across the estate. Removal or encapsulation is undertaken in association with site developments.
- An ongoing programme of historic active remediation managed through external environmental consultants. This programme will remain active to ensure the organisation adheres to its legal and environmental responsibilities.

The environmental policies outlined are a key element of the Group's ESG strategy. A dedicated team of employees working closely with the accredited third-party contractors manage the strategy and provide quarterly reports with detailed metrics reporting ongoing progress to the Board.

Water management

Policy – Freshwater is a valuable resource and the Group commits to maintain the integrity of all water related infrastructure across its estate to ensure that water is used efficiently and waste is kept to a minimum.

- The Group employs a third party consultancy firm to monitor consumption and report this data regularly. Anomalous readings are investigated and remedial actions undertaken as a priority where compromised infrastructure is identified.

Health and Safety

The Group is committed to the health, safety and welfare of its employees, customers and those who may be affected by its business activities.

Recognising that petrol station forecourts and EV charging hubs can be dangerous places and the products supplied are hazardous the Group has a detailed suite of policies and procedures that are continually reviewed and updated to best practise. Procedures are prepared in line with local regulatory bodies and the appropriate authorities are engaged to ensure that the practises undertaken at site commensurate with the level of risk involved. Contract Managers are not allowed to take on a site until they have demonstrated that they understand and are able to enact the procedures. Risk assessments are performed and documented as and when required.

Health and Safety training is a key feature for the operational staff and a comprehensive training program is undertaken every year. Aside from the training and development initiatives undertaken by all operational staff the Group also supports the professional development of employees and provides support to employee study towards professional qualifications.

Governance Report *(continued)*

ESG Report *(continued)*

Health and Safety *(continued)*

Health and safety is a principal concern of the Board and regular updates are provided with key metrics provided. These metrics are reviewed by the Board quarterly and the Executive Management team on a regular basis. Key areas considered are accident rates, RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) rates and training statistics.

Employees

The Group strives to build and maintain a workplace that thrives on entrepreneurial spirit and creativity. It works to ensure that the Group is socially and economically responsible to the staff and the communities it operates in.

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

The number of employees by gender at 31 December 2020 was as follows:

	Male No.	Female No.	Total No.
Senior managers	24	3	27
Other employees	371	361	732
Total	395	364	759

Governance Report *(continued)*

ESG Report *(continued)*

Employees *(continued)*

Employee engagement is vital to the success of the business. The working environment is structured in a way to encourage collaboration, team building and dialogue between the employees and the senior management team. The Executive Management engage with the workforce on a daily basis, both in the Head office and at the sites. In addition there is an established framework of interaction through which all employees are communicated with on a regular basis be it regarding business updates, social events or matters of concern.

Rewarding good performance is a key mechanism for retaining employees. The Group runs a number of reward schemes recognising the outstanding efforts of the team. The recipients of these rewards are nominated by the employees which gives winners the additional pride in knowing they were recommended by their colleagues.

The Group also recognises the power of employee engagement when it comes to recruitment and has established an employee referral scheme recognising those employees who positively raise the profile of the Group through their business and social interactions.

Employee administration is managed through an online system which reduces bureaucracy and unnecessary process and provides a more integrated service giving both the employee and the managers a greater degree of visibility. An additional 'wellbeing' portal is also used, this tool provides benefits and welfare and has also been a key instrument in supporting employees' mental health throughout the Covid 19 pandemic providing support, advice and ideas for all staff to support their mental and physical health.

Training and development

The Group recognises the importance of staff development and strives to provide all employees equal opportunities to build a rewarding career within the MFG team. Training is the key to achieving this and the Group invests in training and development programs. All employees are required to undertake certain key training courses and support is given to those employees who need or require specific job-related training. Training metrics including course attendance are reported to the Board on a quarterly basis.

The Group also offers support, both financial and practical, to employees who wish to take the opportunity to undertake professional training qualifications. Experienced staff are asked to mentor the candidates for these programs as the Group recognise that such training benefits both the business and the individual.

A comprehensive and robust performance management system is in place and is used as a mechanism to drive employee performance and identify training and development needs.

Governance Report *(continued)*

ESG Report *(continued)*

Disability Inclusion

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. If members of staff become incapacitated or disabled, the Group continues employment where possible and undertakes the necessary adjustments to facilitate continuing employment.

The Group's service stations are assessed to ensure inclusive access for its customers and the Group is committed to providing a first-class service to all customers, regardless of whether or not they have mobility needs.

The Group has invested significantly in a mobile application that supports disabled drivers who require assistance to refuel their vehicles. The number of disability assisted transactions through this application are measured and reported to the Board on a quarterly basis.

Diversity

The Group recognises the value of a diverse workforce and looks to offer equal 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.

The continued effectiveness of Group diversity policy is reviewed annually, and training and developmental support is provided where it is deemed appropriate to do so.

Governance Report *(continued)*

ESG Report *(continued)*

Social, community and human rights issues

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

The Group strives to:

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

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

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

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

Governance Report *(continued)*

ESG Report *(continued)*

Pension arrangements

The Group operates defined contribution pension schemes for its employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

Whistleblowing policy

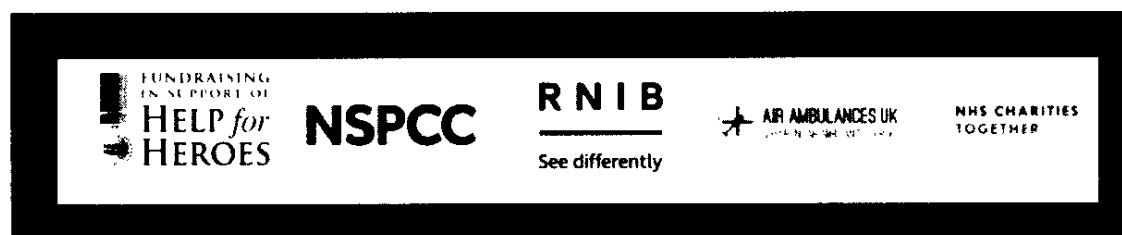
The Group is committed to conducting business with honesty and integrity and all employees are expected to maintain the highest standards, any divergence from these expected standards is not tolerated. A whistleblowing policy is in place which enables staff to report any suspected wrongdoing either in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

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

Charitable Support

The Group is committed to supporting the work of a number of leading UK charities. The Group takes the opportunity to use its forecourts to raise support for a number of nationally recognised charities. During 2020, and in recognition of the Covid 19 pandemic, the NHS Charities Together charity was added, providing support to NHS staff, volunteers, and patients in ways above and beyond what NHS funding can normally provide. Various methods of payment are available to customers to enable them to make charitable donations. During 2020 over £339,000 was raised with the NHS being the main beneficiary.

Charity partners supported in 2020



Governance Report *(continued)*

ESG 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 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)*

Streamlined Energy and Carbon Reporting

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1. Company Information
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9. Intensity Ratio
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Governance Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

1. Company Information

1.1 Reporting Company Details

Reporting Company Names:	Motor Fuel Limited ("MFL"), Peregrine Retail Ltd
Company Registration Numbers:	05206547, 03327423
Financial Year End:	31st December 2020
SECR Reporting Period:	1st January 2020 to 31st December 2020

2. Operational Scopes

2.1 Scope 1 (direct emissions)

Emissions are those from activities owned or controlled by MFL. Examples of Scope 1 emissions include emissions from combustion in our boilers and vehicles.

2.2. Scope 2 (energy indirect)

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

2.3. Scope 3 (other indirect)

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

Governance Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

3. Reporting Year

As this is the first year of MFL's SECR reporting there is no prior year comparative information presented.

Reporting Year *(all figures rounded to nearest whole number)*

1st January 2020 to 31st December 2020

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

None

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

None

Current Year Energy and Emissions

Scopes	TOTAL (kWh)	TOTAL (tCO ₂ e)
Scope 1	2,312,519	572.86
Scope 2	101,964,821	23,772.08
Scope 3 (Mandatory)	76,342	19.28
Gross Values	104,353,682	24,364.22
Exported renewable electricity reduction	0	0
Offsets	0	0
Woodland Carbon Units	0	0
Net Values	104,353,682	24,364.22

Explanatory Notes:

Reported emissions come from consumption of grid supplied Electricity, grid supplied Natural Gas, company owned and operated passenger vehicles and private vehicles for business use only. Motor Fuel Limited is reporting based on its Financial Boundary.

Direct CO₂ emissions from Biogenic combustion (tCO₂e).

None

MFL's strategy for reducing carbon emissions includes the provision to purchase certified green energy. By doing so in 2020, MFL were able to offset the scope 2 emissions of 23,772.08 tCO₂e by 11,321.51 tCO₂e giving net emissions of 12,450.57 tCO₂e (calculated using the BEIS Market based methodology – see section 7 for details).

Governance Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

4. Reasons for Change in Emissions and Actions Taken

4.1. Reporting

This report is the first year of SECR reporting.

4.2. Year on year comparison

In line with Government published guidance, from next year onward each year's report will include comparison to the previous year, along with commentary on notable changes to energy consumption and corresponding emissions from one year to the next.

4.3. Actions taken in reporting year

During 2020 MFL undertook a range of initiatives to improve the environmental performance of the business, with a particular focus on reducing energy consumption and corresponding emissions.

MFL has previously participated in the Energy Savings Opportunity Scheme and, to provide an overarching framework through which to focus efforts for improvement borne out of the report, the organisation drafted its first comprehensive Environmental, Social and Governance (ESG) policy earlier in the year. This policy aims to drive improvement in a variety of areas with regards to environmental sustainability, with a key focus on providing goals in terms energy consumption and emissions reductions.

In furtherance of reducing carbon emissions, MFL sought to reduce the impact of its business operations on factors contributing to climate change by actively investigating and promoting the potential of alternative energy sources and protecting the environment by enhancing existing and aging infrastructure. To that end, MFL has replaced the entirety of the aging fuel pump infrastructure on 16 sites with newer, more energy efficient alternatives.

In addition, a major current objective of the business is to transition to the provision of new sustainable energy sources for its customers across the estate. During 2020 this strategy was formulated and developed, and it has since progressed with an alternative fuel offer by constructing the first 2 high-speed electric vehicle charger hubs during 2020, both coming online in early 2021. A further 40 installations are planned in 2021. In the medium term MFL believes that this strategy will greatly assist in implementing the policy of the UK government to transition away from internal combustion engine vehicles by adding significantly to the availability of recharging infrastructure.

In terms of energy management and promoting sustainability of resources, MFL aims to be as efficient as possible in its consumption of raw materials and energy, and to reduce its impact on the environment by committing to the use of sustainable resources wherever possible. Plant and assets are continually assessed to ensure they are operating in the most efficient and sustainable manner possible, and alternative solutions investigated where this is identified not to be the case.

Governance Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

4. Reasons for Change in Emissions and Actions Taken *(continued)*

4.3. Actions taken in reporting year *(continued)*

In furtherance of this commitment, MFL has procured electricity supply from October 2021 that is derived from 100% renewable sources. The organisation has also undertaken 608 individual energy audits of the shop buildings, 38 of which took place in 2020. Using these consumption assessment reviews and energy audits, the business has begun to identify high consumption sites and as a result install energy reduction systems and LED lighting systems wherever reasonably practicable. To date, 20 energy reduction systems and 110 replacement LED lighting systems have been installed across the network (67 in 2019, 47 in 2020).

To measure performance in terms of consumption, the business currently tracks average consumption in kilowatt hours and emissions per kilogram of CO2 equivalent per litre of fuel dispensed by service station. A quarterly report to the board of directors was formulated to provide progress against the above metrics.

The main challenges experienced during year 1 have been the collation of information from across the estate (which had 911 operating sites plus offices) and deciding on relevant metrics to focus on which would have a beneficial impact on reducing consumption going forward. Prioritising shop equipment for replacement has also proven difficult.

5. Qualification and Reporting Methodology

This report follows the March 2019 HM Government 'Environmental Reporting Guidelines', including streamlined energy and carbon reporting guidance and uses the UK Government GHG Conversion Factors for Company Reporting (Full Set 2020 version 1.0).

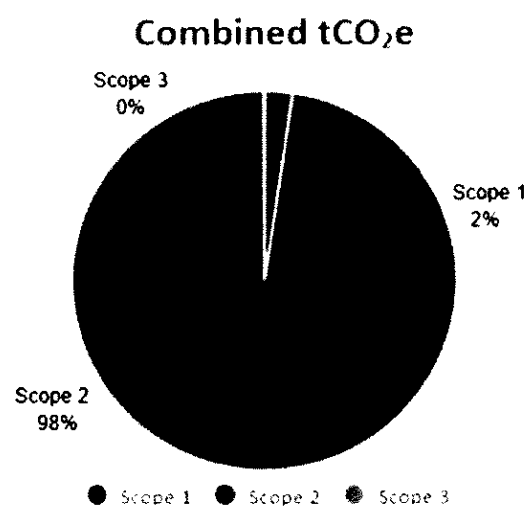
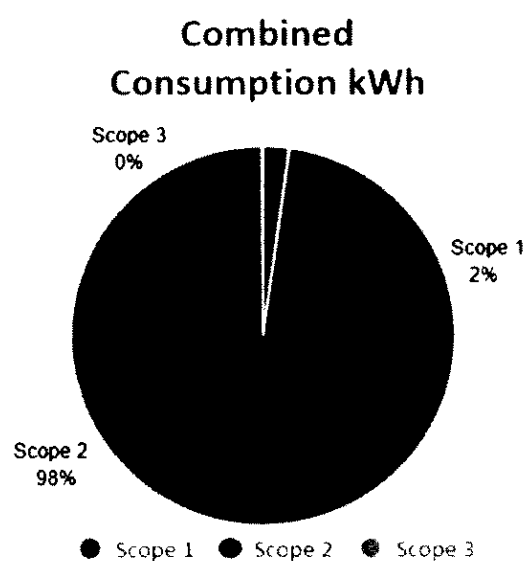
Governance Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

6. Scope Breakdown

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

Year:	Scope 1		Scope 2		Scope 3	
	kWh	tCO ₂ e	kWh	tCO ₂ e	kWh	tCO ₂ e
Electricity	-	-	101,964.821	23,772.08	-	-
Natural Gas	189,977	34.93	-	-	-	-
Other fuels	-	-	-	-	-	-
Transport	2,122,542	537.92	-	-	76,342	19.28
Gross Values	2,312,519	572.85	101,964.821	23,772.08	76,342	19.28



Governance Report *(continued)*

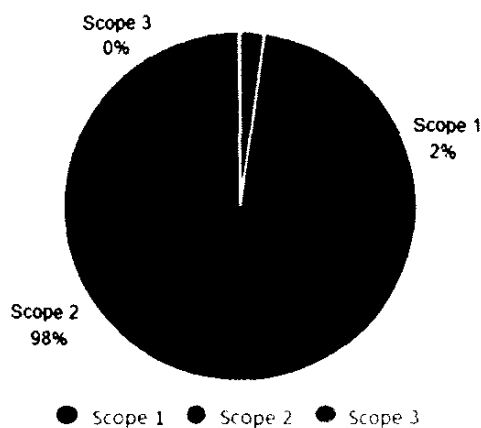
Streamlined Energy and Carbon Reporting *(continued)*

7. Dual Reporting of tCO₂e using Market Based methodology.

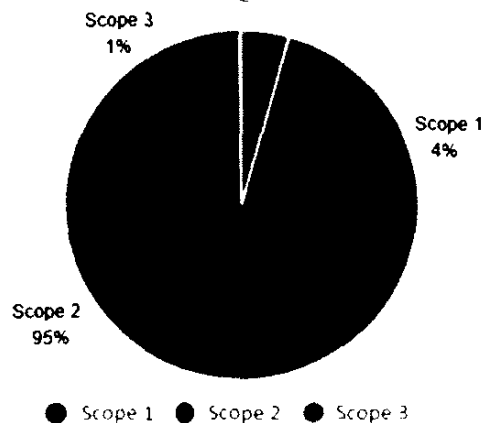
This section is for energy and emissions, using the BEIS Market based methodology, broken down by scope in a simple table format. In reporting electricity use based on a green tariff, we follow the BEIS suggestion to dual report, where our actual grid-average consumption figure is disclosed to reflect the physical consumption of electricity, alongside a market-based emissions figure that reflects contractual instruments such as REGOs.

Year:	Scope 1		Scope 2		Scope 3	
	kWh	tCO ₂ e	kWh	tCO ₂ e	kWh	tCO ₂ e
Electricity			101,964,821	12,450.57		
Natural Gas	189,977	34.93				
Other fuels						
Transport	2,122,542	537.92			76,342	19.28
Gross Values	2,312,519	572.85	101,964,821	12,450.57	76,342	19.28

Combined
Consumption kWh



Market Based
Combined
tCO₂e



Governance Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

8. Targets and Goals

Looking forward to 2021, MFL will undertake the following initiatives:

- We will continue with the construction of high-speed electric vehicle charging hubs with 40 being targeted for installation in 2021.
- We will continue to install energy management systems, with 20 being targeted for installation in 2021.
- We will continue to replace halogen lights with LED alternatives, with 50 systems being targeted for replacement in 2021.
- We will continue to replace aging fuel pump infrastructure with more efficient alternatives – 24 re-pump projects are targeted for 2021.

Additionally, all metrics will continue to be reported in the quarterly ESG report to the board of directors.

9. Intensity Ratio

Metric Used: Total fuel volume (including bunkering)

Fuel litre millions (m)	2020			2019		
	Litre (m)	kWh/litre (m)	tCO ₂ e/litre (m)	Litre (m)	kWh/litre (m)	tCO ₂ e/litre (m)
	3,000 376	34 780 2	8 12	0	0	0

Explanatory Notes:

The chosen intensity metric is the tonnes of carbon per million litres (including bunkering sales). Note this metric will be impacted in 2020 by the reduction in litres sold as a consequence of the Covid 19 pandemic.

10. Emission Reductions

There have been no specific emission reduction projects implemented this year.

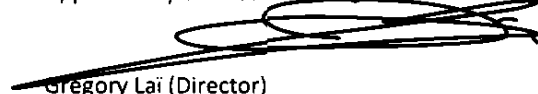
Governance Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

11. Glossary

SECR	Streamlined Energy and Carbon Reporting (Regulation)
ESOS	Energy Savings Opportunities Scheme (Regulation)
BEIS	Department for Business, Energy & Industrial Strategy
FRC	Financial Reporting Council
KWh	Kilowatt-hour (unit of measure for energy consumed commonly used as a billing unit)
CO ₂	Carbon Dioxide
tCO ₂ e	Tonnes Carbon Dioxide Equivalent
m ²	Square Metre
Carbon Offset	A means by which the carbon emissions from bought in and consumed energy is offset by typically renewable technology, natural sources and carbon trading schemes
Biogenic Combustion	<p>Biogenic CO₂ emissions are defined as CO₂ emissions related to the natural carbon cycle, as well as those resulting from the combustion, harvest, combustion, digestion, fermentation, decomposition, or processing of biologically based materials.</p> <p>Examples of biogenic CO₂ emissions include:</p> <ul style="list-style-type: none"> • CO₂ from the combustion of biogas collected from biological decomposition of waste in landfills, wastewater treatment, or manure management processes • CO₂ from combustion of the biological fraction of municipal solid waste or biosolids • CO₂ derived from combustion of biological material, including forest-derived and agriculture-derived feedstocks
GHG	<p>Greenhouse Gases as defined in section 92 of the Climate Change Act 2008. There are 6 direct mandatory gases; Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFC's), Perfluorocarbons (PFC's), Sulphur Hexafluoride (SF₆).</p> <p>There is a 7th direct gas covered under the Kyoto Protocol; Nitrogen Trifluoride (NF₃) which has not yet been amended into the section 92 listed gases.</p>

Approved by the Board and signed on its behalf by



Gregory Lai (Director)

27 April 2021

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 2020.

CD&R Firefly Holdco Limited is a private company limited by shares, incorporated in England and domiciled in the United Kingdom. The registered office is Cleveland House, 33 King Street, London, SW1 6RJ. The immediate parent undertaking is CD&R Tiger Jersey Holdco Limited, incorporated in Jersey. In the opinion of the directors the ultimate controlling party is the ultimate parent company, CD&R Firefly Holdings Sàrl, registered in Luxembourg.

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

Certain information required to be contained in this Directors' Report may be found in the accompanying Strategic Report and Governance Report. Results for the year, financial risk management and future developments of the Group and the Company can be found in the Strategic Report on pages 4 to 31.

Dividends

The directors have not declared or paid a dividend in the year (2019: £390,000,000).

Charitable and political donations

The Group made charitable donations of £1,000 (2019: £15,000) and no political donations in the year (2019 - £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 |

Corporate Governance

For statement on corporate governance please refer to the Governance report on pages 34-35.

Employee Engagement

For statement on employee engagement please refer to the Governance report on pages 39-40.

Supplier Engagement

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

Approved by the Board and signed on its behalf by



Gregory Lai (Director)

27 April 2021

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and 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 IFRSs as adopted by the European Union 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 also 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.

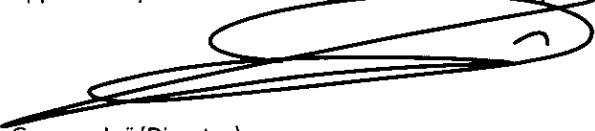
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements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

Directors' confirmations

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

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

Approved by the Board and signed on its behalf by



Gregory Lai (Director)

27 April 2021

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 2020 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 international accounting standards in conformity with the requirements 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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: consolidated and company statements of financial position as at 31 December 2020; consolidated income statement, consolidated statement of comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows 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 2020 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 compliance with tax legislation and group wide debt covenant reporting requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results and management bias in accounting estimates, including the manipulation of company information to be provided to the banks in relation to debt covenants within the group. Audit procedures performed included:

- discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluation of management's controls designed to prevent and detect irregularities;
- testing journal entries with unusual general ledger account combinations that enhance EBITDA performance;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;

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.

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

Use of this report

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

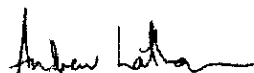
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
27 April 2021

CD&R Firefly Holdco Limited

Year to 31 December 2020



Consolidated Income Statement

		Group 2020	Group 2019 Restated (Note 29)
	Note	£m	£m
Continuing operations			
Revenue		3,307.8	4,442.4
Cost of sales		(2,912.1)	(4,082.8)
Gross profit		395.7	359.6
Operating expenses		(146.5)	(146.2)
Operating profit	5	249.2	213.4
Finance income	8	26.9	35.9
Finance expense	8	(150.5)	(137.3)
Profit before income tax		125.6	112.0
Income tax expense	9	(30.3)	(18.9)
Profit for the year, attributable to equity owners of Parent		95.3	93.1

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

	Group 2020	Group 2019 Restated (Note 29)
Note	£m	£m
Profit for the year	95.3	93.1
Other comprehensive expense for the year:		
Items that may be reclassified subsequently to profit or loss:		
Deferred tax on potential chargeable gains	9.3 (2.6)	(1.8)
Total other comprehensive expense for the year	(2.6)	(1.8)
Total comprehensive income for the year, attributable to equity owners of Parent	92.7	91.3

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

		Group 2020	Group 2019 Restated (Note 29)	Company 2020	Company 2019
	Note	£m	£m	£m	£m
Assets					
Non-current assets					
Property, plant and equipment	11	1,594.5	1,575.9	-	-
Right-of-use asset	11	83.7	77.7	-	-
Intangible assets	12	492.1	487.1	-	-
Investments	14	-	-	295.8	295.8
Total non-current assets		2,170.3	2,140.7	295.8	295.8
Current assets					
Inventories	15	40.0	58.2	-	-
Trade and other receivables	16	55.8	73.3	-	-
Cash and cash equivalents	17	155.7	103.6	-	-
Total current assets		251.5	235.1	-	-
Total assets		2,421.8	2,375.8	295.8	295.8
Liabilities					
Trade and other payables	18	(299.5)	(376.3)	-	-
Accruals		(33.7)	(29.5)	-	-
Total current liabilities		(333.2)	(405.8)	-	-
Net current liabilities		(81.7)	(170.7)	-	-
Non-current liabilities					
Provisions	19	(21.8)	(25.8)	-	-
Deferred tax	20	(109.0)	(104.3)	-	-
Leases	11	(78.0)	(71.1)	-	-
Borrowings	21	(1,768.4)	(1,750.1)	(2.1)	(1.9)
Total non-current liabilities		(1,977.2)	(1,951.3)	(2.1)	(1.9)
Total liabilities		(2,310.4)	(2,357.1)	(2.1)	(1.9)
Net assets		111.4	18.7	293.7	293.9
Equity					
Share capital	23	3.0	3.0	3.0	3.0
Share premium	24	91.8	91.8	91.8	91.8
Retained income / (accumulated deficit)		16.6	(76.1)	198.9	199.1
Equity attributable to equity owners of parent	26	111.4	18.7	293.7	293.9

The Company reported a loss for the financial year ended 31 December 2020 of £0.2m (2019: profit of £389.8m).

The financial statements on pages 67 to 112 have been approved by the Board of Directors and authorised for issue on 27 April 2021, and are signed on its behalf by

Gregory Lai (Director)

Company number: 09548683

Consolidated Statement of Changes in Equity

	Group			Equity attributable to equity owners of Parent Restated (Note 29)
	Share capital	Share premium	Retained income / (accumulated deficit) Restated (Note 29)	
	£m	£m	£m	£m
As at 1 January 2019	3.0	291.8	22.6	317.4
Profit for the year	-	-	93.1	93.1
Other comprehensive expense	-	-	(1.8)	(1.8)
Total comprehensive income for the year	-	-	91.3	91.3
Share premium reduction (note 24)	-	(200.0)	200.0	-
Dividend paid	-	-	(390.0)	(390.0)
As at 31 December 2019	3.0	91.8	(76.1)	18.7
Profit for the year	-	-	95.3	95.3
Other comprehensive expense	-	-	(2.6)	(2.6)
Total comprehensive income for the year	-	-	92.7	92.7
As at 31 December 2020	3.0	91.8	16.6	111.4

Company Statement of Changes in Equity

	Company			Equity attributable to equity owners of Parent
	Share capital	Share premium	Accumulated (loss) / profit	
	£m	£m	£m	£m
As at 1 January 2019	3.0	291.8	(0.7)	294.1
Profit for the year	-	-	389.8	389.8
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	-	-	389.8	389.8
Share premium reduction (note 24)	-	(200.0)	200.0	-
Dividend paid	-	-	(390.0)	(390.0)
As at 31 December 2019	3.0	91.8	199.1	293.9
Loss for the year	-	-	(0.2)	(0.2)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	-	-	(0.2)	(0.2)
As at 31 December 2020	3.0	91.8	198.9	293.7

Consolidated Statement of Cash Flows

		Group 2020	Group 2019
	Note	£m	£m
Net cash flows from operating activities			
Profit before income tax		125.6	112.0
Non-cash adjustments			
Depreciation and amortisation	11,12	50.0	42.8
Loss / (profit) on disposal of property, plant and equipment		1.3	(15.7)
Net finance costs		123.6	101.4
Working capital adjustments			
Decrease in inventories		18.3	5.6
Decrease in trade and other receivables		17.9	27.3
(Decrease) / increase in trade and other payables		(57.9)	47.5
Cashflow generated by operating activities		278.8	320.9
Interest paid		(93.5)	(81.4)
Income tax paid		(36.4)	(20.7)
Net cash generated by operating activities		148.9	218.8
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(48.7)	(46.5)
Purchase of intangibles		(0.6)	(1.2)
Disposal of property, plant and equipment		0.3	61.7
Bank interest received and FX on Euro account		0.4	0.3
Acquisition of subsidiaries	13	(16.8)	(51.6)
Net cash used by investing activities		(65.4)	(37.3)
Cash flows from financing activities			
Proceeds from borrowings		193.6	308.2
Repayment of borrowings		(220.0)	(60.0)
Principal elements of lease payments		(10.0)	(8.1)
Proceeds from derivatives		12.4	-
Payments on derivatives		(7.4)	(10.1)
Dividends paid		-	(390.0)
Net cash used in financing activities		(31.4)	(160.0)
Net increase in cash and cash equivalents		52.1	21.5
Cash and cash equivalents brought forward		103.6	82.1
Cash and cash equivalents carried forward	17	155.7	103.6

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 England and Wales. 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 petrol 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 applicable International Financial Reporting Standards (**IFRSs**), International Accounting Standards (**IASs**) and International Financial Reporting Standards Interpretations Committee (**IFRS IC**) interpretations (collectively **IFRS**) as adopted for use in the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies, 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, with the exception of the valuation of inventory. The effect of this change is shown in note 29. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the company and consolidated financial statements are disclosed in Note 4.

Company

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

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.1 *Basis of preparation (continued)*

Financial reporting standard 101 – reduced disclosure exemptions:

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

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

2.2 *Going concern*

As part of their going concern review the directors have followed the guidelines published by the Financial Reporting Council entitled *Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009*.

At the reporting date, notwithstanding the net liabilities shown in the Statement of Financial Position, the Group had cash resources (being cash, cash equivalents and money market investments) as set out in Note 17.

The directors monitor future cash requirements against current resources and the availability of future funding, and have prepared detailed financial forecasts and cash flows looking to the end of April 2022. The impact of Covid 19 has been considered in these forecasts. In developing these forecasts they make enquiries and form assumptions as to future revenues and expenditures based upon their view of the current and future economic conditions that will prevail over the forecast period.

The main part of the Group's bank debt is due for repayment in 2025 on a bullet basis as set out in Note 21. During the year an additional credit facility was secured providing the Group with more temporary liquidity. That extra facility, though undrawn, was incorporated into the Group's existing long term facilities in January 2021 providing expanded long term liquidity.

Having considered uncertainties under the current economic environment, and after making enquiries, the directors have a reasonable expectation that resources are adequate to continue in operation for the foreseeable future. Furthermore, the forecast cash flows support the settlement of liabilities as they fall due as well as continued compliance with loan covenants. Accordingly, the directors have adopted the going concern basis in preparing these financial statements.

Notes to the financial statements (*continued*)

2 Summary of significant accounting policies (*continued*)

2.3 Basis of consolidation

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a Subsidiary begins when the Company obtains control over an investee and ceases when the Company loses control of that Subsidiary. Specifically, the results of Subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company loses control.

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

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

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

2.4 Investments

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

2.5 Business combinations

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

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.5 Business combinations *(continued)*

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

- a) assets or liabilities related to deferred tax or to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- b) assets or disposal groups that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

2.6 Currencies

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

2.7 Intangible assets

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

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

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

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

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.7 Intangible assets *(continued)*

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

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

2.8 Property, plant and equipment

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

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

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

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

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

2.9 Impairment of non-current assets

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

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.9 *Impairment of non-current assets (continued)*

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

2.10 *Inventories*

Inventories are 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.

There has been a change in accounting policy with respect to the valuation of inventory. The prior year amount has been restated as a result of this change in policy. See note 29 for details and impact on the prior year.

2.11 *Revenue and income recognition*

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

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

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

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

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

Notes to the financial statements (*continued*)

2 Summary of significant accounting policies (*continued*)

2.12 Cost of sales

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

2.13 Current and deferred tax

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

a) Current tax

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

b) Deferred tax

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

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

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

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

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.14 Leases

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

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

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

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

2.15 Payroll expense and related contributions

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

2.16 Pension costs and other employee benefits

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

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

Notes to the financial statements (*continued*)

2 Summary of significant accounting policies (*continued*)

2.17 Provisions

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

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

2.18 Accruals

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

2.19 Accounting developments

(a) The Group has applied the new standards, amendments and interpretations, adopted for the first time for the period commencing 1 January 2020, none of which has had a material impact on the consolidated financial statements of the Group:

- *Amendments to IAS 39*
- *Amendments to IFRS 4*
- *Amendments to IFRS 7*
- *Amendments to IFRS 9*
- *Amendments to IFRS 16*

(b) Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 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:

- *Amendments to IAS 16*
- *Amendments to IAS 37*
- *Amendments to IAS 41*
- *Amendments to IFRS 1*
- *Amendments to IFRS 3*
- *Amendments to IFRS 17*
- *Amendments to IAS 1*
- *Amendments to IAS 8*

Notes to the financial statements *(continued)*

3 Financial instruments

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

3.1 Trade and other receivables

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

3.2 Cash and cash equivalents

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

3.3 Trade and other payables

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

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.

Notes to the financial statements (*continued*)

3 Financial instruments (*continued*)

3.6 Classification as debt or equity

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

3.7 Hedges and other derivative financial instruments

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

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

3.8 Fair value estimation - receivables and payables

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

Notes to the financial statements *(continued)*

3 Financial instruments *(continued)*

3.9 Fair value estimation - financial liabilities and derivatives

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

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

4 Critical accounting estimates and judgements

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

Accounting judgements

4.1 Segments

All revenue and profits arise from one business stream, being petrol 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. 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 forecast on that basis.

4.2 Financial instruments

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

4.3 Lease term

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

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

Notes to the financial statements (*continued*)

4 Critical accounting estimates and judgements

Accounting judgements (*continued*)

4.4 Onerous leases

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

Accounting estimates

4.5 Impairment of assets

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

4.6 Intangible asset life

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

Notes to the financial statements (continued)

5 Operating Profit

Operating profit is stated after charging /(crediting) items as follows:

	Group 2020 £m	Group 2019 £m
Inventory recognised as an expense through cost of sales	2,912.2	4,082.8
Employee costs – Note 7	27.0	21.4
Establishment and general:		
-Loss / (profit) on disposal of property, plant and equipment	1.3	(15.7)
-Auditors' remuneration – Note 6	0.4	0.4
-Short term lease costs – Note 11	0.4	0.5
-Depreciation of right-of-use assets – Note 11	7.7	6.4
-Depreciation of owned property, plant and equipment – Note 11	41.3	35.6
-Amortisation of intangible assets – Note 12	1.0	0.9

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

6 Auditors' remuneration

	Group 2020 £m	Group 2019 £m
The Group obtained the following services from the auditors and their associates:		
Current year audit of the Company's and Group's financial statements	-	-
Current year audit of the Subsidiaries' financial statements	0.4	0.4
Other audit-related assurance services	-	-
Total auditors' remuneration	0.4	0.4

The auditors' remuneration for the Company of £8,000 (2019: £8,000) has been borne by one of the subsidiaries.

Notes to the financial statements (continued)

7 Employees and remuneration

7.1 Number of employees

Monthly average number of employees of the group (including directors)	Group 2020 Number	Group 2019 Number
Directors and senior managers	26	27
Other employees	672	519
	698	546

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 2020 £m	Group 2019 £m
Aggregate remuneration of employees (including directors)		
Wages and salaries	24.2	19.2
Social security costs	1.8	1.6
Other pension costs	1.0	0.6
	27.0	21.4

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

7.3 Directors' and key management personnel remuneration

	Group 2020 £m	Group 2019 £m
Remuneration of the directors and key management personnel		
Wages and salaries	2.9	2.9
Social security costs	0.4	0.3
Other pension costs	0.1	0.1
	3.4	3.3
Remuneration of highest paid director	-	-

During the year a loan was made to a director of one of the Group companies. Further details are given in Note 27. The salaries of the executive directors were not paid by the Group.

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

	Group 2020	Group 2019
	£m	£m
Interest and similar income	0.3	0.3
Fair value gain on derivatives – Note 22.5	14.2	-
Fair value gain on financial assets and liabilities	-	35.6
Other interest and similar income – settlement of swaps (Note 22.5)	12.4	-
	26.9	35.9

8.2 Expense

	Group 2020	Group 2019
	£m	£m
Bank interest paid	92.9	85.7
Fair value loss on financial assets and liabilities	38.4	-
Interest and finance charges payable for lease liabilities not at fair value through profit and loss	3.8	3.6
Interest payable on loans from parent undertaking	0.2	0.2
Fair value loss on derivatives – Note 22.5	-	29.6
Amortisation of loan arrangement fees	6.2	4.5
Other interest and similar charges – inc. settlement of swaps (Note 22.5)	9.0	13.7
	150.5	137.3

The fair value gain / (loss) on financial assets and liabilities is the revaluation of the Euro denominated bank loan.

9 Taxation**9.1 Income tax expense**

	Group 2020 £m	Group 2019 £m
Current tax		
- UK corporation tax on profit for the period	31.5	19.3
- Adjustment in respect of prior periods	(0.8)	(0.7)
Total current tax	30.7	18.6
Deferred tax		
- Origination and reversal of timing differences	(4.1)	(0.6)
- Adjustment in respect of prior periods	(0.8)	1.0
- Recognition of deferred tax assets	(7.8)	-
- Effect of tax rate change on opening balances (note 9.4)	12.3	(0.1)
Total deferred tax	(0.4)	0.3
Net income tax expense	30.3	18.9
Tax on items charged to other comprehensive income	2.6	1.8

Notes to the financial statements (continued)

9 Taxation (continued)

9.2 Factors affecting the tax charge

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

	Group 2020	Group 2019
Corporate tax rate being the average UK corporation tax rate during the year	19%	19%
	£m	£m
Profit before income tax	125.6	112.0
Tax charge at the UK corporate tax rate	23.9	21.2
Effects of:		
Permanent depreciation	1.6	(1.5)
Non-deductible income / (expenditure)	2.3	(0.8)
Chargeable gains rolled over	-	0.8
- Adjustments in respect of previous periods - current tax	(0.8)	(0.7)
- Adjustments in respect of previous periods - deferred tax	(0.8)	1.0
Deferred tax charged directly to other comprehensive income	(2.6)	(1.8)
Deferred tax asset recognised	(7.8)	0.0
Remeasurement of deferred tax - change in future UK tax rate (Note 9.4)	12.3	(0.1)
Movement in unprovided deferred tax	2.2	0.8
Tax charge for the year before and after group relief	30.3	18.9

9.3 Deferred tax

	Group 2020	Group 2019
	£m	£m
Movements in deferred tax liabilities were as follows:		
Deferred tax liability brought forward	104.3	102.1
Acquired with Subsidiaries (note 13)	1.8	0.1
(Credited) / charged to the income statement	(0.4)	0.3
Charged to other comprehensive income	2.6	1.8
Arising on fair value adjustment (note 13)	0.7	-
Deferred tax liability carried forward	109.0	104.3

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

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

	Group 2020 £m	Group 2019 £m
Origination and reversal of temporary differences, net	(2.6)	(1.8)
	<u>(2.6)</u>	<u>(1.8)</u>

The origination and reversal of temporary differences above relates to accelerated capital allowances and potential capital gains resulting from the fair value adjustment to land and buildings within the MRH group, prior to its acquisition by MFG.

The Group has unrecognised deferred tax assets of £5.4m (2019: £5.9m). This includes potential chargeable losses of £4.9m (2019: £4.3m) and disallowed finance cost under the UK corporate interest restriction regime of £0.6 (2019: £nil).

9.4 *Factors that may affect future tax charges*

Deferred tax has been provided for at a rate of 19% (2019: 17%). 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 to be 25%.

The impact of this change would be to further increase the deferred tax liability by £34.4m to £143.4m. As the increase was not substantively enacted at the balance sheet date this has not been reflected in the financial statements.

10 Company results

	2020 £m	2019 £m
Total comprehensive (expense) / income	<u>(0.2)</u>	<u>389.8</u>

Notes to the financial statements (continued)

11 Property, plant and equipment (Group)

(a)

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

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 £985.0m (2019: £967.4m).

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

Notes to the financial statements *(continued)*11 Property, plant and equipment (Group) *(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 2019	1,328.2	95.9	130.4	14.0	1,568.5
Additions in the year	14.4	1.9	26.4	3.8	46.5
Acquired with subsidiaries	40.6	1.3	1.0	0.7	43.6
Disposals	(0.8)	-	(7.3)	(0.7)	(8.8)
Reclassification	(58.7)	65.4	(8.6)	1.9	-
As at 31 December 2019	1,323.7	164.5	141.9	19.7	1,649.8
Accumulated depreciation					
As at 1 January 2019	14.9	1.8	22.7	2.0	41.4
Charge for the year	11.1	1.0	20.9	2.6	35.6
Disposals	-	-	(2.9)	(0.2)	(3.1)
Reclassification	(0.9)	1.1	(0.2)	-	-
As at 31 December 2019	25.1	3.9	40.5	4.4	73.9
Carrying amount					
As at 31 December 2018	1,313.3	94.1	107.7	12.0	1,527.1
As at 31 December 2019	1,298.6	160.6	101.4	15.3	1,575.9

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:

	2020 £m	2019 £m
Right-of-use assets		
Buildings	82.9	76.9
Vehicles	0.8	0.8
	83.7	77.7
Lease liabilities		
Current	9.1	8.4
Non-current	78.0	71.1
	87.1	79.5

Additions to right-of-use assets during the 2020 financial year were £13.8m (2019: £0.4m).

(ii) Amounts recognised in the consolidated income statement

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

	2020 £m	2019 £m
Depreciation charge for right-of-use assets		
Buildings	7.1	5.9
Vehicles	0.6	0.5
	7.7	6.4
 Interest expense (included in finance costs)	 3.8	 3.6
Expense relating to short-term leases (included in administrative expenses)	0.4	0.5

The total cash outflow for leases in 2020 was £10.0m (2019: £8.1m).

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)

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

The intangible assets arising on acquisition during the year are set out in Note 13. The fair values established upon the 2019 acquisitions were subsequently revised within one year of the acquisition date to reflect the deferred tax on potential capital gains, following a recalculation in 2020. This had the effect of increasing both the deferred tax liability and the goodwill by £0.7m.

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.

Notes to the financial statements *(continued)*12 Intangible assets (Group) *(continued)*

Goodwill is tested for impairment on an annual basis.

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

Recoverable amounts have been measured based on value in use over the remaining life of each asset. Forecasts for the remaining life of each asset have been used (maximum 20 years), based on annual budgets and strategic projections representing the best estimate of future performance. The remaining lives are forecast to be 15.5 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.

	Goodwill	Brands	Dealer relation- ships	Software	Total
	£m	£m	£m	£m	£m
Cost					
As at 1 January 2019	444.4	1.2	15.5	-	461.1
Additions	28.3	-	-	1.5	29.8
As at 31 December 2019	472.7	1.2	15.5	1.5	490.9
Accumulated amortisation					
As at 1 January 2019	-	0.2	2.7	-	2.9
Charge for the year	-	0.1	0.8	-	0.9
As at 31 December 2019	-	0.3	3.5	-	3.8
Carrying Amount					
As at 31 December 2018	444.4	1.0	12.8	-	458.2
As at 31 December 2019	472.7	0.9	12.0	1.5	487.1

Notes to the financial statements (continued)

13 Business combinations

The Group completed the acquisition of one forecourt group on 1 December 2020, AUK Investments Ltd, perceiving there were synergies that could be achieved through integration of their operational activities with those of the existing Group. The consideration was 100% cash. The entire share capital was acquired. It is not possible to identify separately the revenues and profits attributable to the acquired entity since the acquisition date as it has not been run separately post acquisition. Acquisition costs have been included within legal and professional costs.

The acquired assets and liabilities were as follows:

	Book value	Fair value adjustment	Fair value
	£m	£m	£m
Tangible fixed assets	6.2	7.2	13.4
Inventories	0.4	-	0.4
Trade debtors	0.2	-	0.2
Cash	1.0	-	1.0
Trade creditors	(0.2)	-	(0.2)
Corporation tax	(0.3)	-	(0.3)
VAT and PAYE	(0.6)	-	(0.6)
Deferred tax	(0.6)	(1.2)	(1.8)
Net assets acquired	6.1	6.0	12.1
Cash consideration on completion			16.8
Net assets acquired per above			(12.1)
Goodwill arising on 2020 acquisitions			4.7

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

Notes to the financial statements *(continued)*13 Business combinations *(continued)*

The fair values established upon the 2019 acquisition of the Simon Smith and Symonds groups were subsequently revised to reflect an additional £0.7m in the deferred tax on latent capital gains, following a recalculation in 2020. Goodwill has accordingly also been adjusted upwards by £0.7m.

14 Investments

The Company's investments at both 31 December 2020 and 2019 comprise shares in CD&R Firefly 2 Limited (Note 28).

15 Inventories

	Group 2020	Group 2019 Restated	Company 2020	Company 2019
	£m	£m	£m	£m
Finished goods – fuel	40.0	58.3	-	-
	40.0	58.3	-	-

No inventories were provided against in the year.

There has been a change in accounting policy with respect to the valuation of inventory. The prior year amount has been restated as a result of this change in policy. See note 29 for details and impact on the prior year.

Notes to the financial statements (continued)

16 Trade and other receivables

	Group 2020	Group 2019	Company 2020	Company 2019
	£m	£m	£m	£m
Trade receivables	40.4	54.5	-	-
Corporation tax receivable	0.4	-	-	-
Other receivables	6.8	2.0	-	-
Accrued income and prepayments	8.2	16.8	-	-
	55.8	73.3	-	-

The directors believe that the carrying value of receivables represents their fair value and is stated net of a loss allowance of £0.2m (2019: £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 2020, £0.9m (2019: £6.3m) of receivables were past due but not considered to be impaired. The age profile of these past due trade receivables is as follows:

	2020 Group	2019 Group	2020 Company	2019 Company
	£m	£m	£m	£m
Up to three months	0.6	3.4	-	-
Three to six months	0.3	2.9	-	-
Total	0.9	6.3	-	-

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

	2020 Group	2019 Group	2020 Company	2019 Company
	£m	£m	£m	£m
Largest receivable	11.0	10.3	-	-

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

Notes to the financial statements *(continued)*

17 Cash and cash equivalents

	Group 2020	Group 2019	Company 2020	Company 2019
	£m	£m	£m	£m
Cash and cash equivalents	155.7	103.6	-	-

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

18 Trade and other payables

	Group 2020	Group 2019	Company 2020	Company 2019
	£m	£m	£m	£m
Trade payables	244.9	324.3	-	-
Corporation tax payable	-	4.9	-	-
Other tax and social security	22.8	2.2	-	-
Lease liabilities	9.1	8.4	-	-
Other creditors	11.9	11.5	-	-
Derivatives - Note 22.5	10.8	25.0	-	-
	299.5	376.3	-	-

19 Provisions

	Onerous Lease	Environmental provision	Total
	£m	£m	£m
Beginning of year	21.0	4.8	25.8
Released in the year	(3.7)	-	(3.7)
Utilised in the year	-	(0.3)	(0.3)
	17.3	4.5	21.8

Notes to the financial statements *(continued)*19 Provisions *(continued)*

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

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

20 Deferred tax liability

Movements in deferred tax liabilities were as follows:

	Group 2020	Group 2019
	£m	£m
Deferred tax liability brought forward	104.3	102.1
Acquired with subsidiaries	1.8	0.1
(Credited) / charged to the income statement	(0.4)	0.3
Charged to other comprehensive income	2.6	1.8
Adjustment arising from 2019 acquisitions (note 13)	0.7	-
	109.0	104.3

The provision for deferred tax consists of the following:

	Group 2020	Group 2019
	£m	£m
Accelerated capital allowances	2.7	7.0
Revaluations prior to acquisitions by the Group	114.5	100.4
Short term timing differences	(8.2)	(3.1)
	109.0	104.3

Short term timing differences include the following deferred tax asset items: IFRS derivatives transition adjustment recoverable over 10 years £2.8m (2019: £3.1m) and the tax effects, recognised for the first time in the current year, related to two additional provisions, being £3.3m for an onerous fuel provision expected to reverse annually through to 2025 and £2.1m for a derivative liability which will reverse in the year ended 31 December 2021.

Notes to the financial statements (continued)

21 Borrowings

	Group 2020	Group 2019	Company 2020	Company 2019
	£m	£m	£m	£m
Non-current				
Secured bank loan	1,701.3	1,658.2	-	-
Secured bank overdraft	65.0	90.0	-	-
Preference shares	2.1	1.9	2.1	1.9
Total borrowings	1,768.4	1,750.1	2.1	1.9

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

	Group 2020	Group 2019	Company 2020	Company 2019
	£m	£m	£m	£m
Between one and two years				
Preference shares (note 23.1)	2.1	1.9	2.1	1.9
	2.1	1.9	2.1	1.9

Between two and five years:

Secured bank loan	1,383.3	-	-	-
Secured bank overdraft	65.0	90.0	-	-
	1,448.3	90.0	-	-

After five years:

Secured bank loan	318.0	1,658.2	-	-
	318.0	1,658.2	-	-

The banking arrangements at 31 December 2020 comprise:

- £700m senior secured loan B1 facility – interest of 4.5% over LIBOR, subject to certain conditions, repayable in 2025
- €786m senior secured loan B2 facility – interest of 3.5% over EURIBOR, subject to certain conditions, repayable in 2025
- £230m senior secured revolving credit facility (RCF) – interest of 3.25% over LIBOR, facility available until 2024, amounts repayable at the end of each interest period unless rolled over
- £50m senior secured letter of credit facility, facility available until 2024
- £325m second lien term loan facility – interest of 7.75% over LIBOR, repayable in 2026

Notes to the financial statements (*continued*)**21 Borrowings (*continued*)**

- £80m incremental revolving credit facility – interest of 4.5% over LIBOR, facility available until April 2021, amounts repayable at the end of each interest period unless rolled over. Subsequent to the year end this incremental facility has been incorporated into the main term agreement, thus extending its maturity to 2025.

At year end the drawn balance on the RCF was £65m (2019: £90m).

One of the conditions for the availability of the facilities referred to above was that the Group companies grant a standard security over the properties held by the Group.

22 Financial instruments

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

22.1 Capital risk management

Funding to date has been by equity and loans. Loans were outstanding as shown in Note 21.

22.2 Principal financial instruments

The principal financial instruments were as follows:

	Group 2020	Group 2019	Company 2020	Company 2019
	£m	£m	£m	£m
Trade and other receivables	47.2	56.5	-	-
Trade and other payables	276.6	360.8	-	-
Accruals	33.7	29.5	-	-
Cash and cash equivalents	155.7	103.6	-	-

22.3 Financial assets

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

	Group 2020	Group 2019	Company 2020	Company 2019
	£m	£m	£m	£m
Cash and cash equivalents	155.7	103.6	-	-
Trade receivables	40.4	54.5	-	-
Other receivables	6.8	2.0	-	-

Notes to the financial statements *(continued)*22 Financial instruments *(continued)*

22.4 Financial liabilities

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

	Group 2020	Group 2019	Company 2020	Company 2019
	£m	£m	£m	£m
Trade payables	244.9	324.3	-	-
Other payables	11.9	11.5	-	-
Accruals	33.7	29.5	-	-
Lease liability – within one year	9.1	8.4	-	-
Lease liability – greater than one year	78.0	71.1	-	-
Loans	1,768.4	1,750.1	2.1	1.9

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

22.5 Market risk – derivatives

There is an exposure to the market risk of changes in interest rates arising from borrowings. Loans with variable rates expose the Group to cash flow interest rate risk. The Group previously had interest rate protection but these derivatives expired in 2020 and the Group decided not to renew these instruments.

Foreign exchange exposure arises on the Euro denominated bank loan. This exposure is managed by FX forward contracts with end dates of 31 December 2021.

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

Notes to the financial statements *(continued)*22 Financial instruments *(continued)*22.5 Market risk – derivatives *(continued)*

The relevant fair values are as follows:

	Group 2020	Group 2019	Company 2020	Company 2019
	£m	£m	£m	£m
Liability brought forward	25.0	0.8	-	-
Movements in year:				
- Interest rate swap	(1.6)	-	-	-
- Currency swap	(23.4)	24.2	-	-
- FX forward contracts	10.8	-	-	-
Liability carried forward	10.8	25.0	-	-
	Group 2020	Group 2019	Company 2020	Company 2019
	£m	£m	£m	£m
Asset brought forward	-	5.4	-	-
Movements in year:				
- Interest rate swap	-	(0.8)	-	-
- Currency swap	-	(4.6)	-	-
Asset carried forward	-	-	-	-

Notes to the financial statements *(continued)*22 Financial instruments *(continued)*22.5 Market risk – derivatives *(continued)***Interest rate risk**

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

	2020 £m	2019 £m
Increase of 100 basis points in EUR curve	-	(2.7)
Decrease of 100 basis points in EUR curve	-	5.1
Increase of 100 basis points in GBP curve	-	7.0
Decrease of 100 basis points in GBP curve	-	(7.1)

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

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

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:

	2020 £m	2019 £m
Appreciation of EUR of 10% vs GBP	(50.5)	(45.2)
Depreciation of EUR of 10% vs GBP	50.6	55.4

22.6 Credit risk

Careful consideration is given to the choice of bank to hold the Group's cash balances in order to minimise credit risk. Cash is held with a number of major UK banks, and £155.7m was held at the reporting date (2019: £103.6m).

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

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

Notes to the financial statements (continued)

22 Financial instruments (continued)

22.6 Credit risk (continued)

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

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

22.7 Liquidity risk management

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

22.8 Maturity of financial assets and liabilities

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

23 Share capital

23.1 Number of shares in issue authorised and fully paid

	Group 2020	Group 2019	Company 2020	Company 2019
	Number	Number	Number	Number
Ordinary share of £1.00	-	-	-	-
A Ordinary shares of 1p issued at £1.00 each	121,836	121,836	121,836	121,836
B1 Ordinary shares of 1p issued at £1.0003 each	294,526,835	294,526,835	294,526,835	294,526,835
B2 Ordinary shares of 20p issued at £1.00 each	61,048	61,048	61,048	61,048
C Ordinary shares of £1.00 each issued at par	5	5	5	5
Subtotal ordinary shares	294,709,724	294,709,724	294,709,724	294,709,724
Preference shares of 0.0001p issued at £1.00 each	1,164,432	1,164,432	1,164,432	1,164,432
Total shares	295,874,156	295,874,156	295,874,156	295,874,156

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

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

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

Notes to the financial statements *(continued)***23 Share capital *(continued)*****23.1 Number of shares in issue authorised and fully paid *(continued)***

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

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

No shares were issued in the year. In the prior year, 1,980 A Ordinary shares and 294,191,267 B1 Ordinary shares were issued for a consideration of £294,193,247.

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

23.2 Nominal value of shares in issue, fully paid

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
A Ordinary shares	-	-	-	-
B1 Ordinary shares	3.0	3.0	3.0	3.0
B2 Ordinary shares	-	-	-	-
C Ordinary shares	-	-	-	-
Subtotal ordinary shares	3.0	3.0	3.0	3.0

24 Share premium

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Brought forward	91.8	291.8	91.8	291.8
Arising during the year	-	-	-	-
Share premium reduction	-	(200.0)	-	(200.0)
Carried forward	91.8	91.8	91.8	91.8

The Company carried out a share premium reduction of £200m in December 2019.

25 Ultimate controlling party

The immediate parent undertaking is CD&R Tiger Jersey Holdco Limited, incorporated in Jersey.

In the opinion of the directors the ultimate controlling party is the ultimate parent company, CD&R Firefly Holdings Sàrl, registered in Luxembourg.

Notes to the financial statements (continued)

26 Reconciliation of movement in shareholder funds

	Group 2020	Group 2019 Restated	Company 2020	Company 2019
	£m	£m	£m	£m
Brought forward	18.7	317.4	293.9	294.1
Dividend paid	-	(390.0)	-	(390.0)
Comprehensive income / (loss) for the year	92.7	91.3	(0.2)	389.8
Carried forward	111.4	18.7	293.7	293.9

27 Related party transactions

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

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

28 Principal subsidiaries

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

Directly Held	Company Number
CD&R Firefly 2 Limited ¹	09547855
Indirectly Held	Company Number
CD&R Firefly 3 Limited ¹	09547822
CD&R Firefly 4 Limited ¹	09547863
CD&R Firefly Bidco Limited	09580601
Scimitar Topco Limited	07869343
Motor Fuel Limited	05206547
Scimitar Midco Limited	07777382
Scorpion Midco Limited	08575198
Motor Fuel Group Limited	06231901
LSF9 Robin Topco Limited	09770836
St Albans Operating Company Limited	09146965
Highway Stops Limited	02409154
Fuel Stops UK Limited	04511403
Motor Fuel (No. 2) Limited	09581137

CD&R Firefly Holdco Limited*Year to 31 December 2020*

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
St Albans Dealership Company Limited	09147000
Motor Fuel (No.1) Limited	06523149
Leopard No 2 Investments Limited (Incorporated in Scotland) ²	SC342459
Kerr 2 Limited	00687187
Motor Fuel (No. 3) Limited	07532478
Motor Fuel (No. 4) Limited	09976564
Motor Fuel (No. 5) Limited	06255272
Motor Fuel (No. 6) Limited	07317793
LSF9 Robin Midco Limited	09770842
LSF9 Robin Newco 1 Limited	10491759
LSF9 Robin Newco 2 Limited	10501307
LSF9 Robin Investments Limited	09770848
MRH (GB) Limited	06360543
Malthurst (UK) Limited	03473591
Retro Properties Limited	05179558
Lupo Limited	05166720
BNV Limited	08210135
Malthouse Estates Limited	08328610
Malthurst South East Limited	09471633
Malthurst Anglia Limited	09471584
Refined Holdings Limited	05193623
Malthurst Retail Limited	03313799
Malthurst Petroleum Limited	00762360
Malthurst Limited	03445529
Chartman Holdings Limited	09892309
Chartman Limited	02192424
Clearwater Investors Limited (Bermuda)	FC028849
Peregrine Retail Limited	03327423
Matrix (Highlands) Limited	02558700
Isle of Wight Fuels Limited	08011071
Roberts Garages Limited (Jersey) ³	15450
Petroleum Distributions Limited (Jersey) ⁴	4103
PDR Limited (Jersey) ⁴	114694
MB Boiler Services Limited (Jersey) ⁴	46167
Guernsey Petroleum Distributions Limited (Guernsey) ⁵	615
RGF Limited (Jersey) ³	118854
MRH Forecourts Limited	05303330
RFF Limited	08318618
Zain Investments Limited	FC033560
Spring Petroleum Company Limited	04342974
Haley Hill Service Station Limited	04151848
Mercury Forecourts Limited	06605317
Refined Estates Limited	04193995

CD&R Firefly Holdco Limited*Year to 31 December 2020*

AUK Investments Holdings Limited	12965603
AUK Investments Limited	00924673
Prizet Filling Station (Kendal) Limited	00493627

The principal retail trade is carried out by Motor Fuel Limited. 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 England and Wales unless otherwise stated and, if trading, have been included in the consolidation.

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

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

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

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

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

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

All subsidiaries, excluding CD&R Firefly 4 Limited and CD&R Bidco Limited are exempt from audit, having either taken the exemption in Section 477 or 479A of the UK Companies Act 2006 (the Act) or in Article 113 (1) of the Companies (Jersey) Law 1991 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 30.

Notes to the financial statements *(continued)***29 Change in accounting policy**

This note explains the impact of the change in accounting policy relating to the valuation of inventory. In previous years, inventory was valued using a weighted net average basis. In 2020 this was changed to a FIFO basis.

The impact of this is shown below:

Reconciliation of total shareholders' funds at 31 December 2019	£m
Total shareholders' funds at 31 December 2019 as originally presented	18.2
Adjustment	0.5
Restated shareholders' funds at 31 December 2019	18.7

Reconciliation of total comprehensive income for the year ended 31 December 2019	£m
Total comprehensive income for the year ended 31 December 2019 as originally presented	90.8
Adjustment	0.5
Restated total comprehensive income for the year ended 31 December 2019	91.3

30 Contingent liabilities and guarantees

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

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

31 Post Balance Sheet Events

In January 2021 the Group signed an agreement to purchase seven operational stations and nine NTI sites from BP.

In January 2021 the Group undertook an exercise to streamline the Group structure enabling it to eliminate a number of dormant subsidiaries.