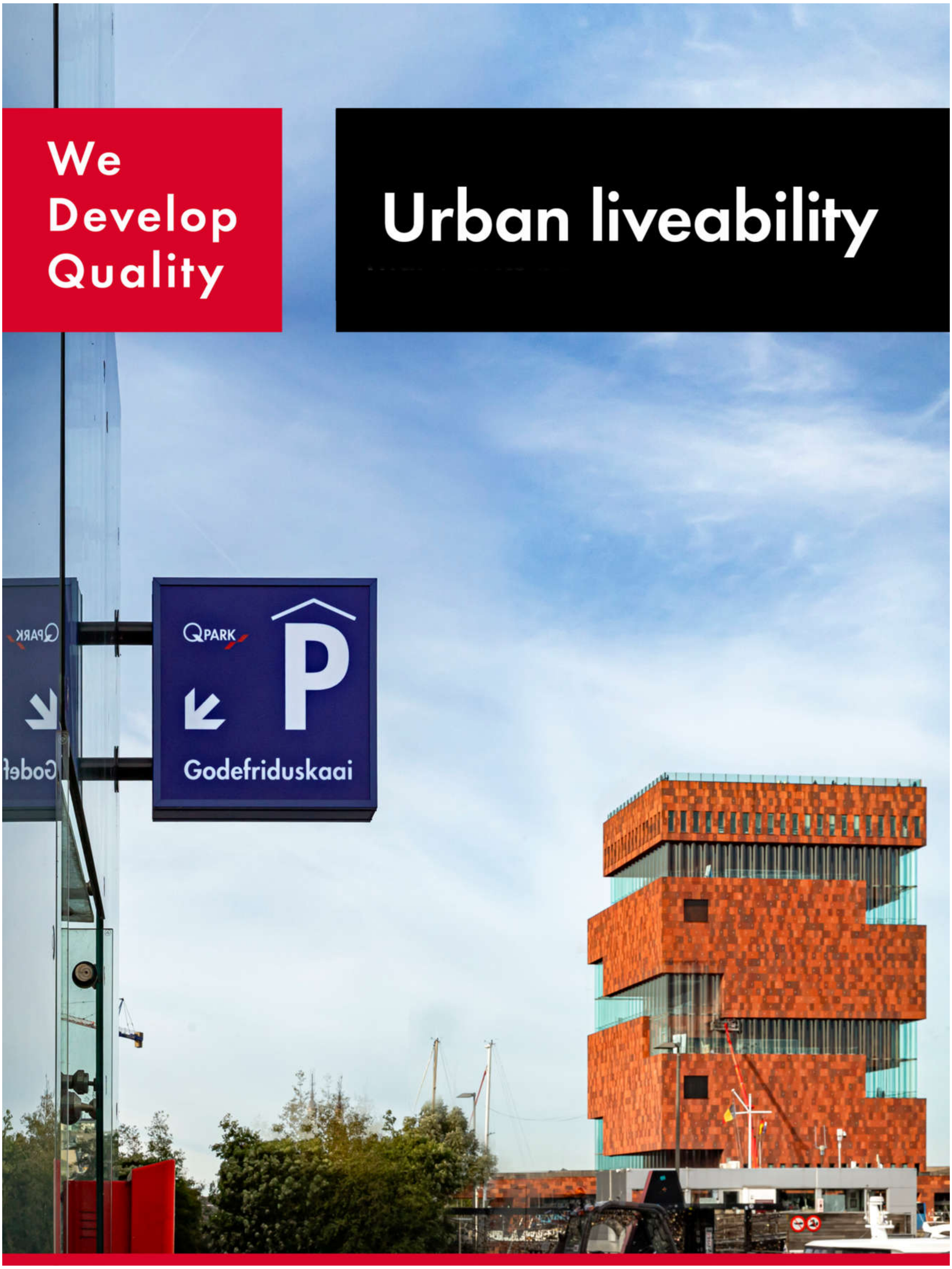
ANNUAL CSR REPORT 2023

We Develop Quality

Urban liveability



Quality in parking

REVIEW OF BUSINESS

General

The financial year 2023 marked a robust performance for the Group, characterised by noteworthy increases in both revenue and operating results compared to 2022, surpassing even the pre-pandemic results of 2019. The positive trend from the strong finish of 2022 persisted into early 2023, witnessing a further up-tick in volumes (hours sold) starting from the second quarter. This upswing was evident across all countries and is supported by the successful execution of our digital strategy.

Pre-booking revenues, facilitated by our PaSS platform, experienced a substantial surge, surpassing 2022 revenue levels by 62%. Additionally, our Q-Park mobile app, primarily utilised by high-frequency customers, garnered positive feedback and demonstrated a steady rise in user engagement.

On the cost side, inflationary pressures persisted, driven by Consumer Price Index (CPI) linked lease indexations, escalating energy costs, and wage hikes. Consequently, our expenses for the year surpassed those of 2022. However, proactive pricing measures and increased volumes more than offset the impact of these cost escalations.

Regarding our EV Charging Programme, we have expedited the roll out, deploying a total of 2,996 operated charging points, a significant increase from 1,644 in 2022. These EV charging points have facilitated about 48.5 million zero-emission kilometres. Altogether, our parking facilities now offer 4,114 EV charging points, up from 2,831 in 2022, reaffirming our commitment to supporting the energy transition.

Meanwhile, amidst geopolitical unrest and an inflationary environment in Europe, we are navigating heightened geopolitical and economic uncertainty. Despite these challenges, we have observed no adverse effects on customer parking behaviour thus far.

Significant portfolio developments

In 2023, we experienced significant portfolio growth, securing a total of 19 contracts, comprised of 2 acquisitions and 17 contract additions and renewals.

We obtained clearance from the Irish Competition and Consumer Protection Commission (CCPC) for the acquisition of Tazbell Services Group DAC (Park Rite) announced in 2022, finalising the transaction by the end of August 2023. Additionally, we acquired 100% of the shares in City Parkeringsservice A.S. in October 2023, bolstering our presence in the Danish parking market.

Among the 17 contract additions and renewals in 2023, highlights include:

- Securing 6 concession contracts in France, expanding into cities such as Metz and Evian, and strengthening our position in Toulon and Chambéry.
- In the Netherlands, we secured or extended contracts for 3 projects, notably winning the Amsterdam on-street management contract.
- In the United Kingdom and Ireland, we added 3 positions, including a long-term contract for operating Windsor Yards (United Kingdom) and the acquisition of a freehold facility in Limerick (Ireland).
- In Belgium, we renewed 2 contracts, including the renewal with Inno department stores in Brussels.
- Additionally, we secured 2 new contracts in Germany, in Cologne and Leipzig, and obtained multiple control fee contracts in Denmark.

Furthermore, in 2023, we initiated operations for 20 projects, including the integration of the Park Rite and City Parkeringsservice acquisitions, expanding our portfolio to over 3,600 parking facilities (2022: 3,500) and increasing the number of parking spaces to 706,000 (2022: 678,000).

Revenue and operating result

The reported net revenue amounted to EUR 831.1 million (2022: EUR 729.1 million) with a reported operating result before depreciation, amortisation and impairments (EBITDA) of EUR 303.2 million (2022: EUR 265.4 million).

These figures are not fully comparable as they are impacted by non-operating and incidental items and financial lease accounting for certain lease contracts. For comparison reasons the revenue and operating result have been adjusted for:

- other non-operating and incidental items;
- fixed lease expenses related to financial leasing which, based on Dutch GAAP, are recorded as interest expenses and repayment on financial lease debt;
- underlying constant exchange rate adjustments with respect to our UK and Danish operations to enhance the comparability of the financial figures.

The following tables show the comparable underlying net revenue and operating result before depreciation, amortisation and impairments.

The underlying net revenue amounted to EUR 828.6 million versus EUR 725.7 million in 2022. The total revenue increase of EUR 102.9 million (or 14.2%) is mainly due to our pricing initiatives, the further recovery of short-term parking revenues in combination with new business additions including the acquisitions of Park Rite and City Parkeringsservice.

Like-for-like parking revenues were up 12.2% compared to 2022, driven by the like-for-like short-term parking revenues (STP) which were up 13.9% driven by pricing initiatives and further volume recovery. Like-for-like long-term parking revenues (LTP) increased by 7.0% versus 2022 primarily as a result of price increases.

(x EUR million)	2023	2022
Reported net revenue	831.1	729.1
Adjustments:		
Other non-operating and incidental items	-2.6	-1.2
Underlying constant exchange rate adjustments	0.1	-2.2
Underlying net revenue	**828.6**	**725.7**

(x EUR million)	2023	2022
Operating result before depreciation, amortisation and impairments	303.2	265.4
Adjustments:		
Other operating income	-	-
Other non-operating and incidental items	3.3	5.8
Adjustment of fixed lease amounts finance leases to operating result	-75.1	-76.1
Underlying constant exchange rate adjustments	-0.1	-0.1
Underlying operating result before depreciation, amortisation and impairments	**231.3**	**195.0**

The underlying operating result before depreciation, amortisation and impairments (underlying EBITDA) increased by EUR 36.3 million (or 18.6%) to EUR 231.3 million versus EUR 195.0 million in 2022. The increase is driven by the strong revenue increase and further supported by operating leverage.

Adjusted lease expenses increased by EUR 31.3 million, primarily due to higher fixed lease expenses (EUR 22.2 million) as a result of contractual lease indexations on the back of high inflation rates across Europe in combination with new business additions (mainly Park Rite acquisition). Variable lease expenses increased with EUR 9.1 million primarily as a result of the improved revenue performance in 2023.

Total adjusted wages and salaries, social security premiums and pensions increased by EUR 16.7 million. This increase is primarily driven by statutory increases of minimum wages of our operational staff, combined with regular annual salary increases of support staff. Furthermore, staff levels increased as a result of the acquisitions of Park Rite and City Parkeringsservice.

Adjusted operating expenses of parking facilities and other operating expenses increased by EUR 18.6 million. The increase is on the one hand attributable to recent acquisitions (mainly Park Rite) and new business additions. On the other hand we see large increases in cost of energy following renewed energy contracts and the success of our EV charging programme in combination with higher cost of security and cleaning for the upkeep of our parking facilities. In relation to our business growth and digital strategy we also experienced an increase in costs for our data network, money management and marketing.

Cash flow

In 2023, total cash flow amounted to EUR -25.7 million versus EUR -193.5 million in 2022. The improvement in total cash flow is predominantly driven by movements in the loan portfolio in combination with investments in acquisitions as described hereafter.

Cash flow from operating activities came in at EUR 287.1 million versus EUR 278.0 million in 2022. The increase is primarily attributable to the improved operating result before depreciation, amortisation and impairments but offset by increased tax payments on the improved results in combination with a less positive working capital movement. Cash flow from operating activities in 2022 included a positive working capital movement of EUR 20.8 million in comparison to 2021, primarily as a result of the COVID-19 recovery related increase in revenue performance related payable positions for VAT and variable leases in combination with the addition of Paris La Défense in 2022 which also operates with a negative working capital position.

Cash flow from investment activities amounted to EUR -129.3 million versus EUR -107.1 million in 2022. Investments in existing facilities amounted to EUR -67.2 million (2022: EUR -52.2 million). The increase in existing business capex was primarily driven by larger refurbishment projects and timing differences in regular maintenance. The acquisition and expansion investments amounted to EUR -69.7 million (2022: EUR -56.6 million) and mainly relate to the acquisition of Park Rite and City Parkeringsservice in combination with development projects in France and the Netherlands. Disposals amounted to EUR 7.6 million (2022: EUR 1.7 million) and related to a compensation payment received for investments in early-terminated contract in France.

Cash flow from financing activities came in at EUR -183.5 million (2022: EUR -364.4 million). The movement in financing cash flow is driven by movements in the loan portfolio. In 2022, loan repayments amounted to EUR 246.7 million primarily due to repaying the full amount of the RCF (Revolving Credit Facility) drawn during the COVID-19 pandemic. In 2023 loan repayments amounted to EUR 53.3 million, primarily related to the repayment of two mortgage-backed loans drawn as liquidity buffer during the pandemic. The interest paid on loans and bank balances amounted EUR -48.0 million (2022: EUR -41.6 million) which was primarily driven by increased interest rates on our variable rate loan portfolio, partly offset by interest reductions following the repayment of the RCF. The interest and repayment component on financial lease obligations amounted to EUR 75.1 million versus EUR 76.1 million in 2022.

Financing

At year-end 2023, the Group financing agreements primarily consisted of senior secured notes of EUR 1,545 million and a RCF of EUR 250 million. The bonds are listed on The International Stock Exchange (TISE) in Guernsey and comprise of four tranches:

- EUR 425 million senior secured fixed rate notes due in 2025;
- EUR 90 million senior secured fixed rate notes due in 2025;
- EUR 630 million senior secured fixed rate notes due in 2027;
- EUR 400 million senior secured floating rate notes due in 2026.

At year-end 2023, the total outstanding loans with credit institutions amounted to EUR 63.1 million and included one bank loan of EUR 30.0 million that was drawn in 2021 to ensure liquidity needs could be met during the coronavirus pandemic.

In addition to the external debt, we have a shareholder loan with an outstanding amount of EUR 52.7 million at year-end 2023 (2022: EUR 52.7 million). This shareholder loan is subordinated to the external debt.

The total net debt position excluding restricted cash and the shareholder loan at year-end 2023 was EUR 1,494.4 million versus EUR 1,511.5 million at year-end 2022. The total financial expenses on bonds and loans amounted to EUR -50.1 million (2022 EUR -40.4 million), resulting in an average interest percentage on loans of 3.1% which is higher compared to 2022 (2.3%) as a result of increased interest rates on our variable rate loan portfolio.

Taxation

As the Group is present in seven European countries, it is subject to different tax regimes. The total tax gain in 2023 amounted to EUR 11.6 million representing an average tax rate on the result for the year of 52% (2022: EUR 0.9 million and 1%). This average tax rate is impacted by the effect of permanent differences related to goodwill amortisation, non-deductible interest expenses and other non-deductible costs. Furthermore, the tax pressure is affected by incidental items with an impact of EUR 26.0 million (2022: EUR -1.5 million), primarily resulting from tax rate changes in the United Kingdom in combination with the recognition of the full amount of deferred tax losses in also the United Kingdom following the strong recovery of results and anticipated further utilisation of these losses in the coming years. Excluding the effect of incidental items and permanent differences, the effective tax rate for 2023 would be approximately 25%, which is in line with the average of the applicable tax rates of the countries in which we operate.