

# Selecta Group B.V. and its subsidiaries, Amsterdam (The Netherlands)

*Consolidated financial statements for the year ended  
31 December 2022 and report of the independent auditor*

## Table of Contents

---

Consolidated statement of profit or loss	3
Consolidated statement of comprehensive loss	4
Consolidated statement of financial position	5
Statement of changes in consolidated equity	7
Consolidated statement of cash flow	8
Notes to the consolidated financial statements	9
1. General Information	9
2. Basis of preparation	9
3. Summary of significant accounting policies	9
4. Use of estimates and key sources estimation uncertainties	17
5. Segment reporting	19
6. Revenue by channel	21
7. Vending fees and revenue net of vending fees	22
8. Materials and consumables used	22
9. Employee benefits expenses	23
10. Depreciation, amortisation and impairment expenses	23
11. Other operating expenses	23
12. Other operating income	24
13. Finance costs and finance income	24
14. Income tax	24
15. Property, plant and equipment	26
16. Leases	27
17. Goodwill	28
18. Intangible assets	31
19. Non-current financial assets	32
20. Inventories	32
21. Trade receivables	33
22. Other current assets	33
23. Cash and cash equivalents	33
24. Borrowings	34
25. Post-employment benefits	37
26. Provisions and other employee benefits	42
27. Deferred income taxes	42
28. Other current liabilities	45
29. Equity	45
30. Financial risk management	47
31. Financial instruments	50
32. Contingent liabilities and contingent assets	51
33. Share-based payments	52
34. Related parties	52
35. Events after the balance sheet date	53
36. Subsidiaries	54
Approval of the consolidated financial statements	55
Independent Auditor's Report to the Board of Directors on the Consolidated Financial Statements of Selecta Group B.V., Amsterdam	<b>Error! Bookmark not defined.</b>

## Consolidated financial statements

### Consolidated statement of profit or loss

		<i>Year ended</i>	<i>Year ended</i>
	<i>Notes</i>	<i>31 December</i>	<i>31 December</i>
		<i>2022</i>	<i>2021</i>
		<i>€ (000's)</i>	<i>€ (000's)</i>
Revenue	5, 6	1'350'961	1'184'426
Vending fees	7	(170'446)	(144'731)
Materials and consumables used	8	(485'991)	(396'139)
Employee benefits expenses	9	(359'763)	(335'967)
Depreciation, amortisation and impairment expenses	10	(186'752)	(208'738)
Other operating expenses	11	(184'950)	(163'640)
Other operating income	12	15'231	14'146
<b>Loss before net finance costs and income tax</b>		<b>(21'710)</b>	<b>(50'643)</b>
Finance costs	13	(98'906)	(94'796)
Finance income	13	31'547	30'394
<b>Loss before income tax</b>		<b>(89'069)</b>	<b>(115'045)</b>
Income tax	14	5'515	19'136
<b>Loss for the year</b>		<b>(83'554)</b>	<b>(95'909)</b>
Revenue net of vending fees <sup>1</sup>	5, 7	1'180'515	1'039'695

*The notes on pages 9 to 54 are an integral part of these consolidated financial statements.*

<sup>1</sup> The Group presents revenue net of vending fees which is a leading internal performance measure but not a defined performance measure in IFRS (refer to note 7). Due to this vending fees are separately disclosed below the revenue line and excluded from the line other operating expenses.

## Consolidated statement of comprehensive loss

		<i>Year ended</i>	<i>Year ended</i>
	<i>Notes</i>	<i>31 December</i>	<i>31 December</i>
		<i>2022</i>	<i>2021</i>
		<i>€ (000's)</i>	<i>€ (000's)</i>
<b>Loss for the year</b>		<b>(83'554)</b>	<b>(95'909)</b>
<b><u>Items that will not be reclassified to the consolidated statement of profit or loss</u></b>			
Re-measurement gain/(loss) on post-employment benefit obligations	25	(2'955)	(62'894)
Income tax relating to re-measurement gain/(loss) on post-employment benefit obligations	27.2	(5'414)	11'649
		<b>(8'369)</b>	<b>(51'245)</b>
<b><u>Items that are or may subsequently be reclassified to the consolidated statement of profit or loss</u></b>			
Foreign exchange translation differences for foreign operations	29.2	(28'978)	(20'017)
<b>Other comprehensive loss for the year</b>		<b>(37'347)</b>	<b>(71'262)</b>
<b>Total comprehensive loss for the year</b>		<b>(120'901)</b>	<b>(167'171)</b>

*The notes on pages 9 to 54 are an integral part of these consolidated financial statements.*

## Consolidated statement of financial position

	Notes	31 December 2022 € (000's)	31 December 2021 € (000's)
<b>Non-current assets</b>			
Property, plant and equipment	15	415'206	455'688
Goodwill	17	979'131	979'048
Trademarks	18	341'333	344'624
Customer contracts	18	190'016	230'921
Other intangible assets	18	21'861	28'202
Deferred income tax assets	27	28'841	27'186
Non-current financial assets	19	12'052	15'048
Net defined benefit asset	25	18'289	23'383
<b>Total non-current assets</b>		<b>2'006'729</b>	<b>2'104'100</b>
<b>Current assets</b>			
Inventories	20	116'043	116'291
Trade receivables	21	114'890	97'499
Other current assets	22	69'712	46'016
Cash and cash equivalents	23	73'108	60'034
<b>Total current assets</b>		<b>373'753</b>	<b>319'840</b>
<b>Total assets</b>		<b>2'380'482</b>	<b>2'423'940</b>

The notes on pages 9 to 54 are an integral part of these consolidated financial statements.

	Notes	31 December 2022 € (000's)	31 December 2021 € (000's)
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	29	344	344
Share premium	29	2'044'707	2'033'314
Currency translation reserve	29	(272'032)	(243'054)
Accumulated deficit	29	(1'328'231)	(1'236'308)
<b>Total equity</b>		<b>444'788</b>	<b>554'296</b>
<b>Non-current liabilities</b>			
Borrowings	24	1'082'722	1'015'150
Lease liabilities	16	133'474	147'644
Net defined benefit liability	25	11'149	16'126
Provisions and other employee benefits	26	7'985	5'607
Other non-current liabilities		21'273	16'792
Deferred income tax liabilities	27	156'808	160'108
<b>Total non-current liabilities</b>		<b>1'413'411</b>	<b>1'361'427</b>
<b>Current liabilities</b>			
Lease liabilities	16	37'169	46'047
Trade payables		196'556	173'762
Provisions and other employee benefits	26	50'546	50'174
Current income tax liabilities		5'599	5'295
Other current liabilities	28	232'413	232'939
<b>Total current liabilities</b>		<b>522'283</b>	<b>508'217</b>
<b>Total liabilities</b>		<b>1'935'694</b>	<b>1'869'644</b>
<b>Total equity and liabilities</b>		<b>2'380'482</b>	<b>2'423'940</b>

The notes on pages 9 to 54 are an integral part of these consolidated financial statements.

## Statement of changes in consolidated equity

<i>Attributable to owners of the Company</i>						
	<i>Notes</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Currency trans- lation reserve</i>	<i>Accumulated deficit</i>	<i>Total equity</i>
		€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
<b>Balance at 1 January 2021</b>		344	2'033'091	(223'037)	(1'089'154)	721'244
Other comprehensive Income/(loss)		-	-	(20'017)	(51'245)	(71'262)
Loss for the year		-	-	-	(95'909)	(95'909)
<i>Total comprehensive loss for the year</i>		-	-	(20'017)	(147'154)	(167'171)
<i>Share-based payment</i>	33	-	223	-	-	223
<b>Balance at 31 December 2021</b>		344	2'033'314	(243'054)	(1'236'308)	554'296
Other comprehensive loss		-	-	(28'978)	(8'369)	(37'347)
Loss for the year		-	-	-	(83'554)	(83'554)
<i>Total comprehensive loss for the year</i>		-	-	(28'978)	(91'923)	(120'901)
<i>Capital increase</i>	29.1	-	11'205	-	-	11'205
<i>Share-based payment</i>	33	-	188	-	-	188
<b>Balance at 31 December 2022</b>		344	2'044'707	(272'032)	(1'328'231)	444'788

The notes on pages 9 to 54 are an integral part of these consolidated financial statements.

## Consolidated statement of cash flow

	Notes	Year ended 31 December 2022 € (000's)	Year ended 31 December 2021 € (000's)
<b>Cash flows from operating activities</b>			
Loss before income tax		(89'069)	(115'045)
Depreciation, amortisation and impairment expenses	10	186'752	208'738
Gain on disposal of property, plant and equipment, net		(7'084)	(5'408)
Expenses for share-based payments		188	223
Non-cash transactions		2'743	1'266
Finance costs, net		67'359	64'402
Changes in working capital:			
(Increase)/Decrease in inventories		(900)	(15'444)
(Increase)/Decrease in trade receivables		(18'578)	(30'003)
(Increase)/Decrease in other current assets		(20'108)	(234)
Increase/(Decrease) in trade payables		23'756	24'094
Increase/(Decrease) in other current liabilities and provisions		7'452	(43'741)
Income taxes paid		(5'380)	(1'370)
<b>Net cash generated from operating activities</b>		<b>147'131</b>	<b>87'478</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(67'929)	(69'597)
Purchases of intangible assets		(6'779)	(13'650)
Proceeds from sale of property, plant and equipment and other proceeds		13'949	11'448
<b>Net cash used in investing activities</b>		<b>(60'759)</b>	<b>(71'799)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital increase	24	431	-
Proceeds from loans and borrowings	24	21'663	15'789
Repayments of loans and borrowings	24	(10'667)	(4'221)
Payments of lease liabilities	24	(45'905)	(60'904)
Proceeds/(Repayments) of factoring	24	(587)	(3'557)
Interest paid	24	(36'818)	(29'839)
<b>Net cash used in financing activities</b>	<b>24</b>	<b>(71'883)</b>	<b>(82'732)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>14'489</b>	<b>(67'053)</b>
Cash and cash equivalents at the beginning of the period		60'034	127'902
Exchange losses on cash and cash equivalents		(1'415)	(815)
<b>Cash and cash equivalents at the end of the period</b>		<b>73'108</b>	<b>60'034</b>

The notes on pages 9 to 54 are an integral part of these consolidated financial statements.



## Notes to the consolidated financial statements

---

### 1. General Information

---

Selecta Group B.V. (“the Company”) is a limited liability company incorporated and domiciled in Amsterdam, the Netherlands. The Company and its subsidiaries are collectively referred to herein as “the Group” or “the Selecta Group”. The Group is a pan-European self-service retail and coffee services company.

These consolidated financial statements do not represent statutory financial statements of the Company prepared in accordance with Dutch GAAP and the requirements of the Dutch chamber of commerce and have been prepared voluntarily by the Board of Directors.

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. The business of the Group was significantly impacted by the pandemic and the related decrease in mobility and office presence which has negatively impacted the financial performance.

In early 2022 governments eased pandemic related restrictions and the business partially recovered subsequently. As the Group already adapted to the new environment, particularly adjusted its workforce capacity to its new size of revenue, in the course of 2021, the financial impact of the pandemic was limited. In addition, the Group remains to have a solid cash position. Hence, the management continues to be convinced to have the adequate resources to continue its operations.

### 2. Basis of preparation

---

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

### 3. Summary of significant accounting policies

---

#### 3.1. Accounting policies

---

The Group has adopted all International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (the IASB) as well as Interpretations given by the IFRS Interpretations Committee (the IFRIC) and the former Standing Interpretations Committee (SIC) that are relevant to the Group’s operations and effective for annual reporting periods beginning on 1 January 2022.

#### 3.2. New and revised/amended standards and interpretations

---

A number of new amendments are effective from 1 January 2022, but they do not have a material effect on the Group’s consolidated financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Group has not early adopted them in preparing these consolidated financial statements.

The following new or amended standards and interpretations that may be relevant to the consolidated financial statements have been issued but are not yet effective.

	<i>Impact</i>	<i>Effective date</i>	<i>Planned application by Selecta Group B.V.</i>
<b><i>New standards or interpretations</i></b>			
IFRS 17 Insurance contracts, including Amendments to IFRS 17	1)	1 January 2023	Reporting year 2023
Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)	1)	1 January 2023	Reporting year 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1)	1 January 2023	Reporting year 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)	1)	1 January 2023	Reporting year 2023
Initial application of IFRS 17 and IFRS 9 - comparative information (Amendments to IFRS 17)	1)	1 January 2023	Reporting year 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	2)	1 January 2024	Reporting year 2024
Non-current liabilities with Covenants (Amendments to IAS 1)	2)	1 January 2024	Reporting year 2024
Amendments to IFRS 16 leases: Lease liability in a Sales and Leaseback	2)	1 January 2024	Reporting year 2024

1) No significant impacts are expected on the consolidated financial statements of Selecta Group

2) The impact on the consolidated financial statements of Selecta Group cannot yet be determined with sufficient reliability

### 3.3. Basis of consolidation

---

#### Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries), note 36. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

### 3.4. Business combinations

---

Acquisitions of businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statement of profit or loss. The non-controlling interest in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

### 3.5. Foreign currencies

#### Foreign currencies in individual financial statements

The functional currency of each Group company is the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated in Euros, which is the presentation currency for the consolidated financial statements. Euro is the currency that management uses when controlling and monitoring the performance and financial position of the Group.

Transactions in currencies other than the Group company's functional currency (foreign currency transactions) are recorded at the rates of exchange prevailing at the date on which the transactions were entered into, or a close approximation thereof. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items are maintained at the historical exchange rates and are not retranslated.

Exchange differences are recognised in the statement of profit or loss in the period in which they arise.

#### Foreign currencies in consolidated financial statements

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Euros using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's currency translation reserve. Such exchange differences are reclassified from equity to the statement of profit or loss in the period in which the foreign operation is disposed of.

The foreign currency rates applied against the Euro were as follows:

		31 December 2022		31 December 2021	
		Statement of financial position	Statement of profit or loss	Statement of financial position	Statement of profit or loss
Danish Krone	DKK	7.44	7.44	7.44	7.44
Great Britain Pound	GBP	0.89	0.85	0.84	0.86
Norwegian Kroner	NOK	10.51	10.11	9.99	10.16
Swedish Krona	SEK	11.12	10.66	10.25	10.16
Swiss Franc	CHF	0.98	1.00	1.03	1.08

### 3.6. Property, plant and equipment

Property, plant and equipment are initially recognised at cost and are depreciated using the straight-line method over their estimated useful lives. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Maintenance and repair costs are expensed as incurred.

The useful lives of property, plant and equipment are as follows:

Land	Infinite (no depreciation is applied)
Buildings	40 to 60 years
Vending equipment	6 to 10 years
Vehicles	5 years
Machinery & Equipment	8 years
IT Hardware	3 to 5 years

Each significant part of an item of property, plant and equipment with a useful life that is different from that of the asset to which it belongs is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

### **3.7. Leases**

---

The Group leases certain property, plant and equipment. At inception of a contract, it is assessed whether the contract is, or contains, a lease.

All leases, except for leases of low-value and short-term leases are capitalised on the balance sheet. Leases are capitalised at the leases' commencement date. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost and depreciation of the right-of-use assets are charged to the statement of profit or loss over the lease period. The right-of-use asset is depreciated over the shorter of the useful life of the asset or the lease term.

### **3.8. Goodwill and intangible assets**

---

#### **Goodwill**

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the combination. These cash-generating units are tested for impairment annually, and whenever there is an indication that a unit may be impaired. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

#### **Other intangible assets**

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their value can be measured reliably.

#### **Trademark**

The trademarks Selecta and Pelican Rouge recognised by the Group have an indefinite useful life and are not amortised. These trademarks are allocated on a reasonable and consistent basis to the cash-generating units that are tested for impairment annually as described in the section on goodwill above. Trademarks which have definite useful life are amortised over 10 years.

#### **Customer contracts**

Intangible assets resulting from the acquisition by the Group of customer contracts in a business combination have a finite useful life. Customer contracts are amortised over a period of 10-15 years.

#### **Software**

Software licences are recognised as intangible assets when it is probable that they will generate

future economic benefits. They are amortised using the straight-line method over 3-5 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Other software licences and software development costs are expensed as incurred. No intangible asset arising from research (or from research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

### **Software as a Service (SaaS)**

In software as a service arrangements the Group is granted a right to access cloud based software and use it for its purpose. No right to transfer the software to another platform or to control the method of operation of the software is granted beyond what is contractually agreed. License costs in relation to SaaS arrangements are expensed as incurred.

Implementation costs are assessed for being distinct from the access to the software. In situations in which the implementation costs are determined to be not distinct from the access to the software, they are recognised as expense over the period of the access to the software. In situations in which the implementation costs are determined to be distinct, an additional test is performed to determine whether the expenditure gives rise to a separate intangible asset. When the criteria of the test are satisfied, the development costs are recognised as an intangible asset. When the criteria of the test are not satisfied, the development costs are expensed as incurred.

### **3.9. Impairment of non-current assets other than goodwill or trademark**

---

At each balance sheet date, the Group assesses whether there is any indication that its tangible and intangible assets other than goodwill or trademark may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating

unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

### **3.10. Prepayments and accrued income**

---

Prepayments and accrued income comprise payments made in advance relating to the following year, and income relating to the current year, which will not be received until after the balance sheet date. Prepayments are measured at the nominal amount of the payments. Accrued income is measured at amortised costs.

### **3.11. Inventories**

---

Inventories are stated at the lower of cost and net realisable value. The net realisable value corresponds to the estimated selling price in the ordinary course of business less point-of-sales costs. A valuation allowance on inventories is recorded, when the cost of inventories is greater than their net realisable value.

### **3.12. Rebates and other amounts received from suppliers**

---

Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume-related rebates. Income from value and volume-related rebates is recognised based on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period. Agreed discounts relating to inventories are credited to the statement of profit or loss as the goods are sold. Rebates relating to inventories purchased but still held at the balance sheet date are deducted from their carrying values so that the costs of inventories are recorded net of applicable rebates. Rebates received in respect of property, plant and equipment are deducted from the costs capitalised.

### **3.13. Trade and other receivables**

---

Trade and other receivables are unconditional rights to consideration in exchange for goods or services that the entity has transferred to the customer. Trade receivables that do not have a significant financing component are measured on initial recognition at their transaction price. Such trade receivables are measured subsequently at amortised cost.

The Group recognises a loss allowance for expected credit losses on trade receivables that are not insured under non-recourse factoring arrangements. The expected credit loss is calculated with a qualitative approach for the major customers and material amounts, while the expected credit losses on the remaining trade receivables are measured by applying a simplified approach at an amount equal to lifetime expected credit losses, using a provision matrix. The Group uses its historical credit loss experience for trade receivables, using country-based groupings, and taking into account forward-looking elements. The Group defines default as bankruptcy of the counterparty or instances when a receivable cannot be (fully) recovered.

### **3.14. Cash and cash equivalents**

---

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and the change floats in vending machines' cash change boxes.

Due to the Group's business model, significant cash balances are held at year-end in cash collection boxes inside vending machines (trapped cash) and on behalf of the Group by external cash collecting firms, or end route to or from such cash counting firms. These amounts are included in accrued income, being the part of other current assets.

Bank overdrafts are included within other current liabilities on the balance sheet.

### **3.15. Provisions**

---

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

When some or all of the expenditure required to settle a provision is expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

### **3.16. Loans due to parent undertaking / borrowings**

---

Loans due to parent undertaking or borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

### **3.17. Accruals and deferred income**

---

Accruals and deferred income comprise expenses relating to the current year, which will not be paid until after the balance sheet date and cash received in advance, relating to the following year. Deferred income is measured at the consideration received less amounts already recognised in revenue. Accruals are measured at amortised cost.

### **3.18. Taxation**

---

The credit or charge for current income tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates of the countries where the Group has operations.

Deferred income taxes are accounted for using the balance sheet liability method in respect of temporary differences arising between the carrying amount of assets and liabilities in the balance sheet and the corresponding tax basis used in the computation of taxable profit.

Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it can be reasonably expected that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities, which affects neither taxable nor accounting income.

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

Current income tax and deferred income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is also recognised directly in equity or other comprehensive income.

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

### **3.19. Employee benefits**

---

The Group maintains various defined contribution and defined benefit pension plans.

Defined benefit obligations are largely covered through pension plan assets of pension funds that are legally separated and independent from the Group. These are managed by a board of trustees



consisting of representatives of the employees and the employer. The organisation, management and financing of the pension plans comply with the applicable pension regulations. Employees and pensioners or their survivors receive statutorily determined benefits upon leaving the company or retiring as well as in the event of death or disability. These benefits are financed through employer and employee contributions.

### **Defined benefit plans**

In the case of defined benefits pension plans, the pension expenses and obligations are valued according to the projected unit credit method. The corresponding calculations are carried out yearly by independent qualified actuaries.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

All re-measurement gains and losses on the net defined benefit liability are charged or credited in other comprehensive income in the period in which they occur.

When the benefits of a plan are changed or when a plan is curtailed, the resulting past service cost is generally recognised in profit or loss when the plan amendment or curtailment occurs. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### **Defined contribution plans**

In the case of defined contribution pension plans, the Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense when the employees render the corresponding service to the Group, which normally occurs in the same year in which the contributions are paid. Payments made to state-managed plans are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution pension plan.

## **3.20. Share-based payments**

---

Employees (senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 33. The cost is recognised in employee benefits expense, together with a corresponding increase in equity (share premium), over the period in which the service and, where applicable, the other performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

## **3.21. Revenue recognition**

---

Revenue represents the consideration received or receivable for goods and services provided in the normal course of business, excluding trade discounts, value added tax and similar sales taxes.

### **Sale of goods**

Revenue from the sale of goods such as ingredients, consumables, retail goods and vending machines (points of sale) is recognised at a point in time when the goods are delivered to the client site or the goods are purchased from a point of sale by a customer, depending on the contract terms.



Revenue may be received directly in the form of cash from the consumer or may be invoiced to a client periodically. In general, the timing of payment and the satisfaction of Selecta's performance obligations are very close to each other. Customers mainly pay the goods at the points of sale and customers that are invoiced usually pay within 30 days from the delivery of the products.

Where revenue is received in the form of cash, the amount recognised as revenue is the amount of cash received until the last date on which the cash was collected from the machine, plus an estimate of the sales between this date and the period end calculated based on historical trends.

Where the sale of goods is invoiced to the client, the amount recognised is based either on the amounts delivered to the client or based on the consumption in the machines, depending on the specific contractual terms. Where revenue is recognised based on consumption in the machines, the amount recognised is based on the last recorded consumption from the machine plus an estimate of the sales between this date and the period end calculated based on historical trends. In all other cases, revenue is recognised at the point in time at which the goods are obtained by the counterparty from the points of sale.

The contracts of the Group generally include a standard warranty clause to guarantee that the goods comply with agreed specifications.

### **Rendering of services**

Selecta also provides services to clients in the form of machine rentals, technical services and hygiene services. Where the income is a fixed amount for the specified service period revenue is recognised on a straight-line basis over the service period whereas time and material agreements are recorded as they incur.

## **3.22. Financial result**

---

### **Finance costs**

Finance costs comprise interest expense on borrowings, loans and leases calculated using the effective interest method, fair value losses on derivatives not subject to hedge accounting and foreign exchange losses. Foreign exchange gains and losses are reported on a net basis as either finance income or finance expense depending on whether the total foreign currency movements represent a gain or a loss accordingly. Net interest expense on the net defined benefit obligation is included in the finance costs.

### **Finance income**

Finance income mainly consists of foreign exchange gains.

## **4. Use of estimates and key sources estimation uncertainties**

---

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below.

### **Goodwill and intangible assets with indefinite useful lives**

The carrying amounts of cash-generating units to which goodwill has been allocated and which include other intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. The recoverable amounts of cash-generating units are determined based on their values in use. These calculations require the use of estimates and assumptions consistent with the most up-to-date business plans that have been formally approved by management. The amounts and key assumptions used for the value in use calculations are set out in note 17 to the consolidated financial statements.

## **Customer contracts**

Intangible assets resulting from the acquisition by the Group of customer contracts in a business combination have a finite useful life. The Selecta and Pelican Rouge customer contracts are amortised over the useful life of 10-15 years. The other customer contracts are amortised over a useful life of 10 years.

The Group actively monitors retention rates on customer contracts and considers other relevant factors which may provide an indication of impairment. The amounts are described in note 18 to the consolidated financial statements.

## **Sales estimations**

Where sales are based on consumption in the machines, there may be a timing difference between the date on which the cash was last collected from the machines or the date on which the sales readings were taken. In this case an estimate of the sales between the date of the last cash collection or the last machine reading and the end of the period is made. The estimate is based on historical sales trends in respect of the specific client sites and machines. The estimated amount of sales which have been neither collected in cash nor invoiced to customers are recorded as accrued income and uncollected cash in points-of-sale, as disclosed in note 22.

## **Inventories**

Inventories include perishable products which requires the Group to make estimates regarding the amount of goods whose shelf life will expire before they are sold in order to determine the appropriate level of allowances to be recorded. Such allowances are therefore calculated with reference to the level of inventories held, average sales, and expiry dates.

## 5. Segment reporting

The Company's Board of Directors examines the results achieved by each segment when making decisions on the allocation of resources and assessment of performance. The Group's financing activities are managed at Group level and are not allocated to segments.

Three different regions present similarities in terms of both channel and business model predominances, and related characteristics. Each of those regions engages business activities as described below, earns revenues and incurs expenses:

- **Segment South, UK & Ireland:** characterised by paid-vend<sup>1</sup>, mixed channel vending and includes Italy, Spain and the UK (including Ireland)
- **Segment Central:** characterised by paid-vend, mixed channel vending and includes Switzerland, Germany, Austria and France, with a strong presence and expertise in the public business
- **Segment North:** characterised by free-vend<sup>2</sup>, office coffee services (OCS) and includes Sweden, Norway, Finland, Denmark, Belgium, Netherlands, and the Pelican Rouge Roaster in the Netherlands

Revenues, revenues net of vending fees, profit/(loss) before net finance costs, income taxes, depreciation, amortisation, and impairment expense as the operating result of the Group's reportable segments are regularly reviewed by the Board of Directors, as the Group's Chief Operating Decision Maker, to assess performance and to determine how resources should be allocated.

The table below shows the interaction between revenues by channels and segment revenues.

### Result for the year ended 31 December 2022

	<i>South, UK &amp; Ireland</i>	<i>Central</i>	<i>North</i>	<i>Total reportable segments</i>	<i>HQ and Interco</i>	<i>Total Group</i>
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue	417'090	483'744	465'881	1'366'715	(15'754)	1'350'961
Revenue net of vending fees	372'694	383'624	439'951	1'196'269	(15'754)	1'180'515
<b>Profit/(loss) before net finance costs, income taxes, depreciation, amortisation and impairment expenses</b>	<b>35'868</b>	<b>69'226</b>	<b>79'977</b>	<b>185'071</b>	<b>(20'030)</b>	<b>165'042</b>
Depreciation, amortisation and impairment expenses	(44'866)	(53'620)	(39'265)	(137'751)	(49'001)	(186'752)
<b>Loss before net finance costs and income tax</b>						<b>(21'710)</b>
Finance costs, net						(67'359)
<b>Loss before income tax</b>						<b>(89'069)</b>

<sup>1</sup> Paid vend means that consumer pays (e.g., at the coffee machines in the offices)

<sup>2</sup> Free vend is defined by consumer not paying but the employer is paying (e.g., coffee consumption)

Result for the year ended 31 December 2021

	South, UK & Ireland	Central	North	Total reportable segments	HQ and Interco	Total Group
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue	383'245	438'263	382'453	1'203'961	(19'535)	1'184'426
Revenue net of vending fees	344'969	353'601	360'660	1'059'230	(19'535)	1'039'695
<b>Profit/(loss) before net finance costs, income taxes, depreciation, amortisation and impairment expenses</b>	<b>34'590</b>	<b>74'621</b>	<b>66'001</b>	<b>175'212</b>	<b>(17'117)</b>	<b>158'095</b>
Depreciation, amortisation and impairment expenses	(59'808)	(59'967)	(38'803)	(158'578)	(50'160)	(208'738)
<b>Loss before net finance costs and income tax</b>						<b>(50'643)</b>
Finance costs, net						(64'402)
<b>Loss before income tax</b>						<b>(115'045)</b>

*Non-current assets excluding deferred income tax assets, non-current financial assets and net defined benefit assets*

	31 December 2022 € (000's)	31 December 2021 € (000's)
Switzerland	96'955	105'080
France	52'746	69'308
Italy	81'663	87'071
Sweden	20'068	24'614
UK	27'001	33'847
Netherlands	50'241	54'372
All other countries	124'713	125'011
HQ	1'494'160	1'539'180
<b>Total</b>	<b>1'947'547</b>	<b>2'038'483</b>

## 6. Revenue by channel

The table below shows the interaction between revenues by channels and segment revenues.

*Result for the year ended 31 December 2022*

	<i>South, UK &amp; Ireland</i>	<i>Central</i>	<i>North</i>	<i>Total reportable segments</i>	<i>HQ and Interco</i>	<i>Total Group</i>
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue from contracts with customers	417'090	483'744	450'982	1'351'816	(15'754)	1'336'062
Rental revenue	-	-	14'899	14'899	-	14'899
<b>Total revenue</b>	<b>417'090</b>	<b>483'744</b>	<b>465'881</b>	<b>1'366'715</b>	<b>(15'754)</b>	<b>1'350'961</b>
Revenue from On-the-Go channel	155'094	272'390	84'896	512'380	-	512'380
Third party revenue from Workplace channel	201'914	169'623	205'764	577'301	-	577'301
Intersegment revenue from Workplace channel	-	63	-	63	(63)	-
Third party revenue from Trading channel	59'927	41'570	141'915	243'412	2'969	246'381
Intersegment revenue from Trading channel	155	98	18'407	18'660	(18'660)	-
<b>Total revenue from contracts with customers</b>	<b>417'090</b>	<b>483'744</b>	<b>450'982</b>	<b>1'351'816</b>	<b>(15'754)</b>	<b>1'336'062</b>

*Result for the year ended 31 December 2021*

	<i>South, UK &amp; Ireland</i>	<i>Central</i>	<i>North</i>	<i>Total reportable segments</i>	<i>HQ and Interco</i>	<i>Total Group</i>
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue from contracts with customers	383'245	438'263	370'447	1'191'955	(19'535)	1'172'420
Rental revenue	-	-	12'006	12'006	-	12'006
<b>Total revenue</b>	<b>383'245</b>	<b>438'263</b>	<b>382'453</b>	<b>1'203'961</b>	<b>(19'535)</b>	<b>1'184'426</b>
Revenue from On-the-Go channel	133'552	238'079	69'737	441'368	-	441'368
Third party revenue from Workplace channel	190'768	159'191	160'725	510'684	-	510'684
Intersegment revenue from Workplace channel	-	57	-	57	(57)	-
Third party revenue from Trading channel	58'835	40'812	120'721	220'368	-	220'368
Intersegment revenue from Trading channel	90	124	19'264	19'478	(19'478)	-
<b>Total revenue from contracts with customers</b>	<b>383'245</b>	<b>438'263</b>	<b>370'447</b>	<b>1'191'955</b>	<b>(19'535)</b>	<b>1'172'420</b>

Revenue by channel:

### **On-the-Go (Public & semi-public)**

The On-the-Go channel includes public and semi-public points of sale.

Public points of sale are characterised by their public access, and the fact that the customer on these premises purchase the merchandise (goods such as foods and drinks) 'on the go', with travel being the main purpose of their presence at such premises.

Semi-public points of sales are in areas accessible to customers either visiting the premises or employed on the premises. The main purpose of visitors on the premises shall not be travel (such premises are captured within public) or work (such premises are captured within workplace), it can be leisure, education, health, access to public services, etc.

## Workplace (private)

The Workplace points of sale are installed in workplace environments and therefore primarily accessible to the counterparty's employees.

## Trading

The Trading channel captures sales of vending machines and ingredients, rental and technical services and the sales of products from the Group's own coffee roasting facility. Roaster products include roasted, blended, and packed coffee and related ingredients.

The above channel split articulates the main differences in counterparty and customer segmentation and the corresponding offering and contract types across the Group.

No information is provided about remaining performance obligations as of 31 December 2022 that have an original expected duration of one year or less, as allowed by IFRS 15.

## 7. Vending fees and revenue net of vending fees

---

The Group enters into contracts with public and semi-public counterparties to install, operate, supply and maintain self-service retail machines on freely accessible public and semi-public locations. In return Selecta pays the counterparties a consideration which is presented as vending fees expense in the consolidated statement of profit or loss.

From the perspective of the Company's management, the economic substance of these transactions is in such cases a revenue-sharing business model between Selecta and its counterparties. As such, for internal operating and management purposes the Group has started to use the measure of revenue net of vending fees in order to assess the performance of the segments and to draw management decisions accordingly, on a consistent basis across segments.

Revenue net of vending fees is not a defined performance measure in IFRS. Management presents the performance measure of revenue net of vending fees because it monitors this performance measure at a consolidated and segment level, and it believes that this measure is relevant to the understanding of the Group's financial performance. Due to this, vending fees are separately disclosed below the revenue line and excluded from the line other operating expenses.

## 8. Materials and consumables used

---

	<i>Year ended 31 December 2022 € (000's)</i>	<i>Year ended 31 December 2021 € (000's)</i>
Cost of materials	(502'668)	(412'865)
Rebates and discounts	18'245	16'330
Other	(1'568)	396
<b>Total materials and consumables used</b>	<b>(485'991)</b>	<b>(396'139)</b>

## 9. Employee benefits expenses

	Year ended 31 December 2022 € (000's)	Year ended 31 December 2021 € (000's)
Wages and salaries	(302'138)	(299'575)
Social security	(57'543)	(53'555)
Compensation for short-term work	9'100	25'400
Post-employment benefits:		
Defined contribution plans	(6'415)	(5'456)
Defined benefit plans	(2'767)	(2'781)
<b>Total employee benefits expense</b>	<b>(359'763)</b>	<b>(335'967)</b>

Further information with respect to the Group's post-employment benefit obligations are presented in note 25.

## 10. Depreciation, amortisation and impairment expenses

	Notes	Year ended 31 December 2022 € (000's)	Year ended 31 December 2021 € (000's)
Depreciation	15	(134'435)	(147'495)
Amortisation customer relationship contracts and trademark	18	(44'038)	(53'785)
Amortisation other intangibles	18	(8'151)	(7'458)
Impairment other intangibles	18	(128)	-
<b>Total depreciation, amortisation and impairment expenses</b>		<b>(186'752)</b>	<b>(208'738)</b>

## 11. Other operating expenses

	Year ended 31 December 2022 € (000's)	Year ended 31 December 2021 € (000's)
Maintenance	(89'676)	(79'082)
Administration expenses	(60'211)	(61'827)
Travel and representation	(6'829)	(5'172)
Rent	(7'703)	(5'999)
Loss on disposal of tangible assets	(5'406)	(5'079)
Mark-up for services from related parties	(4'631)	(3'486)
Change in allowance for doubtful accounts	(2'898)	(824)
Other operating expenses	(7'596)	(2'171)
<b>Total other operating expenses</b>	<b>(184'950)</b>	<b>(163'640)</b>

## 12. Other operating income

---

	<i>Year ended 31 December 2022 € (000's)</i>	<i>Year ended 31 December 2021 € (000's)</i>
Gain on disposal of tangible assets	7'515	6'197
Other operating income	5'691	6'162
Supplier marketing contributions	1'057	674
Capitalised costs	968	1'113
<b>Total other operating income</b>	<b>15'231</b>	<b>14'146</b>

## 13. Finance costs and finance income

---

	<i>Year ended 31 December 2022 € (000's)</i>	<i>Year ended 31 December 2021 € (000's)</i>
Interest on other loans	(92'698)	(85'377)
Lease interest expense	(3'807)	(6'759)
Other interest and finance expense	(2'401)	(2'660)
<b>Total finance costs</b>	<b>(98'906)</b>	<b>(94'796)</b>
Foreign exchange gain	30'817	28'788
Other interest and finance income	730	1'606
<b>Total finance income</b>	<b>31'547</b>	<b>30'394</b>

## 14. Income tax

---

Income tax benefit comprises:

	<i>Year ended 31 December 2022 € (000's)</i>	<i>Year ended 31 December 2021 € (000's)</i>
Current income tax (expense) / benefit	(4'389)	1'875
Deferred income tax benefit	9'904	17'261
<b>Total income tax benefit</b>	<b>5'515</b>	<b>19'136</b>



The total tax charge for the periods can be reconciled to the accounting profit as follows:

	<i>Year ended 31 December 2022 € (000's)</i>	<i>Year ended 31 December 2021 € (000's)</i>
Loss before income tax	(89'069)	(115'045)
Applicable tax rate	24.2 %	27.9 %
Expected tax credit	21'562	32'072
Effect of expenses not deductible for tax purposes	(7'541)	(31'736)
Effect of change in tax rate	(343)	(1'750)
Effect of non-taxable income for tax purposes	4'545	23'489
Effect of taxable losses for the period not recognised as deferred tax assets	(14'725)	(20'281)
Recognition of previously unrecognised tax losses and deferred tax assets	7'059	13'749
Write-off of previously recognised tax losses and deferred tax assets	(2'457)	-
Income and deferred tax benefit / (expense) of previous years	(2'585)	3'593
<b>Income tax benefit recognised in consolidated statement of profit or loss</b>	<b>5'515</b>	<b>19'136</b>

The applicable tax rate used above in the tax reconciliation is based on the weighted average tax rates applicable in the countries in which the Group operates. This is derived from a summation of the individual tax rates and pre-tax profits and losses in each country and is not the same as the medium to long term effective tax rate of the Group.

### Global minimum tax

To address the concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local laws. Once the changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax. At the date when these consolidated financial statements were authorised for issue, none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax. Management is closely monitoring the progress of the legislative process in each jurisdiction of the Group operates in. At 31 December 2022, the Group did not have sufficient information to determine the potential quantitative impact.

## 15. Property, plant and equipment

<i>Cost</i>	<i>Freehold land and buildings € (000's)</i>	<i>Vending equipment € (000's)</i>	<i>Vehicles € (000's)</i>	<i>Other equipment € (000's)</i>	<i>Total € (000's)</i>
<b>Balance at 1 January 2021</b>	<b>161'582</b>	<b>829'828</b>	<b>73'969</b>	<b>86'154</b>	<b>1'151'533</b>
Additions	10'288	80'214	17'917	7'472	115'891
Disposals	(12'577)	(103'453)	(17'674)	(7'550)	(141'254)
Lease modifications	797	21	591	2	1'411
Reclassifications*	56	(16'188)	2'072	(3'864)	(17'924)
Effects of foreign currency exchange differences	3'010	11'333	1'167	1'491	17'001
<b>Balance at 31 December 2021</b>	<b>163'156</b>	<b>801'755</b>	<b>78'042</b>	<b>83'705</b>	<b>1'126'658</b>
Additions	10'058	70'411	5'101	10'511	96'081
Disposals	(11'009)	(65'727)	(9'817)	(1'569)	(88'122)
Lease modifications	4'439	-	320	-	4'759
Reclassifications*	-	(13'613)	1'136	5'383	(7'094)
Effects of foreign currency exchange differences	1'378	1'113	(746)	(364)	1'381
<b>Balance at 31 December 2022</b>	<b>168'022</b>	<b>793'939</b>	<b>74'036</b>	<b>97'666</b>	<b>1'133'663</b>
<b>Accumulated depreciation and impairment</b>					
<b>Balance at 1 January 2021</b>	<b>(20'340)</b>	<b>(543'595)</b>	<b>(23'782)</b>	<b>(54'309)</b>	<b>(642'026)</b>
Depreciation expense	(17'615)	(99'437)	(19'621)	(10'822)	(147'495)
Disposals	4'284	89'950	13'743	6'576	114'553
Reclassifications*	(43)	13'813	(2'052)	2'567	14'285
Effects of foreign currency exchange differences	(498)	(8'451)	(397)	(941)	(10'287)
<b>Balance at 31 December 2021</b>	<b>(34'212)</b>	<b>(547'720)</b>	<b>(32'109)</b>	<b>(56'929)</b>	<b>(670'970)</b>
Depreciation expense	(16'715)	(89'591)	(16'944)	(11'185)	(134'435)
Disposals	6'457	60'970	7'637	1'438	76'502
Lease Modification	(1'256)	-	(189)	-	(1'445)
Reclassifications*	-	12'456	(1'136)	524	11'844
Effects of foreign currency exchange differences	125	(886)	459	349	47
<b>Balance at 31 December 2022</b>	<b>(45'601)</b>	<b>(564'771)</b>	<b>(42'282)</b>	<b>(65'803)</b>	<b>(718'457)</b>
<b>Net Book Value</b>					
<b>At 31 December 2021</b>	<b>128'944</b>	<b>254'035</b>	<b>45'933</b>	<b>26'776</b>	<b>455'688</b>
<b>At 31 December 2022</b>	<b>122'421</b>	<b>229'168</b>	<b>31'754</b>	<b>31'863</b>	<b>415'206</b>

\* Reclassifications mainly relate to transfers to inventory of used equipment to be sold

As of 31 December 2022, the above table included right-of-use assets in the amount € 173.6 million (31 December 2021: € 190.4 million). Commitments in respect of capital expenditure amounted to € 4.5 million as of 31 December 2022 (31 December 2021: € 2.4 million).

## 16. Leases

The leases of Selecta comprise, in particular, of freehold land and buildings, vehicles and vending equipment.

Right-of-use assets € (000's)	Land and Buildings	Vending equipment	Vehicles	Other equipment	Total
Balance at 1 January 2021	132'604	37'485	47'539	3'808	221'436
Depreciation charge for the year	(16'860)	(10'572)	(18'562)	(1'557)	(47'551)
Additions to right-of-use assets	9'964	8'589	16'941	101	35'595
Disposals of right-of-use assets	(8'243)	(11'474)	(3'583)	(907)	(24'207)
Lease modifications	797	21	591	2	1'411
Effects of foreign currency exchange differences	2'507	391	762	28	3'688
<b>Balance at 31 December 2021</b>	<b>120'769</b>	<b>24'440</b>	<b>43'688</b>	<b>1'475</b>	<b>190'372</b>
Depreciation charge for the year	(16'044)	(7'022)	(15'910)	(751)	(39'727)
Additions to right-of-use assets	9'851	12'216	4'331	157	26'555
Disposals of right-of-use assets	(4'196)	(1'937)	(2'277)	(10)	(8'420)
Lease modifications	3'183	-	131	-	3'314
Effects of foreign currency exchange differences	1'504	300	(273)	(1)	1'530
<b>Balance at 31 December 2022</b>	<b>115'067</b>	<b>27'997</b>	<b>29'690</b>	<b>870</b>	<b>173'624</b>

Lease liabilities	31 December 2022 € (000's)	31 December 2021 € (000's)
Current lease liabilities	37'169	46'047
Non-current lease liabilities	133'474	147'644
<b>Total lease liabilities</b>	<b>170'643</b>	<b>193'691</b>

Amounts recognised in profit or loss	Year ended 31 December 2022 € (000's)	Year ended 31 December 2021 € (000's)
Interest on lease liabilities	3'807	6'759
Variable lease payments not included in the measurement of lease liabilities	-	24
Income from sub-leasing	(321)	(312)
Expenses related to short term leases	349	1'234
Expenses related to leases of low-value assets, excluding short-term leases of low-value assets	2'033	1'002

Amounts recognised in statement of cash flows	Year ended 31 December 2022 € (000's)	Year ended 31 December 2021 € (000's)
Total cash outflow for leases	51'743	69'922

The Group has various lease contracts that have not yet commenced as of 31 December 2022. Future lease payments for these lease contracts are € 1.5 million.

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period.

Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an insignificant increase in lease liability.

## 17. Goodwill

Cost	<i>Goodwill</i> € (000's)
Balance at 1 January 2021	1'047'703
Other changes	245
Balance at 31 December 2021	1'047'948
Other changes	83
Balance at 31 December 2022	1'048'031
	<i>Goodwill</i> € (000's)
Accumulated impairment	
Balance at 1 January 2021	(68'900)
Impairment	-
Balance at 31 December 2021	(68'900)
Impairment	-
Balance at 31 December 2022	(68'900)
At 31 December 2021	979'048
At 31 December 2022	979'131

### 17.1. Impairment testing

During the financial years 2022 and 2021 the carrying values including goodwill of the cash-generating units were compared to their recoverable amounts. The test was conducted on the basis of the carrying values and the recoverable amounts of the Selecta Group's cash generating units.

The goodwill tested as of 31 December 2022 was € 979.1 million, composed of the legacy Selecta, Pelican Rouge and Argenta and several minor acquisitions goodwill. For the year ended 31 December 2022, it was concluded that recoverable amounts exceeded the carrying amounts and therefore no impairment was recorded.

The goodwill tested as of 31 December 2021 was € 979.0 million, composed of the legacy Selecta, Pelican Rouge and Argenta and several minor acquisitions goodwill. For the year ended 31 December 2021, it was concluded that recoverable amounts exceeded the carrying amounts and therefore no impairment was recorded.

### 17.2. Allocation to cash-generating units

#### Cash-generating units considered in this financial year's impairment test

In alignment with Group's segment reporting, the three CGUs considered for the purposes of impairment testing are as follows:

- Segment South, UK & Ireland which includes Italy, Spain and the UK (including Express Vending and Ireland)
- Segment Central which includes Switzerland, Germany, Austria and France

- Segment North which includes Sweden, Norway, Finland, Denmark, Belgium, Netherlands and the Pelican Rouge Roaster in the Netherlands

The amount of goodwill allocated to each cash generating unit as of 31 December 2022 and 31 December 2021 were as follows:

	<i>31 December 2022</i> € (000's)	<i>31 December 2021</i> € (000's)
<u>Selecta goodwill</u>		
Region South, UK & Ireland	416'802	416'891
Region Central	188'615	188'479
Region North	373'714	373'678
<b>Total goodwill</b>	<b>979'131</b>	<b>979'048</b>

### 17.3. Summary of assumptions used in goodwill impairment testing

In undertaking the impairment test of the Selecta goodwill, the Group has used post-tax cash flow projections for the computation of value in use based on the 2024 - 2026 business plan of the Group, covering a three-year period. In years four to seven the Group assumes further growth of 1.3% (2021: 1.5%).

Cash flows beyond the seven-year period are extrapolated using estimated growth rates as disclosed in the table below. For the year ended 31 December 2022, the growth rates were as follows:

	2022
Region South, UK & Ireland	1.3%
Region Central	1.3%
Region North	1.3%

For the year ended 31 December 2021, the growth rates were as follows:

	2021
Region South, UK & Ireland	1.5%
Region Central	1.5%
Region North	1.5%

The cash flows are discounted using a post-tax weighted average cost of capital (WACC) for each region. The post-tax WACC applied for each region as of 31 December 2022 and 31 December 2021 were as follows:

	<i>31 December 2022</i>		<i>31 December 2021</i>	
	Post-tax WACC	Equivalent to a pre-tax WACC of	Post-tax WACC	Equivalent to a pre-tax WACC of
Region South, UK & Ireland	8.9%	10.8%	7.9%	10.1%
Region Central	7.1%	8.1%	7.2%	8.9%
Region North	7.6%	9.4%	7.2%	9.4%

#### 17.4. Headroom/Impairment and sensitivity to change in assumptions

The headroom arising from the goodwill impairment testing by region as of 31 December 2022 and 31 December 2021 was as follows:

	31 December 2022 € millions	31 December 2021 € millions
Region South, UK & Ireland	323	276
Region Central	807	441
Region North	500	368

The following table shows the level to which the WACC would need to increase to assuming achievement of the future cash flows, or the level to which long term growth rates would need to fall assuming use of the Group's post tax WACC, to eliminate all of the headroom in the region.

	31 December 2022	
	Level to which Post-tax WACC would need to increase to eliminate all of the headroom in the region	Level to which growth rates would need to fall to eliminate all of the headroom in the region
Region South, UK & Ireland	12.6%	-3.7%
Region Central	16.7%	-13.5%
Region North	13.2%	-6.4%

	31 December 2021	
	Level to which Post-tax WACC would need to increase to eliminate all of the headroom in the region	Level to which growth rates would need to fall to eliminate all of the headroom in the region
Region South, UK & Ireland	10.4%	-1.7%
Region Central	12.7%	-5.9%
Region North	11.0%	-3.2%

## 18. Intangible assets

Intangible assets consist primarily of trademarks and customer contracts.

The trademarks “Selecta” and “Pelican Rouge” recognised by the Group represent the brand names and have an indefinite useful life. Therefore, these trademarks are tested for impairment annually. The impairment calculation is based on the Value in Use assumption.

<i>Cost</i>	<i>Software/ other € (000's)</i>	<i>Trademarks € (000's)</i>	<i>Customer Contracts € (000's)</i>	<i>Total € (000's)</i>
<b>Balance at 1 January 2021</b>	<b>81'824</b>	<b>357'051</b>	<b>671'923</b>	<b>1'110'798</b>
Additions	13'525	-	110	13'635
Disposals	(2'231)	-	-	(2'231)
Reclassifications	451	-	-	451
Effects of foreign currency exchange differences	3'022	-	868	3'890
<b>Balance at 31 December 2021</b>	<b>96'591</b>	<b>357'051</b>	<b>672'901</b>	<b>1'126'543</b>
Additions	6'730	-	-	6'730
Derecognition	(2'578)	-	(333'123)	(335'701)
Reclassifications	(5'424)	-	-	(5'424)
Effects of foreign currency exchange differences	2'054	-	(494)	1'560
<b>Balance at 31 December 2022</b>	<b>97'373</b>	<b>357'051</b>	<b>339'284</b>	<b>793'708</b>
<i>Accumulated amortisation and impairment losses</i>	<i>Software/ other € (000's)</i>	<i>Trademarks € (000's)</i>	<i>Customer Contracts € (000's)</i>	<i>Total € (000's)</i>
<b>Balance at 1 January 2021</b>	<b>(61'029)</b>	<b>(9'137)</b>	<b>(391'080)</b>	<b>(461'246)</b>
Amortisation expenses	(7'458)	(3'290)	(50'495)	(61'243)
Disposals	2'230	-	-	2'230
Reclassifications	55	-	-	55
Effects of foreign currency exchange differences	(2'187)	-	(405)	(2'592)
<b>Balance at 31 December 2021</b>	<b>(68'389)</b>	<b>(12'427)</b>	<b>(441'980)</b>	<b>(522'796)</b>
Amortisation expenses	(8'151)	(3'291)	(40'747)	(52'189)
Impairment expenses	(128)	-	-	(128)
Derecognition	2'578	-	333'123	335'701
Effects of foreign currency exchange differences	(1'422)	-	336	(1'086)
<b>Balance at 31 December 2022</b>	<b>(75'512)</b>	<b>(15'718)</b>	<b>(149'268)</b>	<b>(240'498)</b>
<b>At 31 December 2021</b>	<b>28'202</b>	<b>344'624</b>	<b>230'921</b>	<b>603'747</b>
<b>At 31 December 2022</b>	<b>21'861</b>	<b>341'333</b>	<b>190'016</b>	<b>553'210</b>

In 2022 and in 2021, the annual valuation testing of customer contract didn't result in an impairment. Selecta Group customer contracts recognised in 2007 were fully amortised over the useful life of 15 years and derecognized from the statement of financial position at 31 December 2022.

At 31 December 2022 and 31 December 2021, the trademark has been allocated as follows:

	31 December 2022 € (000's)	31 December 2021 € (000's)
Region South, UK & Ireland	47'831	51'122
Region Central	203'475	203'475
Region North	90'027	90'027
<b>Trademark allocated to cash generating units</b>	<b>341'333</b>	<b>344'624</b>

## 19. Non-current financial assets

	31 December 2022 € (000's)	31 December 2021 € (000's)
<b>Non-current financial assets comprise the following:</b>		
Investments	44	46
Trade and other receivables	12'008	15'002
<b>Total non-current financial assets</b>	<b>12'052</b>	<b>15'048</b>

The maturity of the non-current financial assets is as follows:

After one year but not more than five years	8'940	12'076
More than five years	3'112	2'972
<b>Total non-current financial assets</b>	<b>12'052</b>	<b>15'048</b>

## 20. Inventories

	31 December 2022 € (000's)	31 December 2021 € (000's)
Food and beverages	69'509	67'219
Vending equipment and spare parts	38'221	38'679
Goods in transit	1'244	3'674
Raw materials	7'069	6'719
<b>Total inventories</b>	<b>116'043</b>	<b>116'291</b>

During the year ended 31 December 2022, inventories of € 502.7 million (2021: € 412.8 million) were recognised as an expense and included in materials and consumables used.

Inventory allowance of € 8.8 million (2021: € 7.2 million) was recorded for year ended 31 December 2022.

At 31 December 2022 the Group had commitments of € 43.9 million (2021: € 59.8 million) relating to purchase of inventory.



## 21. Trade receivables

	31 December 2022 € (000's)	31 December 2021 € (000's)
Trade receivables - not overdue	88'482	78'947
Trade receivables - overdue 0 - 90 days	19'686	17'233
Trade receivables - overdue 90 - 360 days	7'678	4'630
Trade receivables - overdue > 360 days	8'672	3'714
<b>Total trade receivables, gross</b>	<b>124'518</b>	<b>104'524</b>
Allowance for doubtful accounts	(9'628)	(7'025)
<b>Total trade receivables, net</b>	<b>114'890</b>	<b>97'499</b>

The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables until the end of the credit period, thereafter the charging of interest is at the discretion of local management depending on the amounts and customers involved. Where interest is charged in respect of an overdue receivable the interest rate applied is between 3% and 15% per annum depending on the country and the customer contract.

Depending on the size of a potential new customer and the volume of trading expected, prior to accepting new credit customers, the Group uses a credit scoring system to assess the potential customer's credit quality and defines a suitable credit limit for the customer.

Selecta subsidiaries in Benelux, UK, Switzerland, Germany, and Sweden sell part of their receivables into a non-recourse receivable factoring program with ABNAMRO Commercial Finance B.V. In Norway and Finland, the local subsidiaries have an equally structured program with IKANO Bank AB. In accordance with those agreements, the relevant Selecta's subsidiaries assign eligible receivables to the Factor at an agreed market rate in return for funding. The agreement is subject to terms and conditions customary for such transactions. Selecta non-recourse programs allowed the Group to derecognise trade receivables in the amount of € 34.7 million at 31 December 2022 (€ 28.7 million at 31 December 2021) and improve its net working capital as well as cash flow from operating activities.

## 22. Other current assets

	31 December 2022 € (000's)	31 December 2021 € (000's)
Accrued income	31'250	23'158
Prepayments	19'872	6'090
Sales tax recoverable	8'863	6'895
Other	9'727	9'873
<b>Total other current assets</b>	<b>69'712</b>	<b>46'016</b>

## 23. Cash and cash equivalents

	31 December 2022 € (000's)	31 December 2021 € (000's)
Cash at bank	66'699	52'162
Cash in point-of-sale	6'409	7'872
<b>Cash and cash equivalents</b>	<b>73'108</b>	<b>60'034</b>

## 24. Borrowings

	31 December 2022	31 December 2021
	€ (000's)	€ (000's)
Borrowings (incl. revolving credit facility)	1'082'722	1'015'150
<b>Total borrowings</b>	<b>1'082'722</b>	<b>1'015'150</b>

### 24.1. Borrowings

	31 December 2022			31 December 2021		
	€ (000's)	in %	Interest rate	€ (000's)	in %	Interest rate
EUR	1'056'086	97.5%	8.1%	991'212	97.6%	8.2%
CHF	26'636	2.5%	8.5%	23'938	2.4%	8.5%
<b>Total</b>	<b>1'082'722</b>	<b>100%</b>	<b>8.1%</b>	<b>1'015'150</b>	<b>100%</b>	<b>8.2%</b>

The amounts shown above reflect the carrying amount and original currency of the borrowings. The nominal interest rate is disclosed.

### 24.2. Rate structure of borrowings

	31 December 2022	31 December 2021
	€ (000's)	€ (000's)
Total borrowings at variable rates	59'681	41'637
Total borrowings at fixed rates	1'023'041	973'513
<b>Total borrowings</b>	<b>1'082'722</b>	<b>1'015'150</b>

The total includes the reduction of net capitalised transaction costs.

### 24.3. Details of borrowing facilities

In 2020, the Selecta Group undertook a capital restructuring where new First Lien and Second Lien Senior Secured Notes were issued by Selecta Group B.V., as well as Class A and Class B Preference Shares issued by Selecta Group FinCo S.A. As part of the scheme, the scheme creditors were entitled to receive an issuance of the First Lien and Second Lien Senior Secured Notes and Preference Shares in exchange for debt instruments previously issued by Selecta Group B.V.

Pursuant to the Restructuring Implementation Deed, if any scheme creditors did not come forward in connection with the scheme to claim their entitlement to the instruments, the instruments were instead issued to a trustee, Kroll Issuer Services Limited (formerly Lucid Issuer Services Limited), which held them on trust for the scheme creditors via a Holding Period Trust.

Under the terms of the Holding Period Trust Deed, any unclaimed instruments held by the Holding Period Trust following the expiration of an 18-month holding period were to be extinguished / redeemed, as agreed amongst the parties. The 18-month holding period expired in April 2022.

The unclaimed First Lien and Second Lien Senior Secured Notes held by Holding Period Trust at the expiry date amounted to:

- First Lien Senior Secured Notes: € 7'734'654; and
- Second Lien Senior Secured Notes: € 2'923'255.

The unclaimed interest payments paid by Selecta Group B.V. to the Holding Period Trust amounted € 0.431 million at the expiry date.

Following the expiration of the 18-month holding period the unclaimed instruments held by the Holding Period Trust have been extinguished / redeemed on 6 December 2022. The unclaimed instruments and interest receivable have been transferred from the Holding Period Trust via several companies to Selecta Group AG parent of Selecta Group B.V.

Selecta Group B.V. issued 100 shares (including share premium) to Selecta Group AG and Selecta Group AG settled the share subscription (including share premium) by way off set off with the Unclaimed Interest (cash) and the Unclaimed Senior Secured Notes. Details are described in note 29.1.

### Interest Rate

- First Lien Notes: Until (but excluding) January 2<sup>nd</sup>, 2023: 3.500% per annum, payable in cash, plus in kind at a rate of 4.500% per annum by increasing the principal amount of the outstanding Notes or issuing additional Notes in a principal amount equal to such interest. From (and including) January 2<sup>nd</sup>, 2023: 8.000% per annum, payable in cash.
- Second Lien Notes: Until (but excluding) January 2<sup>nd</sup>, 2023: 10.000% per annum, payable in kind by increasing the principal amount of the outstanding Notes or issuing additional Notes in a principal amount equal to such interest. From (and including) January 2<sup>nd</sup>, 2023: at the Company's discretion, 9.250% per annum, payable in cash or 10.000% per annum payable in kind. Interest can be paid entirely in cash, entirely in kind or in a combination of both.

### Maturity

- First Lien Notes: April 1<sup>st</sup>, 2026.
- Second Lien Notes: July 1<sup>st</sup>, 2026.

	<i>Interest rate</i>	<i>31 December 2022</i>
	%	€ (000's)
First Lien Notes (EUR)	8.0	723'156
First Lien Notes (CHF)	8.0	19'331
Second Lien Notes (EUR)	10.0	273'249
Second Lien Notes (CHF)	10.0	7'305
Senior revolving credit facility (Euribor + 3.5%)	3.5	59'681
<b>Total borrowings at nominal values</b>		<b>1'082'722</b>

	<i>Interest rate</i>	<i>31 December 2021</i>
	%	€ (000's)
First Lien Notes (EUR)	8.0	699'078
First Lien Notes (CHF)	8.0	17'624
Second Lien Notes (EUR)	10.0	250'496
Second Lien Notes (CHF)	10.0	6'315
Senior revolving credit facility (Euribor + 3.5%)	3.5	41'637
<b>Total borrowings at nominal values</b>		<b>1'015'150</b>

## 24.4. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Total borrowings € (000's)	Interest accrual on bonds € (000's)	Other loans, financing facilities € (000's)	Share capital/premium € (000's)	Total € (000's)
<b>Balance at 1 January 2022</b>	<b>1'015'150</b>	<b>41'508</b>	<b>220'320</b>	<b>2'033'658</b>	<b>3'310'636</b>
<b>Changes from financing cash flows</b>					
Proceeds from capital increase	-	-	-	431	431
Proceeds from loans and borrowings	16'946	-	4'717	-	21'663
Repayments of loans and borrowings	-	-	(10'667)	-	(10'667)
Proceeds/(repayment) of factoring	-	-	(587)	-	(587)
Interest paid	(3'742)	(25'378)	(7'698)	-	(36'818)
Payment of lease liabilities	-	-	(45'905)	-	(45'905)
<b>Total changes from financing cash flows</b>	<b>13'204</b>	<b>(25'378)</b>	<b>(60'140)</b>	<b>431</b>	<b>(71'883)</b>
Capitalised interest	57'744	(58'964)	-	-	(1'220)
Interest expense	3'501	86'562	7'729	-	97'792
Debt to equity conversion	(10'658)	-	-	10'658	-
Additions and modification	-	-	26'248	-	26'248
Other movement	-	-	582	305	887
<b>Total other changes</b>	<b>50'587</b>	<b>27'598</b>	<b>34'559</b>	<b>10'963</b>	<b>123'707</b>
The effect of changes in foreign exchange rates	3'779	-	(1'888)	-	1'891
<b>Balance at 31 December 2022</b>	<b>1'082'720</b>	<b>43'728</b>	<b>192'851</b>	<b>2'045'052</b>	<b>3'364'351</b>

	Total borrowings € (000's)	Interest accrual on bonds € (000's)	Other loans, financing facilities € (000's)	Other (assets)/liabilities € (000's)	Total € (000's)
<b>Balance at 31 January 2021</b>	<b>975'332</b>	<b>14'106</b>	<b>245'029</b>	<b>(8'803)</b>	<b>1'225'664</b>
<b>Changes from financing cash flows</b>					
Proceeds from loans and borrowings	-	-	15'789	-	15'789
Repayment of loans and borrowings	(219)	-	(4'002)	-	(4'221)
Proceeds/(repayment) of factoring	-	-	(3'557)	-	(3'557)
Interest paid	(3'194)	(16'344)	(10'301)	-	(29'839)
Payment of lease liabilities	-	-	(60'904)	-	(60'904)
<b>Total changes from financing cash flows</b>	<b>(3'413)</b>	<b>(16'344)</b>	<b>(62'975)</b>	<b>-</b>	<b>(82'732)</b>
Capitalised interest	37'166	(37'166)	-	-	-
Interest expense	2'478	81'304	10'302	-	94'084
Additions and modification	-	-	24'235	-	24'235
Other movement	-	-	-	8'803	8'803
<b>Total other changes</b>	<b>39'644</b>	<b>44'138</b>	<b>34'537</b>	<b>8'803</b>	<b>127'122</b>
The effect of changes in foreign exchange rates	3'587	(392)	3'729	-	6'924
<b>Balance at 31 December 2021</b>	<b>1'015'150</b>	<b>41'508</b>	<b>220'320</b>	<b>-</b>	<b>1'276'978</b>

The loans contain covenants stating that at the end of each quarter the Group's needs to fulfill specified thresholds, otherwise the loan will be repayable on demand. The covenants are monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreement.

## 25. Post-employment benefits

---

### 25.1. Defined contribution plans

---

The Group operates defined contribution plans for qualifying employees in a number of its countries of operation. The assets of the plans are held separately from those of the Group under the control of unrelated parties.

### 25.2. Defined benefit plans

---

#### Description of plans

The Group offers defined benefit plans in Switzerland, Germany, UK, Belgium, Spain and Italy as well as retirement indemnity plans in France.

The two main significant plans are in Switzerland and UK, which represent a net asset position of € 18.3 million, the remainder of the countries recorded a net liability position of € 11.1 million.

#### Switzerland

The pension scheme is part of the Valora Pension Fund, domiciled in Muttenz, Switzerland and is governed by the rules of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which specifies the minimum benefits that are to be provided by pension plans. The scheme covers multiple employers, including Selecta, with the scheme assets allocated between Selecta and the other companies in the scheme in proportion to the mathematical reserve and savings capital as at 31 December 2022. One employee of Selecta AG in Switzerland is at the foundation board of the Valora Pension Fund to ensure representation of Selecta in the wider scheme.

The designated purpose of the scheme is to protect the employees, including the employees' dependents and survivors, of the Valora Group of companies of Switzerland and the companies with which the scheme has concluded an affiliation agreement against the economic consequences of old age, death and disability.

The benefits are defined in the pension plan regulations that are far above the minimum requirements stipulated by the BVG. Retirement benefits are based on the accumulated retirement savings capital and can either be drawn as a life-long pension or as a lump sum payment. The pension is calculated upon retirement by multiplying the balance of the retirement savings capital with the applicable conversion rate. The retirement savings capital results from the yearly savings contributions by both employer and employee until retirement and carries interest thereon. The savings contributions are defined in the pension plan regulations. Minimum contributions and minimum interest are defined by the BVG and the Federal Council respectively.

The scheme provides for a basic and supplementary plan. Under the basic plan, the wage portions above the entry level for admission (equal to three quarters of the maximum retirement pension benefit prescribed by law) are pensionable. The supplementary plan additionally offers coverage of wage portions that exceed the 5-fold value of the maximum retirement pension benefit by more than CHF 5'000.

The scheme is subdivided into a risk pre-insurance and a primary insurance. The risk pre-insurance coverage is a pure risk insurance that covers the risks of death and disability up to the age of 25. The primary insurance begins at age 25 and is comprised of a savings facility run by the scheme and insurance covering the death and disability risks.

The scheme participates in compulsory coverage and is entered in the register for occupational pension providers as provided for by art. 48 of the Federal Occupational Retirement, Survivors' and Disability Pension Plans Act (BVG/LPP). At minimum it provides for the benefits pursuant to BVG/LPP. The scheme is under the regulatory supervision of the Canton of Basel Land.

## UK

The Group operates a defined benefit pension scheme in the United Kingdom, which is identified as the Selecta (UK) Pension Plan (the “Plan”). The scheme is managed by an independent trustee (ITS) and the ultimate authority is with the UK Pension Regulator in case of disputes between the trustee and the Group. The Group accounts for this plan as defined benefit plan because it is exposed to risks as mentioned in the paragraph ‘sensitivity analysis’.

The ITS purchased bulk annuity from Legal & General Assurance Society (L&G) in September 2021 to de-risk the defined benefit pension scheme obligation. This investment strategy intended to equally match the assets and liabilities of the scheme (full scheme buy-in).

The Group took the decision to fund the buy-in based on the following considerations:

- The buy-in remove volatility of the scheme from the consolidated statement of financial position of the Group. The trustees receive payment from L&G which it uses to pay pension and other benefits under the plan.
- A buy-in transfers the pension risks associated with the scheme to a third-party insurer. The only remaining risk is the counterparty risk of insurer.
- There is a reduction in the required management time and running costs in respect of the scheme.

At the time of the bulk annuity purchase, the difference between the annuity purchase price and the actuarial value of the benefits covered by the policy was accounted for in other comprehensive income. The accounting treatment is based on the following considerations made by the Group:

- The employer is not relieved of primary responsibility for the obligation. The policy simply covers the benefit payments that continues to be payable by the scheme.
- The contract is effectively an investment of the scheme; and
- The contract provides the option to convert the bulk annuity into individual policies which would transfer the asset/obligation to the insurer (known as «buy-out»). Whilst this course of action may be considered in future, this is not a requirement, and a separate decision will be required before any buy-out proceeds. There is currently no plan either by management or trustees to convert the buy-in contract to individual policies.

### Amounts included in the consolidated financial statements

The amounts recognised in the consolidated statement of profit or loss in respect of defined benefit plans are as follows:

	<i>Year ended 31 December 2022 € (000's)</i>	<i>Year ended 31 December 2021 € (000's)</i>
Current employer service cost	(5'704)	(5'090)
Past service credit on plan amendment	2'937	2'309
Net interest income	257	951
<b>Defined benefit expense recognised in statement of profit or loss</b>	<b>(2'510)</b>	<b>(1'830)</b>

Past service credit for the year ended 31 December 2022 relates to a Swiss plan amendment. In 2022 the Valora Pensionskasse VPK has announced a reduction of the conversion rates from 5.3% to 5.1% at retirement age 65/64 as well as a 25 basis points increase of the retirement savings for both employer and employees.

The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit obligation is as follows:

	<i>31 December 2022 € (000's)</i>	<i>31 December 2021 € (000's)</i>
Fair value of plan assets	394'311	505'820
Present value of defined benefit obligation	(331'652)	(459'413)
<b>Status of plan</b>	<b>62'659</b>	<b>46'407</b>
Effect of asset ceiling	(55'519)	(39'150)
<b>Net asset in the consolidated statement of financial position</b>	<b>7'140</b>	<b>7'257</b>
Net defined benefit asset	18'289	23'383
Net defined benefit liability	(11'149)	(16'126)

### Defined benefit obligation

The movement in the present value of the defined benefit obligation in the current period was as follows:

	<i>Year ended 31 December 2022 € (000's)</i>	<i>Year ended 31 December 2021 € (000's)</i>
<b>Present value of obligation at beginning of period</b>	<b>(459'413)</b>	<b>(459'863)</b>
Current employer service cost	(5'018)	(4'478)
Employees' contributions	(3'220)	(3'122)
Interest cost	(5'233)	(3'498)
Past service cost, curtailments, settlements, plan amendments	2'937	2'309
Benefits paid	24'230	27'352
Decrease through intra-group restructuring	-	8'091
Actuarial gain/(loss) on defined benefit obligation	111'912	(1'565)
Currency gain/(loss)	2'153	(24'639)
<b>Present value of obligation at end of period</b>	<b>(331'652)</b>	<b>(459'413)</b>

## Plan assets

The movement in the fair value of plan assets in the current period was as follows:

	Year ended 31 December 2022 € (000's)	Year ended 31 December 2021 € (000's)
<b>Fair value of plan assets at beginning of period</b>	<b>505'820</b>	<b>543'153</b>
Interest income on plan assets	5'631	4'460
Employees' contributions	2'534	2'510
Employer's contributions	4'843	4'520
Benefits paid	(23'493)	(25'963)
Decrease through intra-group restructuring	-	(8'091)
Return on plan assets excl. interest income	(100'808)	(45'106)
Currency gain / (loss)	(216)	30'337
<b>Fair value of plan assets at end of period</b>	<b>394'311</b>	<b>505'820</b>

Employer's contributions expected for the next year are € 4.8 million.

The fair value of the total plan assets at the balance sheet date comprises of the following major categories of assets:

	31 December 2022	31 December 2022	31 December 2021	31 December 2021
	Quoted market prices in active markets	Prices in non- active markets	Quoted market prices in active markets	Prices in non- active markets
Cash	5.7%	0.0%	3.3%	0.0%
Bonds	20.5%	0.0%	17.0%	0.0%
Equities	14.2%	0.0%	14.0%	0.0%
Property	0.0%	16.2%	0.0%	13.3%
Other	40.2%	3.2%	50.7%	1.7%
<b>Total</b>	<b>80.6%</b>	<b>19.4%</b>	<b>85.0%</b>	<b>15.0%</b>

The funded pension plan assets are invested in accordance with local laws. They include neither the Group's own financial instrument nor property occupied by, or other assets used by, the Group.

## Actuarial assumptions

The principal actuarial assumptions used in determining pension benefit obligations for the Group's plans are shown below (weighted average):

	31 December 2022	31 December 2021
Discount rate	3.5%	1.2%
Expected salary increase	1.8%	1.2%
Expected pension increase	1.5%	1.9%

The estimated duration of the plan liabilities is 13.8 years (31 December 2021: 16.7 years).



The following table shows the re-measurement gains and losses on post-employment benefit obligations recognised in other comprehensive income:

	<i>Year ended 31 December 2022</i> € (000's)	<i>Year ended 31 December 2021</i> € (000's)
Return on plan assets excl. interest income	(100'808)	(45'106)
Experience losses on defined benefit obligation	(16'455)	(15'224)
Actuarial gains/(losses) arising from change in demographic assumptions	85'730	(1'614)
Actuarial gains/(losses) arising from change in financial assumptions	42'637	14'942
Change in asset ceiling	(14'059)	(15'892)
<b>Total amount of remeasurement gain/(loss) on post-employment benefit obligations recognised in other comprehensive income</b>	<b>(2'955)</b>	<b>(62'894)</b>

The following table shows the change in asset ceiling:

	<i>Year ended 31 December 2022</i> € (000's)	<i>Year ended 31 December 2021</i> € (000's)
Asset ceiling at end of prior year	(39'150)	(21'545)
Interest income	(141)	(11)
Remeasurements	(14'059)	(15'892)
Effect of changes in foreign exchange rates	(2'169)	(1'702)
<b>Asset ceiling at end of year</b>	<b>(55'519)</b>	<b>(39'150)</b>

### Sensitivity analysis

The valuation of the pension benefit obligations is particularly sensitive with regard to changes to the discount rate and the assumptions of pension rises and the expected mortality rate. The following table shows the change of defined benefit obligation on the basis of a reasonably possible change to these actuarial assumptions at 31 December 2022 and 31 December 2021:

	<i>31 December 2022</i> € (000's)	<i>31 December 2021</i> € (000's)
Discount rate (+0.50%)	17'945	25'562
Discount rate (-0.50%)	(15'108)	(41'933)
Increase in future pension (+0.25%)	(3'628)	(11'729)
Decrease in future pension (-0.25%)	4'951	191'422
Mortality assumption -1 year	11'931	10'307
Mortality assumption +1 year	(7'316)	(20'329)
Salary increase rate (-25 basis points)	2'582	(4'528)
Salary increase rate (+25 basis points)	2'102	(5'479)

Every sensitivity analysis considers the change of one assumption, while all other assumptions remain the same. This approach shows the isolating effect if an individual assumption is changed but does not consider that some assumptions are mutually dependent.

## 26. Provisions and other employee benefits

	Warranty € (000's)	Litigation & tax € (000's)	Restructuring € (000's)	Other € (000's)	Total € (000's)
<b>Balance at 1 January 2022</b>	<b>(306)</b>	<b>(1'463)</b>	<b>(16'899)</b>	<b>(37'113)</b>	<b>(55'781)</b>
Charged to the statement of profit or loss	(5)	(1'165)	(15'010)	(3'855)	(20'035)
Payments in the period	-	316	12'385	1'114	13'815
Reversed against the statement of profit or loss	111	439	1'546	1'324	3'420
Effect of foreign exchange differences	(5)	8	114	(67)	50
Reclassification between categories	(60)	-	-	60	-
<b>Balance at 31 December 2022</b>	<b>(265)</b>	<b>(1'865)</b>	<b>(17'864)</b>	<b>(38'537)</b>	<b>(58'531)</b>

The above provisions are presented in the Group's consolidated statement of financial position as follows:

	31 December 2022 € (000's)	31 December 2021 € (000's)
Non-current liabilities	(7'985)	(5'607)
Current liabilities	(50'546)	(50'174)
<b>Total</b>	<b>(58'531)</b>	<b>(55'781)</b>

The warranty provision represents management's best estimate of the future outflow of economic benefits that will be required in respect of warranties on machine sales and has been based on historical trends observed.

The provisions in respect of litigations and tax represent management's best estimate of the future outflow of economic benefits required to settle legal claims and tax claims made against the Group and has been based on advice from and discussion with the Group's lawyers.

The restructuring provision represents amounts due to be paid in respect of certain restructuring activities which have been initiated. The amounts provided include the costs of employee severance payments, as well as other costs associated with closing facilities or offices.

The 'Other' provision includes a deferred consideration of € 27.0 million related to acquisition of Pelican Rouge as well as a significant portion of long service awards (jubilee benefits) to which all employees of Selecta Switzerland are entitled based on their years of service. The calculation requires an actuarial valuation to be performed as it is based on assumptions of expected service lengths, current service length, date of entry, monthly salary, gender, and long service awards paid in last financial year.

## 27. Deferred income taxes

### 27.1. Deferred tax balances

Deferred income tax balances are presented in the consolidated statement of financial position as follows:

	31 December 2022 € (000's)	31 December 2021 € (000's)
Deferred income tax assets	28'841	27'186
Deferred income tax liabilities	(156'808)	(160'108)
<b>Total deferred tax liabilities, net</b>	<b>(127'967)</b>	<b>(132'922)</b>

## 27.2. Movement in deferred tax balances during the year

The movement in the deferred tax balances during the year was as follows:

	31 December 2021 € (000's)	(Charged)/ credited to income statement € (000's)	(Charged/ credited to OCI € (000's)	Exchange differences € (000's)	31 December 2022 € (000's)
Intangible assets	(151'235)	9'579	-	(31)	(141'687)
Property, plant and equipment	(9'471)	3'212	-	5	(6'254)
Other non-current assets	(349)	(251)	(5'098)	150	(5'548)
Inventories	(1'115)	(21)	-	(18)	(1'154)
Trade receivables	39	26	-	(4)	61
Current liabilities	1'755	(4'807)	-	(104)	(3'156)
Provisions	83	1'133	-	3	1'219
Other non-current liabilities	3'806	658	(316)	(52)	4'096
<b>Total deferred tax asset/(liability)</b>	<b>(156'487)</b>	<b>9'529</b>	<b>(5'414)</b>	<b>(51)</b>	<b>(152'423)</b>
<b>Tax losses</b>					
Unused tax losses	23'565	891	-	-	24'456
<b>Total deferred tax asset/(liability)</b>	<b>(132'922)</b>	<b>10'420</b>	<b>(5'414)</b>	<b>(51)</b>	<b>(127'967)</b>

The movement in the deferred tax balances last year was as follows:

	31 December 2020 € (000's)	(Charged)/ credited to income statement € (000's)	(Charge/ credited to OCI € (000's)	Exchange differences € (000's)	31 December 2021 € (000's)
Intangible assets	(163'651)	12'468	-	(52)	(151'235)
Property, plant and equipment	(13'099)	3'917	-	(289)	(9'471)
Other non-current assets	(10'989)	(621)	11'754	(493)	(349)
Inventories	(963)	(120)	-	(32)	(1'115)
Trade receivables	(33)	75	-	(3)	39
Current liabilities	2'320	(528)	-	(37)	1'755
Provisions	66	16	-	1	83
Other non-current liabilities	4'685	(758)	(105)	(16)	3'806
<b>Total deferred tax asset/(liability)</b>	<b>(181'664)</b>	<b>14'449</b>	<b>11'649</b>	<b>(921)</b>	<b>(156'487)</b>
<b>Tax losses</b>					
Unused tax losses	20'104	3'461	-	-	23'565
<b>Total deferred tax asset/(liability)</b>	<b>(161'560)</b>	<b>17'910</b>	<b>11'649</b>	<b>(921)</b>	<b>(132'922)</b>

### 27.3. Detail of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

31 December 2022	Assets € (000's)	Liabilities € (000's)	Net € (000's)
Intangible assets	10	(141'697)	(141'687)
Property, plant and equipment	4'766	(11'020)	(6'254)
Other non-current assets	-	(5'548)	(5'548)
Inventories	176	(1'330)	(1'154)
Trade receivables	139	(78)	61
Current liabilities	1'000	(4'156)	(3'156)
Provisions	1'257	(38)	1'219
Other non-current liabilities	4'134	(38)	4'096
<b>Total deferred tax assets/(liabilities) arising on temporary differences</b>	<b>11'482</b>	<b>(163'905)</b>	<b>(152'423)</b>
<b>Tax losses</b>			
Unused tax losses	24'456	-	24'456
Offset deferred tax assets and deferred tax liabilities	(7'097)	7'097	-
<b>Total deferred tax asset/(liability)</b>	<b>28'841</b>	<b>(156'808)</b>	<b>(127'967)</b>

At 31 December 2022 the Group recognised € 28.8 million (31 December 2021: € 27.2 million) of deferred tax assets from which € 24.5 million (31 December 2021: 23.6 million) related to deferred tax assets for the carry-forward of unused tax losses. The Group estimates the possibility that future taxable profit will be available against which the unused tax losses can be utilised as probable.

31 December 2021	Assets € (000's)	Liabilities € (000's)	Net € (000's)
Intangible assets	43	(151'278)	(151'235)
Property, plant and equipment	3'715	(13'186)	(9'471)
Other non-current assets	-	(349)	(349)
Inventories	215	(1'330)	(1'115)
Trade receivables	112	(73)	39
Current liabilities	2'483	(728)	1'755
Provisions	124	(41)	83
Other non-current liabilities	3'806	-	3'806
<b>Total deferred tax assets/(liabilities) arising on temporary differences</b>	<b>10'498</b>	<b>(166'985)</b>	<b>(156'487)</b>
<b>Tax losses</b>			
Unused tax losses	23'565	-	23'565
Offset deferred tax assets and deferred tax liabilities	(6'877)	6'877	-
<b>Total deferred tax asset/(liability)</b>	<b>27'186</b>	<b>(160'108)</b>	<b>(132'922)</b>

## 27.4. Unrecognised deferred tax assets/liabilities

These deferred income tax assets have not been recognised as it is not probable that future taxable profits will be available to utilise the losses.

Deferred income tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested. The parent is not only able to control the distribution of dividends but has also no plan for any such distribution.

The value of unused tax losses carried forward which have not been capitalised as deferred tax assets, with their expiration dates is as follows:

	31 December 2022 € (000's)	31 December 2021 € (000's)
Three years	58'436	-
Four years	10'101	55'698
Five years	397'979	9'628
More than five years	431'730	531'616
Unlimited	552'296	504'956
<b>Total unused tax losses carried forward</b>	<b>1'450'542</b>	<b>1'101'898</b>

## 28. Other current liabilities

	31 December 2022 € (000's)	31 December 2021 € (000's)
Deferred revenue	9'480	6'596
Other payables	17'450	23'222
Accrued expenses	126'637	125'569
Interest payable	43'727	41'509
Tax and social security costs	27'180	27'517
Factoring and reverse factoring liabilities	7'939	8'526
<b>Total other current liabilities</b>	<b>232'413</b>	<b>232'939</b>

The balance of other payables represents the sum of pension contribution payable (employer and employee portions), short-term financial liabilities and other remaining current liabilities.

## 29. Equity

### 29.1. Share capital, share premium

The Group's share capital consists of 343'724 fully paid ordinary shares with a nominal value of € 1 per share.

Fully paid ordinary shares carry one vote per share and a right to dividends.

Selecta Group B.V. issued 100 shares with a nominal value of € 1 per share to Selecta Group A.G. The share capital of the Group increased from 343,624 fully paid ordinary shares to 343,724 fully paid ordinary shares with a nominal value of € 1 per share.

The new shares were issued at an aggregate issue price of € 11'205'248.95. The amount above the nominal value of € 100, being € 11'205'148.95, increased the share premium of Selecta Group B.V.

Part of the issue price, an amount of € 430'783.01, was paid in euro. The remaining part of the issue price, equal to an amount of € 10'774'465.94 was settled by means of a set-off against the Unclaimed Senior Secured Notes owed by Selecta Group B.V. to Selecta Group AG. Further details are described in note 24.3.

## 29.2. Other comprehensive loss

The other comprehensive loss accumulated in reserves; net of tax was as follows:

<i>For the year ended 31 December 2022</i>	<i>Currency translation reserve € (000's)</i>	<i>Accumulated deficit € (000's)</i>	<i>Total € (000's)</i>
Foreign currency translation differences for foreign operations	(28'978)	-	<b>(28'978)</b>
Re-measurement loss on post-employment benefit obligations, net of tax	-	(8'369)	<b>(8'369)</b>
<b>Total other comprehensive loss, net of tax</b>	<b>(28'978)</b>	<b>(8'369)</b>	<b>(37'347)</b>

  

<i>For the year ended 31 December 2021</i>	<i>Currency translation reserve € (000's)</i>	<i>Accumulated deficit € (000's)</i>	<i>Total € (000's)</i>
Foreign currency translation differences for foreign operations	(20'017)	-	<b>(20'017)</b>
Re-measurement gain on post-employment benefit obligations, net of tax	-	(51'245)	<b>(51'245)</b>
<b>Total other comprehensive loss, net of tax</b>	<b>(20'017)</b>	<b>(51'245)</b>	<b>(71'262)</b>

Reserves arising from foreign currency translation adjustments comprise the differences from the translation of the financial statements of subsidiaries from their functional currency into Euro. Additionally, the foreign exchange differences on qualifying net investment loans are included in this reserve.

Accumulated deficit includes the accumulated re-measurement gains and losses on post-employment benefit obligations, net of any related income taxes.

## 30. Financial risk management

### 30.1. Risk management framework

Financial risk management is an integral part of the way the Group is managed. The Management Board of the Group has overall responsibility for the establishment and oversight of the Group's financial policies. The Chief Financial Officer (CFO) is responsible for setting financial strategies, which are executed by Group Treasury and by the Group's subsidiaries. The activities of Group Treasury and of the various subsidiaries are regularly reviewed and monitored by the CFO thus verifying the compliance of operations within the approved guidelines and limits.

The Group Treasury function is responsible for ensuring adequate funds are available to the Group's subsidiaries as necessary to the subsidiaries' operations and development. To this end a cash pool has been established in several countries in which the Group operates, with funds being reallocated as appropriate across the Group. The Group's Treasury function is further responsible for drawing on and repaying amounts under the Group's revolving credit facilities. All drawings must be approved by the Group CFO.

### 30.2. Market risk management

Financial market risk is essentially caused by exposures to foreign currencies, interest rates and coffee price. For further details on interest rate risk management see section 30.6 and foreign currency risk management see section 30.7.

The Group is also exposed to commodity price risk because of coffee price fluctuations. Some of these fluctuations can be passed on to clients through price increases in line with contractual conditions.

Coffee volumes are committed with suppliers in average 6 months in advance depending on current green bean coffee prices and expectations of future price development.

### 30.3. Credit risk management

Credit risk arises because a counterparty may fail to perform its obligations as prescribed, resulting in a financial loss to the Group. The Group is exposed to credit risk on its trade receivables, its non-current other financial assets, accrued income and its cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		<i>Carrying amount</i>	
	<i>Note</i>	<i>31 December 2022 € (000's)</i>	<i>31 December 2021 € (000's)</i>
Trade receivables	21	114'890	97'499
Non-current financial assets	19	12'052	15'048
Accrued income (excl. uncollected cash in POS and cash with external cash collecting firms)		23'618	17'596
Cash and cash equivalents	23	73'108	60'034
<b>Total exposure to credit risk</b>		<b>223'668</b>	<b>190'177</b>

Trade receivables are subject to credit limits and ongoing credit evaluation in all the subsidiaries. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables, and there were no counterparties where credit risk exceeded 5% of gross monetary assets at any time during the year. In addition, customer balances which have been written off or credit-impaired at the reporting date were immaterial. Due to the nature of the Group's operations, a significant portion of its revenues are received in cash.

For details on how the Group manages its credit risk arising from trade receivables see note 21.

The Group is not exposed to significant credit risk on its cash and cash equivalents of € 73.1 million at 31 December 2022 (31 December 2021: € 60.0 million) as these are spread over several institutions which are rated A+ to BB, based on S&P ratings.

Settlement risk results from the fact that the Group may not receive financial instruments from its counterparties at the expected time. This risk is managed by monitoring counterparty activity and settlement limits.

### 30.4. Liquidity risk management

Liquidity risk arises when a company encounters difficulties to meet commitments associated with financial instruments. Such risk may result from inadequate market depth or disruption or refinancing problems. This risk is managed by limiting exposures in instruments that may be affected by liquidity problems and by actively matching the funding horizon of debt with incoming cash flows. The Group manages liquidity risk by ensuring adequate reserves are available, and through its banking facilities, in particular the Group's revolving credit facilities. In addition, the Group continuously monitors cash flows to ensure that adequate funds exist to settle its liabilities.

The Group has several benchmarks and approval requirements for borrowing and investing as well as for using derivative financial instruments. In general, subsidiaries may not borrow in their respective local currency without the approval of the CFO. The subsidiaries may also not hedge their exposures without the approval of the CFO. Wherever possible, the Group requires that subsidiaries repatriate all their excess cash and bank balances to Group finance companies to allow the Group to ensure that adequate funds are made available across the Group as necessary.

#### Liquidity available through financing facilities

The amounts drawn under the senior revolving credit facility were € 59.7 million on 31 December 2022 (31 December 2021: € 41.6 million). The interest rate on this senior revolving credit facility is based on the relevant rate of the currency drawn EURIBOR plus 3.5%.

#### Liquidity tables

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table includes both principal and interest payments and has been prepared using undiscounted cash flows.

	<i>Carrying amount</i> € (000's)	<i>Less than 1 year</i> € (000's)	<i>1-5 years</i> € (000's)	<i>More than 5 years</i> € (000's)	<i>Total</i> € (000's)
<i>At 31 December 2022</i>					
Revolving credit facility	59'681	-	59'952	-	59'952
Bank and other credit facilities	14'268	7'182	8'295	-	15'477
Secured loan notes	1'023'041	43'223	1'361'008	-	1'404'231
Lease liabilities	170'643	42'664	88'397	58'136	189'197
Factoring and reverse factoring liabilities	7'939	7'939	-	-	7'939
Accrued expenses	126'637	126'637	-	-	126'637
Trade payables	196'556	196'556	-	-	196'556
<b>Total non-derivative financial liabilities</b>	<b>1'598'765</b>	<b>424'201</b>	<b>1'517'652</b>	<b>58'136</b>	<b>1'999'989</b>



	Carrying amount € (000's)	Less than 1 year € (000's)	1-5 years € (000's)	More than 5 years € (000's)	Total € (000's)
<i>At 31 December 2021</i>					
Revolving credit facility	41'637	-	41'651	-	41'651
Bank credit facility	18'103	11'986	6'117	-	18'103
Secured loan notes	973'513	25'270	1'407'235	-	1'432'505
Lease liabilities	193'691	55'654	108'628	70'635	234'917
Factoring and reverse factoring liabilities	8'526	8'526	-	-	8'526
Trade payables	173'762	173'762	-	-	173'762
Accrued expenses	125'569	125'569	-	-	125'569
<b>Total non-derivative financial liabilities</b>	<b>1'534'801</b>	<b>400'767</b>	<b>1'563'631</b>	<b>70'635</b>	<b>2'035'033</b>

### 30.5. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of net debt (borrowings as disclosed in note 24 offset by cash and bank balances. 31 December 2022: € 1'009.6 million, 31 December 2021: € 955.1 million) and equity of the Group (comprising share capital, share premium, currency translation reserves, and accumulated deficit. 31 December 2022: € 444.8 million, 31 December 2021: € 554.3 million).

### 30.6. Interest rate risk management

The Group's senior secured notes have a fixed interest rate until 2026, when these instruments mature. These notes form the majority of the Selecta Group's financial debt.

The revolving credit facility has a flexible interest rate (pre-agreed margin above Euribor) and matures in 2026. Given the large weighting of the senior secured notes vs. the revolving credit facility, the Group's exposure to interest rate changes is limited.

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	Notes	31 December 2022 € (000's)	31 December 2021 € (000's)
Financial liabilities		(1'193'684)	(1'167'204)
<b>Total fixed-rate instruments</b>		<b>(1'193'684)</b>	<b>(1'167'204)</b>
Financial assets	23	66'699	52'162
Financial liabilities	24	(59'681)	(41'637)
<b>Total variable-rate instruments</b>		<b>7'018</b>	<b>10'525</b>

### Interest rate risk sensitivity

The sensitivity is based on the Group's total variable rate instruments at 31 December, assuming the amount of the liabilities outstanding and the financial assets held at the end of the reporting period was outstanding for the whole year.

At 31 December 2022 if interest rates had been 100 basis points higher/lower, with all other assumptions held constant and the outstanding liabilities as well as held assets assumed constant for the whole year, profit after taxation would decrease/increase by € 0.05 million (€ 0.08 million respectively for the year ended 31 December 2021).

A 100 basis points change is used for the purposes of the sensitivity analysis as it represents management's assessment of a reasonably possible change in interest rates.

### 30.7. Foreign currency risk management

Foreign currency transaction risk arises because subsidiaries may undertake transactions in foreign currencies such as the import of machines and the acquisition of services and the related borrowings. Translation exposure arises from the consolidation of the Group accounts into EUR and is not hedged but managed primarily through borrowings denominated in the relevant foreign currencies.

#### Exposure to currency risk

Since each of the Group's subsidiaries invoices its customers in its functional currency and since the largest part of its cost base is also denominated in its functional currency, the exposure to currency risk within the trading subsidiaries of the Group is not significant.

## 31. Financial instruments

### 31.1. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2022	Notes	Carrying amount			Fair value	
		Financial assets at amortised cost € (000's)	Other financial liabilities € (000's)	Total € (000's)	Level 2 € (000's)	Total € (000's)
<b>Financial assets not measured at fair value</b>						
Trade receivables	21	114'890	-	114'890		
Non-current financial assets	19	12'052	-	12'052		
Cash and cash equivalents	23	73'108	-	73'108		
Accrued income	22	31'250	-	31'250		
		<b>231'300</b>	<b>-</b>	<b>231'300</b>		
<b>Financial liabilities not measured at fair value</b>						
Revolving credit facility	24	-	(59'681)	(59'681)	(59'681)	(59'681)
Bank and other credit facilities		-	(14'268)	(14'268)	(14'268)	(14'268)
Secured loan notes	24	-	(1'023'041)	(1'023'041)	(1'153'047)	(1'153'047)
Lease liabilities	16	-	(170'643)	(170'643)	(170'643)	(170'643)
Factoring and reverse factoring liabilities	28	-	(7'939)	(7'939)	(7'939)	(7'939)
Accrued Expenses	28	-	(126'637)	(126'637)	-	-
Trade payables		-	(196'556)	(196'556)	-	-
		<b>-</b>	<b>(1'598'765)</b>	<b>(1'598'765)</b>		

31 December 2021	Notes	Carrying amount			Fair value	
		Financial assets at amortised cost € (000's)	Other financial liabilities € (000's)	Total € (000's)	Level 2 € (000's)	Total € (000's)
<b>Financial assets not measured at fair value</b>						
Trade receivables	21	97'499	-	97'499		
Non-current financial assets	19	15'048	-	15'048		
Cash and cash equivalents	23	60'034	-	60'034		
Accrued income	22	23'158	-	23'158		
		<b>195'739</b>	<b>-</b>	<b>195'739</b>		
<b>Financial liabilities not measured at fair value</b>						
Revolving credit facility	24	-	(41'637)	(41'637)	(41'637)	(41'637)
Bank credit facility	-	-	(18'103)	(18'103)	(18'103)	(18'103)
Secured loan notes	24	-	(973'513)	(973'513)	(1'222'228)	(1'222'228)
Lease liabilities	16	-	(193'691)	(193'691)	(193'691)	(193'691)
Factoring and reverse factoring liabilities	28	-	(8'526)	(8'526)	(8'526)	(8'526)
Accrued Expenses	28	-	(125'569)	(125'569)	-	-
Trade payables		-	(173'762)	(173'762)	-	-
		<b>-</b>	<b>(1'534'801)</b>	<b>(1'534'801)</b>		

## 31.2. Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 fair values:

### Financial instruments not measured at fair value

	Valuation technique	Significant unobservable inputs
Borrowings and other financial liabilities	Discounted cash flows: The fair value is estimated considering a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Not applicable

## 32. Contingent liabilities

The Group, through a number of its subsidiaries, is involved in various legal proceedings or claims arising from its normal business. Provisions are made as appropriate where management assesses that it is probable that an outflow of economic benefits will arise. None of these proceedings results in a material contingent liability for the Group.

### 33. Share-based payments

---

In 2021, the Group implemented a long-term incentive plan for key management called «Management incentive plan» (MIP). The MIP offers the opportunity to subscribe for equity shares of one of Selecta Group B.V.'s parents (Selecta Group HoldCo S.à r.l) which is not in the scope of these consolidated financial statements.

The MIP is a Group share-based payment plan under IFRS 2 'Share-based Payment'. Due to the fact that the plan does not result in a settlement obligation for the Group, it is classified as an equity-settled plan. Fair value of the management shares was determined using the discounted cash flow and market multiples methods.

The MIP had no significant impact on the Group's consolidated financial statements for year ended 31 December 2022 and 31 December 2021.

### 34. Related parties

---

#### 34.1. Ultimate controlling parties

---

Since 11 December 2015, the ultimate controlling parties of the Group are funds and accounts managed or advised by affiliates of KKR & Co. Inc., which is publicly traded on the New York Stock Exchange (NYSE: KKR).

#### 34.2. Compensation of key management personnel

---

No remuneration is paid by the Group to any of the Members of the Board of Directors of Selecta Group B.V. in their capacity as Members of the Board of Directors of Selecta Group B.V. for the year ended 31 December 2022 (2021: nil). Selecta AG is the main operating entity of the Group. Selecta AG is managed by its Board of Directors and an Executive Committee.

No remuneration is paid by the Group to any of the Directors of Selecta AG by the Group in their capacity as Members of the Board of Directors for the year ended 31 December 2022 (2021: nil).

The remuneration of the Executive Committee during the periods was as follows:

	<i>Year ended 31 December 2022</i>	<i>Year ended 31 December 2021</i>
	<i>€ (000's)</i>	<i>€ (000's)</i>
Short term benefits	6'200	6'100

There were no other material transactions or outstanding balances between the Group and its key management personnel or members of their close family for the year ended 31 December 2022 (2021: nil).

#### 34.3. Transactions and balances with related parties

---

The ultimate controlling parties of the Group are funds and accounts managed or advised by affiliates of KKR & Co. Inc., which is publicly traded on the New York Stock Exchange (NYSE: KKR). The direct parent company of Selecta Group B.V. is Selecta Group AG. KKR & Co. Inc. is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate and credit strategies and has \$ 504 billion assets under management at 31 December 2022 (31 December 2021: \$ 471 billion).

Transactions between the Group and other related parties were as follows:

<i>Related party</i>	<i>Nature of the transaction</i>	<i>Amount of transaction € (000's)</i>	<i>Outstanding balance € (000's)</i>
<b>2022</b>			
KKR Capstone America LLC	Support in the execution of restructuring plan	697	606
Selecta Group AG	Mark-up for services	4'631	4'631
Selecta Group AG	Related party loan	8'740	22'812
<b>2021</b>			
KKR Capstone America LLC	Support in the execution of restructuring plan	-	606
Selecta Group AG	Mark-up for services	3'486	3'486
Selecta Group AG	Related party loan	6'884	13'270

There were no other material transactions or outstanding balances between the Group and other related parties for the year ended 31 December 2022 (2021: nil).

### **35. Events after the balance sheet date**

---

No events have occurred between 31 December 2022 and the date of authorisation of the issue of these consolidated financial statements by the Board of Directors of the Company on 14 March 2023 that could have a material impact on the consolidated financial statements.

## 36. Subsidiaries

The company's subsidiaries at 31 December 2022 and 31 December 2021 were as follows:

Legal Name of Subsidiary	Place of Incorporation (or registration)	Ownership % 31 Dec 2022	Ownership % 31 Dec 2021	Principal Activities	Change	Change btw 31 Dec 2022 and 31 Dec 2021
Selecta Betriebsverpflegungs GmbH	Austria	100	100	Vending	-	
Selecta Belgium N.V.	Belgium	100	100	Vending	-	
Selecta NV	Belgium	100	100	Dormant	-	
Selecta A/S	Denmark	100	100	Vending	-	
Selecta Finland OY	Finland	100	100	Vending	R	
Selecta Holding SAS	France	100	100	Holding	-	
Selecta SAS	France	100	100	Vending	-	
Selecta Deutschland GmbH	Germany	100	100	Vending	-	
W Selecta GmbH	Germany	100	0	Holding	N	Newly incorporated
Selecta Ireland Vending Solutions Ltd	Ireland	100	100	Vending	-	
Selecta Refreshments LTD	Ireland	100	100	Dormant	-	In process of voluntary strike off
Gruppo Argenta S.P.A.	Italy	100	100	Vending	-	
Selecta Luxembourg SARL	Luxembourg	100	100	Vending	-	
Pelican Rouge B.V.	Netherlands	100	100	Holding	-	
Pelican Rouge Coffee Roasters B.V.	Netherlands	100	100	Vending	-	
Pelican Rouge Group B.V.	Netherlands	100	100	Holding	-	
Selecta AF B.V.	Netherlands	100	100	SPE	-	
Selecta Financing B.V.	Netherlands	100	100	Holding	-	
Selecta Netherlands B.V.	Netherlands	100	100	Vending	-	
Selecta Norway AS	Norway	100	100	Vending	-	
AB Servicios Selecta Espana SLU	Spain	100	100	Vending	-	
Acorn Spain 1 SLU	Spain	0	100	Holding	M	Merged with AB Servicios Selecta Espana SLU
Nordis Social Coffee SLU	Spain	100	100	Vending	-	
Servecave SLU	Spain	100	100	Holding	-	
Selecta AB	Sweden	100	100	Vending	-	
Selecta Nordic Holding AB	Sweden	100	100	Holding	-	
Selecta AG	Switzerland	100	100	Vending	-	
Selecta Group Management AG	Switzerland	100	100	Holding	-	
Selecta Trading s.r.o	Slovakia	100	100	Dormant	-	In process of liquidation
Allen Vending Services Limited	United Kingdom	100	100	Dormant	-	In process of voluntary strike off
Express Vending Group Limited	United Kingdom	100	100	Dormant	-	In process of voluntary strike off
Express Vending Limited	United Kingdom	100	100	Vending	-	
GEM Vending Limited	United Kingdom	100	100	Dormant	-	In process of voluntary strike off
Select Drinks Limited	United Kingdom	100	100	Dormant	-	In process of voluntary strike off
Selecta Finance UK Limited	United Kingdom	100	100	Holding	-	
Selecta Refreshments LTD	United Kingdom	100	100	Dormant	-	In process of voluntary strike off
Selecta U.K. Limited	United Kingdom	100	100	Vending	-	
Selecta UK Holding Ltd	United Kingdom	100	100	Holding	-	

### Legend

N	Newly acquired or incorporated
S	Sold
D	Dissolved or in process of voluntary strike off
M	Merged
R	Renamed
-	No change

## Approval of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2022 have been authorised by the Board of Directors on 14 March 2023.

Amsterdam, 14 March 2023

Christian Schmitz  
*Director of the Selecta Group B.V.*

Nicole Charriere Roos  
*Director of the Selecta Group B.V.*

Ruud Gabriels  
*Director of the Selecta Group B.V.*

Robert Plooi  
*Director of the Selecta Group B.V.*



**KPMG AG**  
Badenerstrasse 172  
PO Box  
CH-8036 Zurich  
  
+41 58 249 31 31  
kpmg.ch

## **Independent Auditor's Report to the Board of Directors on the consolidated financial statements of Selecta Group B.V., Amsterdam**

### **Opinion**

We have audited the consolidated financial statements of Selecta Group B.V. and its subsidiaries (the group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Matter**

This set of consolidated financial statements has voluntarily been prepared by the Board of Directors. Our report thereon has been prepared at the request of the Board of Directors and does not represent a statutory auditor's report required in accordance with the laws and regulations in the Netherlands.

### **Responsibility of the Board of Directors for the Consolidated Financial Statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 consolidated financial statements.



As part of an audit in accordance with ISAs we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



**Selecta Group B.V., Amsterdam**  
Independent Auditor's Report  
to the Board of Directors  
on the consolidated financial statements

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG AG

Marc Ziegler  
Licensed Audit Expert  
Auditor in Charge

Stefan Widmer  
Licensed Audit Expert

Zurich, 14 March 2023