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

Consolidated financial statements for the 12 months ended 31 December 2020 and report of the independent auditor

These consolidated financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V. prepared in accordance with Dutch GAAP.

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Consolidated financial statements

Consolidated statement of profit or loss

	Notes	12 months ended 31 December 2020 € (000's)	15 months ended 31 December 2019[1] € (000's)
Revenue	5, 6	1'141'445	2'034'774
Vending fees		(133'707)	(225'638)
Materials and consumables used	8	(399'685)	(680'562)
Employee benefits expense	9	(413'930)	(601'876)
Depreciation, amortisation and impairment expenses	10	(309'147)	(253'714)
Other operating expenses	11	(190'857)	(344'963)
Other operating income	12	16'178	45'382
(Loss) / Gain on disposal of subsidiaries		(47)	(48)
Loss before finance costs net and income tax		**(289'750)**	**(26'645)**
Finance costs	13	(169'530)	(179'145)
Finance income	13	23'698	69'615
Loss before income tax		**(435'582)**	**(136'175)**
Income taxes	14	15'090	(310)
Loss from continuing operation		**(420'492)**	**(136'485)**
Profit / (Loss) from discontinued operation, net of tax		-	(283)
Loss for the period		**(420'492)**	**(136'768)**
Loss attributable to:			
Owners of the Company		(420'492)	(136'490)
Non-controlling interests	29.3	-	(278)
		(420'492)	**(136'768)**
Revenue net of vending fees[2]	5, 7	1'007'738	1'809'135

The notes on pages 9 to 59 are an integral part of these consolidated financial statements.

[1] Extended accounting year (15 months ended 31 December 2019, see note 2).

[2] 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 income

	Notes	*12 months ended* *31 December 2020* *€ (000's)*	*15 months ended* *31 December 2019*[3] *€ (000's)*
Loss for the period		**(420'492)**	**(136'768)**
Items that will not be reclassified to the consolidated statement of profit or loss			
Re-measurement gain / (loss) on post-employment benefit obligations	25	10'363	(2'020)
Income tax relating to re-measurement loss on post-employment benefit obligations	27.2	(1'471)	(124)
		8'892	**(2'144)**
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss			
Release of hedging reserve through profit and loss	29.2	-	(158)
Foreign exchange translation differences for foreign operations	29.2	(22'920)	(67'033)
Other comprehensive income for the period		**(14'028)**	**(69'335)**
Total comprehensive income for the period		**(434'520)**	**(206'103)**
Total comprehensive income attributable to			
Owners of the Company		(434'520)	(205'825)
Non-controlling interests	29.3	-	(278)
		(434'520)	**(206'103)**

The notes on pages 9 to 59 are an integral part of these consolidated financial statements.

[3] Extended accounting year (15 months ended 31 December 2019, see note 2).

Consolidated balance sheet

	Notes	*31 December 2020 € (000's)*	*31 December 2019 € (000's)*
Non-current assets			
Property, plant and equipment	15	509'507	381'998
Goodwill	16	978'803	1'048'813
Trademarks	17	347'914	351'204
Customer contracts	17	280'843	339'642
Other intangible assets	17	20'795	26'876
Deferred income tax assets	27	25'665	24'555
Non-current financial assets	18	16'341	24'380
Net defined benefit asset	25	78'524	72'288
Derivative financial instruments	31	-	12'583
Total non-current assets		**2'258'392**	**2'282'339**
Current assets			
Inventories	19	99'294	126'371
Trade receivables	20	64'410	65'866
Other current assets	21	45'654	82'864
Cash and cash equivalents	22	127'902	64'396
Total current assets		**337'260**	**339'497**
Total assets		**2'595'652**	**2'621'836**

The notes on pages 9 to 59 are an integral part of these consolidated financial statements.

	Notes	*31 December 2020 € (000's)*	*31 December 2019 € (000's)*
Equity and liabilities			
Equity			
Share capital	29	344	187
Share premium	29	2'033'091	1'039'957
Currency translation reserve	29	(223'037)	(200'117)
Accumulated deficit	29	(1'089'154)	(677'554)
Total equity		**721'244**	**162'473**
Non-current liabilities			
Loans due to parent undertaking	23	-	230'879
Borrowings	23	975'332	1'496'076
Derivative financial instruments	31	-	13'094
Lease liabilities	24	174'389	22'944
Net defined benefit liability	25	16'779	21'026
Provisions	26	11'253	40'837
Other non-current liabilities		11'284	15'519
Deferred income tax liabilities	27	187'225	200'907
Total non-current liabilities		**1'376'262**	**2'041'282**
Current liabilities			
Lease liabilities	31	52'240	16'205
Trade payables		147'413	201'402
Provisions	26	68'901	5'463
Current income tax liabilities		8'863	9'746
Other current liabilities	28	220'729	185'265
Total current liabilities		**498'146**	**418'081**
Total liabilities		**1'874'408**	**2'459'363**
Total equity and liabilities		**2'595'652**	**2'621'836**

The notes on pages 9 to 59 are an integral part of these consolidated financial statements

Statement of changes in consolidated equity

		Attributable to owners of the Company							
		Share capital	*Share premium*	*Currency translation reserve*	*Hedging reserve*	*Accumu-lated deficit*	*Total*	*Non-con-trolling interests*	*Total equity*
		€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Balance at 1 October 2018 restated		**187**	**895'974**	**(133'084)**	**158**	**(538'043)**	**225'192**	**(199)**	**224'993**
Other comprehensive Income		-	-	(67'033)	(158)	(2'144)	(69'335)	-	**(69'335)**
Loss for the period		-	-	-	-	(136'490)	(136'490)	(278)	**(136'768)**
Total comprehensive income for the period		-	-	(67'033)	(158)	(138'634)	(205'825)	(278)	**(206'103)**
Equity contribution	*29.1*	-	*143'983*	-	-	-	*143'983*	-	***143'983***
Acquisition of NCI without change in control	*29.3*				-	(877)	(877)	477	**(400)**
Balance at 31 December 2019[4]		**187**	**1'039'957**	**(200'117)**	**-**	**(677'554)**	**162'473**	**-**	**162'473**
Other comprehensive income		-	-	(22'920)	-	8'892	(14'028)	-	**(14'028)**
Loss for the period		-	-	-	-	(420'492)	(420'492)	-	**(420'492)**
Total comprehensive income for the period		-	-	(22'920)	-	(411'600)	(434'520)	-	**(434'520)**
Equity contribution	*29.1*	157	993'134	-	-	-	993'291	-	**993'291**
Balance at 31 December 2020		**344**	**2'033'091**	**(223'037)**	**-**	**(1'089'154)**	**721'244**	**-**	**721'244**

The notes on pages 9 to 59 are an integral part of these consolidated financial statements.

[4] Extended accounting year (15 months ended 31 December 2019, see note 2)

Consolidated cash flow statement

	Notes	*12 months ended 31 December 2020* *€ (000's)*	*15 months ended 31 December 2019[5]* *€ (000's)*
Cash flows from operating activities			
Loss before income tax		(435'582)	(136'175)
Depreciation, amortisation and impairment expenses	10	309'147	253'714
Gain on disposal of property, plant and equipment, net		(5'768)	(29'031)
Loss / (Gain) on disposal of subsidiaries		47	48
Non-cash transactions		(2'403)	6'064
Finance costs, net		145'832	109'530
Changes in working capital:			
(Increase)/Decrease in inventories		26'385	(24'175)
(Increase)/Decrease in trade receivables		631	(6'728)
(Increase)/Decrease in other current assets		46'399	(15'317)
Increase/(Decrease) in trade payables		(52'752)	(73'824)
Increase/(Decrease) in other current liabilities and provisions		77'883	(27'351)
Income taxes paid		(1'770)	(6'923)
Net cash generated from operating activities		**108'049**	**49'832**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	32	(3'079)	(26'542)
Purchases of property, plant and equipment	15	(48'272)	(167'247)
Purchases of intangible assets	17	(5'820)	(18'940)
Proceeds from sale of property, plant and equipment	15	13'420	72'058
Interest received and other proceeds paid		(408)	(35)
Net cash used in investing activities		**(44'159)**	**(140'706)**
Cash flows from financing activities			
Proceeds from capital increase	23.3	125'000	149'851
Proceeds from cash grant	23.4	50'000	-
Proceeds from interim financing	23.4	50'000	-
Repayment of interim financing	23.4	(50'000)	-
Repayment of borrowings	23.4	(23'537)	(2'530)
Payment of lease liabilities[6]	23.4	(63'051)	(20'600)
Proceeds from factoring	23.4	5'040	1'631
Interest paid	23.4	(63'750)	(134'501)
Financing costs paid		(30'406)	(2'693)
Acquisition of non-controlling interest	29.3	-	(400)
Net cash used in financing activities	23.4	**(704)**	**(9'242)**
Net (decrease)/increase in cash and cash equivalents		**63'186**	**(100'116)**
Cash and cash equivalents at the beginning of the period		64'396	163'834
Exchange gains on cash and cash equivalents		320	678
Cash and cash equivalents at the end of the period		**127'902**	**64'396**

The notes on pages 9 to 59 are an integral part of these consolidated financial statements.

[5] Extended accounting year (15 months ended 31 December 2019, see note 2)

[6] Restatement principal of finance lease previously presented in net cash used in investing activities.

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 Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. The business of the Group is significantly impacted by the pandemic and the related decrease in mobility and office presence which has negatively impacted the financial performance of the year. Despite the pandemic the Group continued to operate in all of its market during 2020.

In addition to the downsides in revenue, the pandemic had the following main impacts on the financial performance in 2020:

- The Group received support from the government in most of the countries it operates for employees on short-term work which was used to adapt resources to short term demand changes. The compensation received amounts to € 64.2 million and was offset in the income statement against employee benefit expense. Additional savings were realized in Spain of € 6.1 million, that were paid directly from the government to employees.

- There were decisive and rapid actions implemented in order to partially mitigate the adverse impact on both income statement and liquidity. Amongst other the actions include strict cost saving measures and re-negotiation of contracts with focus on the fixed vending rents.

- A detailed structural review to ensure the Group is positioned for future growth was performed which resulted in a plan to permanently reduce full time employees from roughly 10’000 in 2019 to 7’000 by the end of 2021. The execution of the plan already started in 2020. € 35 million provisions for restructuring were considered as of 31 December 2020 in accordance with IFRS and recognized in employee benefit expenses.

- As the Group expects a sustainable impact from the current pandemic resulting in lower revenues from the existing business, a Goodwill impairment in the amount of € 68.9 million as well as an impairment on customer contracts in the amount of € 13.4 million were recognized in income statement.

There is still uncertainty over the development of the crisis and its impact on the future financial performance of the Group. Provided the solid cash position and the successful re-negotiation of the bondholder agreements the management continues to be convinced to have the adequate resources to continue in operations at least for the next 12 months until the sign-off of the Financial Statements 2021. The going concern assumption remains appropriate accordingly.

The conclusion is supported by the measures already taken by management to mitigate the decline in revenue, especially the adoption of the Group to its new size of revenue.

2. Basis of preparation

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

In 2019 Selecta has decided to change its financial year-end from 30 September to 31 December. The 31 December accounting year-end fits better with the Group’s trading cycle, simplifies its financial reporting procedures and aligns the accounting period with that of its peer group. Thus, the prior year financial statements which comprise 15 months are not fully comparable with the current period which comprises 12 months.

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 2020.

The Group has initially adopted IFRS 16 "Leases" by choosing the modified retrospective approach as of 1 January 2020. As permitted under the specific transitional provisions in the standard, no restatement of the comparatives for the 15 months reporting period ended 31 December 2019 was required. The reclassifications and the adjustments arising from the new leasing accounting requirements are therefore recognized in the opening balance sheet on 1 January 2020. The switch to IFRS 16 has no impact on equity as of 1 January 2020.

On adoption of IFRS 16, the Group recognized right-of-use assets and lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 "Leases". The lease liabilities were initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if this rate could be readily determined. For all other lease liabilities, the present value was measured of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2020. The average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 3.8%.

For leases previously classified as finance leases the entity recognized the carrying amount of the leased asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- to grandfather the assessment of which the transactions are leases,
- reliance on previous assessments on whether leases are onerous,
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application and
- the use of hindsight in determining the lease term when the contract contains an option to extend or terminate the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. For all classes of underlying assets, the Group has elected not to separate non-lease components from lease components and instead to account for each lease component and any associated non-lease component as a single lease component.

The reconciliation of payment obligations from operating leases as at 31 December 2019 for initial recognition as at 1 January 2020 is as follows:

	€ (000's)
Obligations from operating leases as at 31 December 2019	157'521
Lease contracts and options previously not taken into account	35'367
Discounting	-
Carrying amount of finance lease liabilities as at 31 December 2019	39'149
Lease liabilities as at 1 January 2020	**232'037**

The adoption of IFRS 16 had the following impact on the consolidated balance sheet as at 1 January 2020:

	31 December 2019 reported € (000's)	*IFRS16 impact € (000's)*	*1 January 2020 € (000's)*
Assets			
Freehold land and buildings	10'092	120'570	130'662
Vending equipment	322'483	22'262	344'745
Other fixtures & fittings	17'621	36	17'657
Vehicles	11'243	49'682	60'925
Other equipment	20'559	3'150	23'709
Property, plant and equipment	**381'998**	**195'700**	**577'698**
Total non-current Assets	**2'282'339**	**195'700**	**2'478'039**
Total current assets	**339'497**	**(2'812)**	**336'685**
Total assets	**2'621'836**	**192'888**	**2'814'724**

	31 December 2019 reported € (000's)	*IFRS16 impact € (000's)*	*1 January 2020 € (000's)*
Equity			
Total equity	**162'473**	**-**	**162'473**
Liabilities			
Finance lease liabilities / Lease liabilities	22'944	181'884	204'828
Total non-current liabilities	**2'041'282**	**181'884**	**2'223'166**
Finance lease liabilities / Lease liabilities	16'205	11'004	27'209
Total current Liabilities	**418'081**	**11'004**	**429'085**
Total liabilities	**2'459'363**	**192'888**	**2'652'250**
Total equity and liabilities	**2'621'836**	**192'888**	**2'814'724**

In the reporting period, other operating expenses were decreased by € 48.9 million while the depreciation and amortisation expense as well as the interest expenses included in finance costs were increased by € 52.5 million due to the application of IFRS 16. Furthermore, the consolidated cash flow statement was impacted by a shift from cash flows used in operating activities to cash flows used in financing activities in the amount of € 54.8 million.

The Group enters into contracts to install, operate, supply and maintain self-service retail machines and pays the counterparties a consideration (vending fees) in exchange. The right to re-locate the machines remains with the counterparty and therefore he has a practical ability to substitute the asset. As a consequence, there is no lease identified for such contracts.

3.2. New and revised/amended standards and interpretations

A number of other new amendments are effective from 1 January 2020, but they do not have a material effect on the Group's financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 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.

	Impact	*Effective date*	*Planned application by Selecta Group B.V.*
New standards or interpretations			
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	2)	1 January 2021	Reporting year 2021
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	2)	1 January 2022	Reporting year 2022
Annual Improvements to IFRS Standards 2018-2020	2)	1 January 2022	Reporting year 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1)	1 January 2022	Reporting year 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	2)	1 January 2022	Reporting year 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	2)	1 January 2023	Reporting year 2023

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 period, unless exchange rates fluctuated significantly during that period, 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 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 2020		*31 December 2019*	
		Balance sheet	*Statement of profit or loss*	*Balance sheet*	*Statement of profit or loss*
Danish Krone	DKK	7.44	7.45	7.47	7.44
Great Britain Pound	GBP	0.90	0.89	0.85	0.88
Norwegian Kroner	NOK	10.47	10.78	9.86	9.82
Swedish Krona	SEK	10.03	10.48	10.45	10.53
Swiss Franc	CHF	1.08	1.07	1.09	1.12

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 as of 1st July, 2019 (before 4 to 8 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. 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.

3.8. 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.

3.9. 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.

3.10. 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.

3.11. 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.

3.12. 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 amortized 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 entity 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 where wrong invoices were issued.

3.13. 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 en route to or from such cash counting firms. These amounts are included in other current assets.

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

3.14. 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.

3.15. 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.

3.16. Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to interest rate and/or foreign exchange risk.

Such derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date, with changes therein generally recognised in profit or loss (finance income or finance costs).

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. 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 recognised is recognised on a straight-line basis over the service period whereas time and material agreements are recorded as they incur.

3.21. Leases

Lease accounting from 1 January 2020

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

All leases, except for low-value and short-term leases, are capitalised on the balance sheet. Leases are capitalised at the lease's commencement. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in (non-) current liabilities. 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 property, plant and equipment acquired is depreciated over the shorter of the useful life of the asset or the lease term.

Lease accounting until 31 December 2019

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between repayment of the outstanding liability and finance charges. The corresponding rental obligations, net of finance charges, are included in non-current liabilities or current liabilities as appropriate. The interest element of the finance cost is charged to the statement of profit or loss over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Other lease agreements are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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 notes 16 and 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 over 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 17 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 21.

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. Segmental reporting

The Group'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 activity are managed at Group level and are not allocated to segments.

Three different regions present similarities in terms of both channel and business model pre-dominances, 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[7], 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[8], 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 and loss before finance costs, net and 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.

The Group initially applied IFRS 16 at 1 January 2020, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see Note 3). As a result, the Group recognised € 195.7 million of right-of-use assets and € 192.9 million of liabilities from those lease contracts. The assets and liabilities are included in the in all three reportable segments as well as in HQ as at 31 December 2020. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated (see Note 3).

[7] Paid vend means that consumer pays (e.g. at the coffee machines in the offices)
[8] Free vend is defined by consumer not paying but the employer is paying (e.g. coffee consumption)

Result for the 12 months ended 31 December 2020

	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	376'661	418'366	360'190	**1'155'217**	(13'772)	**1'141'445**
Revenue net of vending fees	332'473	346'833	342'204	**1'021'510**	(13'772)	**1'007'738**
Profit/(loss) before finance costs, net and income taxes, depreciation, amortisation and impairment expense	**10'471**	**15'949**	**39'938**	**66'358**	**(46'961)**	**19'397**
Depreciation, amortisation and impairment expense	(61'313)	(68'001)	(42'136)	**(171'450)**	(137'697)	**(309'147)**
Loss before finance costs, net and income tax						**(289'750)**
Finance costs, net						**(145'832)**
Loss before income tax						**(435'582)**

Result for the 15 months ended 31 December 2019

	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	755'751	745'334	565'797	**2'066'882**	(32'108)	**2'034'774**
Revenue net of vending fees	684'186	617'845	539'212	**1'841'243**	(32'108)	**1'809'135**
Profit/(loss) before finance costs, net and income taxes, depreciation and amortisation expense	**99'608**	**74'361**	**106'283**	**280'252**	**(53'183)**	**227'069**
Depreciation and amortisa-tion expense	(66'132)	(70'984)	(49'501)	**(186'617)**	(67'097)	**(253'714)**
Loss before finance costs, net and income tax						**(26'645)**
Finance costs, net						**(109'530)**
Loss before income tax						**(136'175)**

	Non-current assets excluding deferred income tax assets, non-current financial assets, derivative financial instruments and net defined benefit assets	
	31 December 2020 € (000's)	*31 December 2019 € (000's)*
Switzerland	116'717	66'121
France	86'014	76'240
Italy	95'023	91'290
Sweden	30'129	26'458
UK	45'852	38'785
Netherlands	59'985	38'210
All other countries	131'668	104'245
HQ	1'572'474	1'707'185
Total	**2'137'862**	**2'148'534**

6. Revenue by channel

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

Result for the 12 months ended 31 December 2020

	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 from contracts with customers	376'661	418'366	347'921	1'142'948	(13'772)	1'129'176
Rental revenue	-	-	12'269	12'269	-	12'269
Total revenue	**376'661**	**418'366**	**360'190**	**1'155'217**	**(13'772)**	**1'141'445**
Revenue from On-the-Go channel	135'212	207'701	58'212	401'125		401'125
Intersegment revenue from On-the-Go channel	-	138	-	138	(138)	-
Third party revenue from Workplace channel	187'937	172'809	163'109	523'855	-	523'855
Intersegment revenue from Workplace channel	-	51	-	51	(51)	-
Third party revenue from Trading channel	53'512	37'651	113'033	204'196	-	204'196
Intersegment revenue from Trading channel	-	16	13'567	13'583	(13'583)	-
Total revenue from contracts with customers	**376'661**	**418'366**	**347'921**	**1'142'948**	**(13'772)**	**1'129'176**

Result for the 15 months ended 31 December 2019

	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 from contracts with customers	755'751	745'334	546'080	2'047'165	(32'108)	2'015'057
Rental revenue	-	-	19'717	19'717	-	19'717
Total revenue	**755'751**	**745'334**	**565'797**	**2'066'882**	**(32'108)**	**2'034'774**
Revenue from On-the-Go channel	275'844	377'120	86'622	739'586	-	739'586
Third party revenue from Workplace channel	351'606	304'618	260'165	916'389	-	916'389
Intersegment revenue from Workplace channel	-	88	-	88	(88)	-
Third party revenue from Trading channel	128'261	63'446	167'375	359'082	-	359'082
Intersegment revenue from Trading channel	40	62	31'918	32'020	(32'020)	-
Total revenue from contracts with customers	**755'751**	**745'334**	**546'080**	**2'047'165**	**(32'108)**	**2'015'057**

Revenue by channel:

On-the-Go (Public & semi-public):
The On-the-Go channel includes public and semi-public points of sale (vending machines).

Public points of sale are characterized 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 our 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 at 31 December 2020 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

	12 months ended 31 December 2020 € (000's)	*15 months ended 31 December 2019 € (000's)*
Cost of materials	(413'004)	(723'545)
Rebates and discounts	14'312	40'277
Other	(993)	2'706
Total materials and consumables used	**(399'685)**	**(680'562)**

9. Employee benefits expense

	12 months ended 31 December 2020 € (000's)	*15 months ended 31 December 2019 € (000's)*
Wages and salaries	(402'119)	(491'458)
Social security	(65'884)	(100'780)
Compensation for short-term work	64'120	-
Post-employment benefits		
Defined contribution plans	(7'389)	(8'902)
Defined benefit plans	(2'658)	(736)
Total employee benefits expense	**(413'930)**	**(601'876)**

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

10. Depreciation, amortisation and impairment expenses

	12 months ended 31 December 2020 € (000's)	*15 months ended 31 December 2019 € (000's)*
Depreciation[9]	(162'354)	(175'091)
Impairment recognized on customer contracts and others	(16'557)	-
Impairment on Goodwill	(68'900)	.
Amortisation customer relationship contracts and trademark	(48'353)	(60'901)
Amortisation other intangibles	(12'983)	(17'722)
Total depreciation, amortisation and impairment expenses	**(309'147)**	**(253'714)**

[9] With the application of IFRS 16 as per 1 January 2020 additional depreciation in 12 months ended 31 December 2020 of € 45.8 m.

11. Other operating expenses

	12 months ended 31 December 2020 € (000's)	*15 months ended 31 December 2019 € (000's)*
Maintenance	(84'260)	(164'904)
Administration expenses	(76'472)	(105'756)
Travel and representation	(5'431)	(13'205)
Rent	(9'652)	(40'180)
Loss on disposal of tangible assets	(5'232)	(17'014)
Other operating expenses	(9'810)	(3'904)
Total other operating expenses	**(190'857)**	**(344'963)**

12. Other operating income

	12 months ended 31 December 2020 € (000's)	*15 months ended 31 December 2019 € (000's)*
Suppliers marketing contributions	1'036	3'051
Gain on disposal of tangible assets	6'125	29'170
Other operating income	9'017	13'161
Total other operating income	**16'178**	**45'382**

13. Finance costs and finance income

	12 months ended 31 December 2020 € (000's)	*15 months ended 31 December 2019 € (000's)*
Interest on loan due to parent undertaking	(8'154)	(46'651)
Interest on other loans	(88'055)	(103'581)
Refinancing costs	(65'941)	(10'538)
Lease interest expense	(6'948)	(1'666)
Other interest and finance expense	(432)	(7'647)
Change in fair value of derivative financial instruments	-	(9'062)
Total finance costs	**(169'530)**	**(179'145)**
Change in fair value of derivative financial instruments	512	-
Foreign exchange gain	20'698	69'459
Other Interest and finance income	2'718	156
Total finance income	**23'698**	**69'615**

14. Income Taxes

Income tax (expense)/benefit comprises:

	12 months ended 31 December 2020 € (000's)	*15 months ended 31 December 2019 € (000's)*
Current income tax expense	(845)	(14'777)
Deferred income tax benefit	15'935	14'467
Total income tax (expenses) / benefit	**15'090**	**(310)**

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

	12 months ended 31 December 2020 € (000's)	*15 months ended 31 December 2019 € (000's)*
Loss before income tax	(435'482)	(136'175)
Applicable tax rate	23.2%	21.3%
Expected tax credit	100'982	28'983
Effect of expenses not deductible for tax purposes	(37'891)	(5'479)
Effect of taxable losses for the period not recognised as deferred tax assets	(62'579)	(31'710)
Effect of non-taxable income for tax purposes	13'503	12'293
Income tax expense of previous years	1'075	(4'397)
Income tax benefit / (expense) recognised in statement of profit or loss	**15'090**	**(310)**

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.

15. Property, plant and equipment

Cost	*Freehold land and buildings € (000's)*	*Vending equipment € (000's)*	*Vehicles € (000's)*	*Other equipment € (000's)*	***Total € (000's)***
Balance at 1 October 2018	**18'282**	**802'480**	**24'677**	**84'798**	**930'236**
Additions	488	161'507	4'412	19'288	**185'695**
Disposals	(4'666)	(84'186)	(3'356)	(4'211)	**(96'419)**
Acquisitions through business combinations	23	5'558	334	76	**5'991**
Reclassifications*	-	(75'399)	-	(16'095)	**(91'494)**
Effects of foreign currency exchange differences	45	9'216	(141)	1'035	**10'155**
Balance at 31 December 2019	**14'172**	**819'176**	**25'926**	**84'891**	**944'165**
Application of IFRS 16[10]	120'570	22'262	49'682	3'186	**195'700**
Additions	25'480	50'601	13'938	6'344	**96'363**
Disposals	(5'262)	(54'514)	(15'725)	(9'804)	**(85'305)**
Modifications IFRS 16	6'921	(410)	1'290	-	**7'801**
Reclassifications*	(91)	(5'996)	(1'274)	2'220	**(5'141)**
Effects of foreign currency exchange differences	(208)	(1'291)	132	(683)	**(2'050)**
Balance at 31 December 2020	**161'582**	**829'828**	**73'969**	**86'154**	**1'151'533**
Accumulated depreciation and impairment					
Balance at 1 October 2018	**(3'521)**	**(466'579)**	**(12'210)**	**(41'678)**	**(523'990)**
Depreciation expense	(1'551)	(153'716)	(5'421)	(14'403)	**(175'091)**
Disposals	1'264	68'007	2'763	(884)	**71'149**
Reclassifications*	(232)	63'848	136	8'748	**72'500**
Effects of foreign currency exchange differences	(39)	(6'184)	50	(563)	**(6'736)**
Balance at 31 December 2019	**(4'080)**	**(494'624)**	**(14'683)**	**(48'780)**	**(562'167)**
Depreciation expense	(18'241)	(106'658)	(24'571)	(12'884)	**(162'354)**
Disposals	1'809	54'935	14'733	9'575	**81'052**
Reclassifications*	152	1'888	828	(2'554)	**314**
Effects of foreign currency exchange differences	20	864	(89)	334	**1'129**
Balance at 31 December 2020	**(20'340)**	**(543'595)**	**(23'782)**	**(54'309)**	**(642'026)**
Net Book Value					
At 31 December 2019	**10'092**	**322'483**	**11'243**	**38'180**	**381'998**
At 31 December 2020	**141'242**	**286'233**	**50'187**	**31'845**	**509'507**

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

As at 31 December 2020 commitments in respect of capital expenditure amounted to € 3.3 million (31 December 2019: € 14.2 million).

The above table includes right of use assets in the amount € 194.7 million as at 31 December 2020 which were newly capitalized as a first time application of IFRS 16 "Leases". The leases overview is presented in note 24.

Acquisitions through business combinations in the 15 months ended 31 December 2019 relate to minor acquisitions recorded at fair value (note 32).

[10] Refer to note 3.1

16. Goodwill

	12 months ended 31 December 2020 € *(000's)*	15 months ended 31 December 2019 € *(000's)*
Balance gross and net carrying amount opening	**1'048'813**	**1'035'048**
Impairment	(68'900)	-
Other minor changes	(1'110)	13'765
Balance gross and net carrying amount closing	**978'803**	**1'048'813**

The goodwill for the year ending 31 December 2020 has been adjusted by a net amount of EUR -1.1 million.

The acquisition accounting adjustments are presented in note 32.

16.1. Impairment testing

During the financial year the carrying values including goodwill of the cash-generating units were compared to their recoverable amount.

The test was conducted on the basis of the carrying values and the recoverable amounts of the Selecta Group's cash generating units. The carrying amount of the cash generating unit South, UK & Ireland was determined to be higher than its recoverable amount of € 35.1 million, and € 33.8 million for cash generating unit North. An impairment in the amount of € 68.9 million was considered and presented in the line item "Depreciation, amortisation and impairment" accordingly and fully allocated to goodwill. The trigger for the impairment was the current COVID-19 pandemic which leads to the expectation that the Group will not recover to the level of revenues before the pandemic in full.

The goodwill tested as at 31 December 2020 was € 1'049 million, composed of the legacy Selecta, Pelican Rouge and Argenta and several minor acquisitions goodwill.

16.2. Allocation to cash-generating units

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

In alignment with Group's segmental 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 at 31 December 2020 and 31 December 2019 were as follows:

	31 December 2020 € (000's)
Selecta goodwill	
Region South, UK & Ireland	416'781
Region Central	188'343
Region North	373'679
Total Goodwill	**978'803**

	31 December 2019 € (000's)
Selecta goodwill	
Region South, UK & Ireland	454'708
Region Central	188'163
Region North	405'942
Total Goodwill	**1'048'813**

16.3. 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 2021 – 2023 business plan of the Group, covering a three-year period. In years four to seven the Group assumes further growth of 1.5% (2019: 1.3%).

Cash flows beyond the seven-year period are extrapolated using estimated growth rates as disclosed in the table below. For the 12 months period ended 31 December 2020, the growth rates were as follows:

	2020
Region South, UK & Ireland	1.5%
Region Central	1.5%
Region North	1.5%

For the 15 months period ended *31 December 2019*, the growth rates were as follows:

	2019
Region South, UK & Ireland	1.3%
Region Central	1.4%
Region North	1.6%

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 at 31 December 2020 and 31 December 2019 were as follows:

	31 December 2020	
	Post-tax WACC	Equivalent to a pre-tax WACC of:
Region South, UK & Ireland	7.8%	9.9%
Region Central	7.4%	9.5%
Region North	7.3%	9.0%

	31 December 2019	
	Post-tax WACC	Equivalent to a pre-tax WACC of:
Region South, UK & Ireland	7.0%	9.0%
Region Central	6.2%	8.0%
Region North	6.2%	8.2%

16.4. Headroom/Impairment and sensitivity to change in assumptions

The headroom arising from the goodwill impairment testing by region at *31 December 2020 and 31 December 2019* were as follows:

	31 December 2020 € millions
Region Central	233.0

	31 December 2019 € millions
Region South, UK & Ireland	54.3
Region Central	710.0
Region North	424.1

Following the impairment loss recognised in the two Cash Generating Units South, UK & Ireland and North, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment. After the impairment the headroom of the CGU's South, UK & Ireland and North is zero and was calculated on a value in use basis.

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 2020	
	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 Central	10.3%	-3.1%

	31 December 2019	
	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	7.5%	0.4%
Region Central	13.3%	-16.1%
Region North	8.8%	-2.6%

17. 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.

Cost	*Software/ other € (000’s)*	*Trademarks € (000’s)*	*Customer Contracts € (000’s)*	***Total € (000’s)***
Balance at 1 October 2018 Restated	**59'503**	**357'051**	**655'891**	**1'072'445**
Additions	13'719	-	3'941	**17'660**
Disposals	(408)	-	(3'787)	**(4’195)**
Reclassifications	4'585	-	1'527	**6'112**
Acquisitions through business combinations	7	-	11'132	**11'139**
Effects of foreign currency exchange differences	1'739	-	352	**2'091**
Balance at 31 December 2019	**79'145**	**357'051**	**669'057**	**1'105'252**
Additions	5'829	-	1'054	**6'883**
Disposals	(4'997)	-	(182)	**(5'179)**
Reclassifications	2'137	-	2'457	**4'594**
Effects of foreign currency exchange differences	(290)	-	(465)	**(755)**
Balance at 31 December 2020	**81'824**	**357'051**	**671'921**	**1'110'796**

Accumulated amortisation	*Software/ other € (000's)*	*Trademarks € (000's)*	*Customer Contracts € (000's)*	***Total € (000's)***
Balance at 1 October 2018 Restated	**(36'598)**	**(1'733)**	**(272'147)**	**(310'478)**
Amortisation expenses	(17'722)	(4'113)	(56'788)	**(78'623)**
Disposals	3'606	-	-	**3'606**
Reclassifications	(329)	-	(277)	**(606)**
Effects of foreign currency exchange differences	(1'225)	-	(204)	**(1'429)**
Balance at 31 December 2019	**(52'268)**	**(5'846)**	**(329'415)**	**(387'530)**
Amortisation expenses	(9'693)	(3'291)	(48'353)	**(61'337)**
Disposals	3'850	-	182	**4'032**
Reclassifications	(90)	-	(324)	**(414)**
Impairment	(3'114)	-	(13'443)	**(16'557)**
Effects of foreign currency exchange differences	287	-	274	**561**
Balance at 31 December 2020	**(61'028)**	**(9'137)**	**(391'079)**	**(461'244)**
At 31 December 2019	**26'876**	**351'204**	**339'642**	**717'722**
At 31 December 2020	**20'796**	**347'914**	**280'842**	**649'552**

There were no acquisitions in the 12 months ended 31 December 2020; acquisitions through business combinations in the 15 months ended 31 December 2019 related to several minor acquisitions and are recorded at fair value.

Provided the current pandemic, the annual valuation testing of customer contracts resulted in an impairment of € 13.4 million allocated to the cash generating unit Central. The remaining amount of impairment for intangible assets is mainly related to capitalized IT costs. The impairment calculation is based on the Value in Use assumption. The recoverable amount of the underlying customer contracts is € 7 million.

At 31 December 2020 and 31 December 2019, the trademark has been allocated as follows:

	31 December 2020 € (000's)	*31 December 2019 € (000's)*
Region South, UK & Ireland	54'412	57'702
Region Central	203'475	203'475
Region North	90'027	90'027
Trademark allocated to cash generating units	**347'914**	**351'204**

18. Non-current financial assets

	31 December 2020 € (000's)	31 December 2019 € (000's)
Non-current financial assets comprise the following:		
Investments	43	153
Trade and other receivables	16'298	24'227
Total non-current financial assets	**16'341**	**24'380**
The maturity of the non-current financial assets is as follows:		
After one year but not more than five years	16'341	24'380
More than five years	-	-
Total more than one year	**16'341**	**24'380**
Total non-current financial assets	**16'341**	**24'380**

19. Inventories

	31 December 2020 € (000's)	31 December 2019 € (000's)
Food and beverages	60'341	78'580
Vending equipment and spare parts	30'677	39'268
Goods in transit	1'927	1'321
Raw materials	6'349	7'202
Total inventories	**99'294**	**126'371**

In the 12 months ended 31 December 2020, inventories of € 413 million (15 months ended 31 December 2019: € 724 million) were recognised as an expense during the year and included in materials and consumables used.

There are no inventories expected to be recovered after more than 12 months.

In addition, for inventories an amount of € 7.0 million (2019: € 4.5 million) have been recorded for allowances.

20. Trade receivables

	31 December 2020 € (000's)	31 December 2019 € (000's)
Trade receivables - not overdue	55'386	43'835
Trade receivables - overdue 0 - 90 days	9'665	20'875
Trade receivables - overdue 90 - 360 days	4'145	3'686
Trade receivables - overdue > 360 days	825	660
Total trade receivables, gross	**70'021**	**69'056**
Allowance for doubtful accounts	(5'611)	(3'190)
Total trade receivables, net	**64'410**	**65'866**

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.

21. Other current assets

	31 December 2020 € (000's)	*31 December 2019 € (000's)*
Accrued income	22'281	49'801
Pre-payments	10'563	16'366
Sales tax recoverable	5'256	4'417
Other	7'554	12'280
Total other current assets	**45'654**	**82'864**

22. Cash and cash equivalents

	31 December 2020 € (000's)	*31 December 2019 € (000's)*
Cash at bank	118'590	55'305
Cash in point-of-sale	9'312	9'091
Cash and cash equivalents	**127'902**	**64'396**

23. Borrowings

	31 December 2020 € (000's)	*31 December 2019 € (000's)*
Loans due to parent undertaking at amortised cost	-	230'879
Borrowings at amortised cost (incl. revolving credit facility)	975'332	1'496'076
Total borrowings	**975'332**	**1'726'955**

23.1. Borrowings

	31 December 2020			*31 December 2019*		
	€ (000's)	*in %*	*Interest rate*	*€ (000's)*	*in %*	*Interest rate*
EUR	953'313	97.7%	8.2%	1'533'949	86.9%	6.6%
CHF	22'019	2.3%	8.6%	230'330	13.1%	5.9%
Total	**975'332**	**100%**	**8.2%**	**1'764'279**	**100%**	**6.5%**

The amounts shown above reflect the nominal value and original currency of the borrowings. Prior year amounts reflect the nominal value and original currency of the borrowing and include accrued interest for the PIK proceeds loan without the deduction of net capitalized transaction costs. The nominal interest rate is disclosed. The PIK loan to the Group's parent, Selecta Group Midco S.à r.l., was converted into equity against the issue price of one new share (see note 23.3.)

23.2. Rate structure of borrowings

	31 December 2020	*31 December 2019*
	€ (000's)	*€ (000's)*
Total borrowings at variable rates	40'042	427'651
Total borrowings at fixed rates	935'290	1'299'304
Total borrowings at amortised cost	**975'332**	**1'726'955**

The total includes the reduction of net capitalized transaction costs.

23.3. Details of borrowing facilities

In March 2020, certain funds and accounts managed or advised by KKR Credit Advisors (US) LLC provided to the Group a super senior liquidity facility of € 50 million with a term of 1 year (maturity April 2021). This facility was discharged in full on October 29th, 2020, as part of the debt restructuring described below. The liquidity facility was fully drawn from April 2020 until October 29th. The senior secured notes issued in 2018, the revolving credit facility (provided in 2018) and the liquidity facility were secured by first ranking security interests over the issued share capital of certain Group companies (together the "Guarantors"), certain intercompany receivables of the Company and the Guarantors, including assignment of certain bank accounts of the Company.

In April 2020, the Group completed a corporate reorganization. As part of this, the existing PIK loan to the Group's parent, Selecta Group Midco S.à r.l., was converted into equity against the issue price of one new share. Following the completion of the reorganization, the Company was directly held (100%) by Selecta Group AG, resident in Switzerland, and Selecta Group AG was directly owned (100%) by Selecta Group Midco S.à r.l. (from April 16th, 2020, to October 29th, 2020). Following the completion of the debt restructuring described below, Selecta Group AG is directly owned (100%) by Selecta Group FinCo S.A., a wholly owned subsidiary of Selecta Group Midco S.à r.l.

On October 29th, 2020, Selecta completed a comprehensive debt recapitalization, effected in part by an English law scheme of arrangement under the Companies Act 2006. The transaction involved the exchange of all outstanding senior secured notes issued in 2018, plus accrued and unpaid interest on the senior secured notes, for a combination of first lien and second lien notes issued by the Company and preference shares issued by Selecta Group FinCo S.A., a newly incorporated subsidiary of Selecta Group Midco S.à r.l. The recapitalization resulted in (i) a significant reduction of the Company's outstanding third-party debt, (ii) an extension of debt maturities through 2026 and (iii) material cash interest reduction in the near-term. In addition, Selecta's shareholders provided € 175 million of new capital by way of a cash funding of € 125 million and the settlement of the € 50 million super senior liquidity facility, in consideration for the issuance of € 175 million of preference shares by Selecta Group FinCo S.A. The Company's super senior revolving credit facility ("RCF") was also amended to, among other things, amend the maturity to January 1st, 2026 and replace the existing financial covenant draw stop with new financial maintenance covenants.

The amended super senior revolving credit facility, the first lien notes and the second lien notes rank pari passu as to right of payment. The RCF ranks senior to the first lien notes, and the first lien notes rank senior to the second lien notes as to proceeds of enforcement of security. The RCF and the first lien notes are guaranteed on a senior secured basis by the Guarantors and Selecta Finance UK Limited, and benefit from first priority liens over certain assets of the Group. The second lien notes are also guaranteed by the Guarantors and Selecta Finance UK Limited, and benefit from second-priority liens over the assets of the Group securing the RCF and the first lien notes.

As of December 2020, the first lien and second lien notes outstanding are:

First Lien Notes	EUR	678'552'457	8.0%	2026
First Lien Notes	CHF	17'672'303	8.0%	2026
Second Lien Notes	EUR	234'717'662	10.0%	2026
Second Lien Notes	CHF	6'112'983	10.0%	2026

Interest Rate

- First Lien Notes: Until (but excluding) January 2nd, 2023: 3.500% per annum, payable in cash, plus 4.500% per annum, payable in kind. From (and including) January 2nd, 2023: 8.000% per annum, payable in cash.

- Second Lien Notes: Until (but excluding) January 2nd, 2023: 10.000% per annum, payable in kind. From (and including) January 2nd, 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 1st, 2026.
- Second Lien Notes: July 1st, 2026.

	Interest rate	*31 December 2020*
	%	*€ (000's)*
First Lien Notes (EUR)	8.0	678'552
First Lien Notes (CHF)	8.0	16'361
Second Lien Notes (EUR)	10.0	234'718
Second Lien Notes (EUR)	10.0	5'659
Senior revolving credit facility (Euribor + 3.5%)	3.5	40'042
Total borrowings at nominal values		**975'332**

	Interest rate	*31 December 2019*
	%	*€ (000's)*
PIK proceeds loan	11.875	230'879
Senior secured note (EUR fixed)	5.875	865'000
Senior secured note (Euribor + 5.375%)	5.375	375'000
Senior secured note (CHF fixed)	5.875	230'330
Senior revolving credit facility (Euribor + 3.5%)	3.5	63'070
Total borrowings and loans due to parent undertaking at nominal values		**1'764'279**

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

	Total borrowings before refinancing costs € (000's)	*Amortised refinancing costs € (000's)*	*Interest accrual on bonds € (000's)*	*Other loans, financing facilities € (000's)*	*Other (assets)/ liabilities € (000's)*	***Total € (000's)***
Balance at 31 December 2019	**1'764'278**	**(37'324)**	**21'168**	**57'396**	**(8'292)**	**1'797'226**
Changes from financing cash flows						
Proceeds from cash grant	50'000	-	-	-	-	**50'000**
Proceeds from interim financing	-	-	-	50'000	-	**50'000**
Repayment of interim financing	-	-	-	(50'000)	-	**(50'000)**
Repayment of borrowings	(23'537)	-	-	-	-	**(23'537)**
Payments processed from factoring	-	-	-	5'040	-	**5'040**
Refinancing costs paid	-	-	-	(5'001)	-	**(5'001)**
Interest paid	(3'243)	-	(47'198)	(13'821)	512	**(63'750)**
Payment of lease liabilities	-	-	-	(63'051)	-	**(63'051)**
Total changes from financing cash flows	**23'220**	-	**(47'198)**	**(76'833)**	**512**	**(100'299)**
Changes in fair value	-	-	-	-	(511)	**(511)**
Capitalized interest old bonds	43'797	-	(43'797)	-	-	**-**
Interest expense	11'397	-	83'541	13'822	(512)	**108'248**
Refinancing costs incurred to P&L	-	37'443		-	-	**37'443**
Refinancing of senior secured note	(870'861)	-	-	-	-	**(870'861)**
First time recognition IFRS 16 lease liability	-	-	-	192'888	-	**192'888**
Additions and modification	-	-	-	48'083	-	**48'083**
Other movement	-	-	-	10'121	-	**10'121**
Total other changes	**(815'667)**	**37'443**	**39'744**	**264'914**	**(1'023)**	**(474'589)**
The effect of changes in foreign exchange rates	3'501	(119)	392	(448)	-	**3'326**
Balance at 31 December 2020	**975'332**	**-**	**14'106**	**245'029**	**(8'803)**	**1'225'664**

	Total borrowings before refinancing costs € (000's)	*Amortised refinancing costs € (000's)*	*Interest accrual on bonds € (000's)*	*Other loans, financing facilities € (000's)*	*Other (assets)/ liabilities € (000's)*	***Total € (000's)***
Balance at 1 October 2018	**1'695'463**	**(44'817)**	**42'810**	**63'736**	**(17'561)**	**1'739'630**
Changes from financing cash flows						
Proceeds from issuance of loans and borrowings	149'851	-	-	-	-	**149'851**
Repayment of loans and borrowings	4'226	-	-	(6'756)	-	**(2'530)**
Payment of lease liabilities	-	-	-	(20'600)	-	**(20'600)**
Proceeds from factoring	-	-	-	1'631	-	**1'631**
Interest paid	(4'097)	-	(117'125)	(3'323)	(9'956)	**(134'501)**
Financing costs paid	-	(2'693)	-	-	-	**(2'693)**
Acquisition of non-controlling interest	-	-	-	-	(400)	**(400)**
Total changes from financing cash flows	**149'980**	**(2'693)**	**(117'125)**	**(29'048)**	**(10'356)**	**(9'242)**
Finance lease additions	-	-	-	18'105	-	**18'105**
Changes in fair value	-	-	-	-	9'062	**9'062**
Interest expense	50'748	-	95'483	3'713	9'956	**159'900**
Refinancing costs amortised to P&L	-	10'538	-	-	-	**10'538**
Debt-to-equity swap	(143'980)	-	-	-	-	**(143'980)**
Other movement	-	-	-	1'153	597	**1'750**
Total other changes	**(93'232)**	**10'538**	**95'483**	**22'971**	**19'615**	**55'375**
The effect of changes in foreign exchange rates	12'067	(352)	-	(263)	10	**11'463**
Balance at 31 December 2019	**1'764'278**	**(37'324)**	**21'168**	**57'396**	**(8'292)**	**1'797'226**

24. Leases

Selecta applied IFRS 16 "Leases" as at 1 January 2020 and elected to apply the modified retroactive approach for the first-time application. With this approach, right-of-use assets and lease liabilities were recognised in the same amount in the balance sheet. For further information, see Note 3.1, accounting policies.

The leases of Selecta comprise, in particular, to freehold land and building, vehicles and vending equipment, see table below.

	31 December 2020 € (000's)
Property, plant and equipment owned	314'768
Right-of-use assets	194'739
Total property, plant and equipment	**509'507**

Right-of-use assets *€ (000's)*	**Land and Buildings**	**Vending equipment**	**Vehicles**	**Other equip-ment**	**Total**
Balance at 1 January 2020	120'570	22'262	49'681	3'187	**195'700**
Depreciation charge for the year	(17'205)	(6'750)	(20'586)	(1'428)	**(45'969)**
Additions to right-of-use assets	24'707	2'470	12'104	1'001	**40'282**
Disposals of right-of-use assets	(2'389)	-	(686)	-	**(3'075)**
Modifications IFRS 16	6'921	(410)	1'290	-	**7'801**
Balance at 31 December 2020	**132'604**	**17'572**	**41'803**	**2'760**	**194'739**

Lease liabilities	*31 December 2020* *€ (000's)*
Current lease liabilities	174'389
Non-current lease liabilities	52'240
Total lease liabilities	**226'629**

Amounts recognised in profit or loss	*12 months ended 31 December 2020* *€ (000's)*
Interest on lease liabilities	6'702
Variable lease payments not included in the measurement of lease liabilities	1'572
Income from sub-leasing right-of-use assets	(385)
Expenses related to short term leases	1'424
Expenses related to leases of low-value assets, excluding short-term leases of low-value assets	2'235

Amounts recognised in statement of cash flows	*12 months ended 31 December 2020* *€ (000's)*
Total cash outflow for leases	63'051

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.

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 € 78.5 million, the remainder of the countries recorded a net liability position of € 16.8 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 2020. 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", formerly known as the Autobar Group Retirement Benefits 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 accounted for this plan as defined benefit plan because it is exposed to risks as mentioned in the paragraph 'sensitivity analysis'.

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:

	For the 12 months ended 31 December 2020 € (000's)	For the 15 months ended 31 December 2019 € (000's)
Current employer service cost	(5'975)	(6'899)
Past service credit on plan amendment	3'317	4'048
Net interest income/(cost)	1'228	2'115
Defined benefit income/(cost) recognised in statement of profit or loss	**(1'430)**	**(736)**

Past service credit for the 12 months ended 31 December 2020 relates to a French plan amendment due to restructuring and large drop in the headcount as well as Swiss plan amendments due to special benefit payments to the savings capital of actives to compensate partially for the impact of the conversion rate reduction in 2020. Past service credit for the 15 months ended 31 December 2019 relates to a Swiss plan amendment of the benefits payable under the Group's pension scheme in Switzerland. In 2019 the Valora Pensionskasse VPK has communicated two separate reductions of the conversion rates. The conversion rate at the normal retirement age (men 65 and women 64) will decrease to 5.50% until 1 January 2021. In addition, there will be a savings contribution rate increase of 50 basepoints.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit obligation is as follows:

	31 December 2020 € (000's)	31 December 2019 € (000's)
Fair value of plan assets	543'153	522'565
Present value of defined benefit obligation	(459'863)	(442'998)
Status of plan	**83'290**	**79'567**
Effect of asset ceiling	(21'545)	(28'305)
Net asset/(liability) in the balance sheet	**61'745**	**51'262**
Net defined asset	78'524	72'288
Net defined liability	(16'779)	(21'026)

Defined benefit obligation

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

	For the 12 months ended 31 December 2020 € (000's)	For the 15 months ended 31 December 2019 € (000's)
Present value of obligation at beginning of period	**(442'998)**	**(397'149)**
Current employer service cost	(5'219)	(6'899)
Employees' contributions	(3'839)	(4'426)
Interest cost	(4'873)	(9'369)
Past service cost, curtailments, settlements, plan amendments	3'317	4'048
Benefits paid	24'068	25'246
Decrease / (increase) through business combination	138	(979)
Actuarial gain / (loss) on defined benefit obligation	(40'836)	(37'747)
Currency gain / (loss)	10'379	(15'723)
Present value of obligation at end of period	**(459'863)**	**(442'998)**

Plan assets

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

	For the 12 months ended 31 December 2020 € (000's)	*For the 15 months ended 31 December 2019 € (000's)*
Fair value of plan assets at beginning of period	**522'565**	**458'841**
Interest income on plan assets	6'172	11'484
Employees' contributions	3'083	4'031
Employer's contributions	5'566	8'465
Benefits paid	(23'164)	(24'205)
Return on plan assets excl. interest income	44'169	43'212
Currency gain / (loss)	(15'238)	20'737
Fair value of plan assets at end of period	**543'153**	**522'565**

Employer's contributions expected for the next year amount to € 5.4 million.

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

	31 December 2020	*31 December 2020*	*31 December 2019*	*31 December 2019*
	Quoted market prices in active markets	*Prices in non-active markets*	*Quoted market prices in active markets*	*Prices in non-active markets*
Cash	4.7%	0.0%	4.5%	0.0%
Bonds	18.6%	0.0%	20.4%	0.0%
Equities	12.6%	0.0%	11.8%	0.0%
Property	0.0%	12.6%	0.0%	12.8%
Other	50.5%	1.0%	49.6%	0.9%
Total	**86.4%**	**13.6%**	**86.3%**	**13.7%**

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 are based on local economic conditions and are as follows (weighted average):

	31 December 2020	*31 December 2019*
Discount rate	0.05%	0.25%
Expected salary increase	1.00%	1.00%
Expected pension increase	0.00%	1.00%

The estimated duration of the plan liabilities is 12.9 years (31 December 2019: 12.9 years).

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

	12 months ended 31 December 2020 € (000's)	15 months ended 31 December 2019 € (000's)
Return on plan assets excl. interest income	44'169	43'212
Experience gains/(losses) on defined benefit obligation	(7'911)	(2'412)
Actuarial gains/(losses) arising from change in demographic assumptions	91	10'101
Actuarial gains/(losses) arising from change in financial assumptions	(33'016)	(45'436)
Change in asset ceiling	7'030	(7'485)
Total amount of remeasurement gain/(loss) on post-employment benefit obligations recognised in other comprehensive income	**10'363**	**(2'020)**

The following table shows the change in asset ceiling:

	12 months ended 31 December 2020 € (000's)	15 months ended 31 December 2019 € (000's)
Asset ceiling at end of prior year	(28'305)	(19'557)
Interest income	(71)	(218)
Remeasurements	7'030	(7'485)
Effect of changes in foreign exchange rates	(199)	(1'045)
Asset ceiling at end of year	**(21'545)**	**(28'305)**

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 2020 and 31 December 2019:

	31 December 2020 € (000's)	31 December 2019 € (000's)
Discount rate (+0.50%)	32'627	7'173
Discount rate (-0.50%)	(36'951)	(10'488)
Increase in future pension (+0.25%)	(436)	(4'420)
Decrease in future pension (-0.25%)	626	3'967
Mortality assumption -1 year	14'840	14'566
Mortality assumption +1 year	(14'572)	(13'904)
Salary increase rate (-25 basis points)	4'235	3'786
Salary increase rate (+25 basis points)	(14'994)	(9'268)

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

	Warranty € (000's)	*Litigation & tax € (000's)*	*Restruc-turing € (000's)*	*Other € (000's)*	***Total € (000's)***
Balance at 31 December 2019	**(1'306)**	**(2'094)**	**(3'285)**	**(39'615)**	**(46'300)**
Charged to the statement of profit or loss	2	(725)	(34'999)	(15'639)	(51'361)
Expenditure in the period	434	707	5'656	1'553	8'350
Reversed against the statement of profit or loss without cost incurred	458	764	416	7'856	9'494
Effect of foreign exchange differences	-	-	29	(363)	(334)
Reclassification between categories	-	(70)	(390)	457	(3)
Balance at 31 December 2020	**(412)**	**(1'418)**	**(32'573)**	**(45'751)**	**(80'154)**

The above provisions are presented in the Group's balance sheet as follows:

	31 December 2020 € (000's)	*31 December 2019 € (000's)*
Non-current liabilities	(11'253)	(40'837)
Current liabilities	(68'901)	(5'463)
Total	**(80'154)**	**(46'300)**

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 in includes a deferred consideration of € 27 million 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 balance sheet as follows:

	31 December 2020 € (000's)	*31 December 2019 € (000's)*
Deferred income tax assets	25'665	24'555
Deferred income tax liabilities	(187'225)	(200'907)
Total deferred tax liabilities, net	**(161'560)**	**(176'352)**

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 2019 *€ (000's)*	*(Charged)/ credited to income statement* *€ (000's)*	*(Charged/ credited to OCI* *€ (000's)*	*Exchange differences* *€ (000's)*	*31 December 2020* *€ (000's)*
Intangible assets	(176'844)	13'203		(10)	(163'651)
Property, plant and equipment	(17'621)	5'536		(1'014)	(13'099)
Other non-current assets	(10'094)	71	(1'471)	505	(10'989)
Non-current financial assets	(3'146)	3'146		-	-
Inventories	(2'162)	1'209		(10)	(963)
Trade receivables	1'851	(1'884)		-	(33)
Current liabilities	3'062	(757)		15	2'320
Provisions	620	(552)		(2)	66
Other non-current liabilities	6'682	(2'841)		844	4'685
Total deferred tax asset/(liability)	**(197'652)**	**17'131**	**(1'471)**	**328**	**(181'664)**
Tax losses					
Unused tax losses	21'300	(1'196)			20'104
Total deferred tax asset/(liability)	**(176'352)**	**15'935**	**(1'471)**	**328**	**(161'560)**

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

	1 October 2018 *€ (000's)*	*(Charged)/ credited to income statement* *€ (000's)*	*(Charge/ credited to OCI* *€ (000's)*	*Change in Consolidation Scope* *€ (000's)*	*Exchange differences* *€ (000's)*	*31 December 2019* *€ (000's)*
Intangible assets	(187'166)	10'993		(632)	(39)	(176'844)
Property, plant and equipment	(10'640)	6'725		(13'451)	(255)	(17'621)
Other non-current assets	(7'761)	2'013	(124)	(3'903)	(319)	(10'094)
Non-current financial assets	72	3'217		(6'435)	-	(3'146)
Inventories	(1'393)	732		(1'465)	(36)	(2'162)
Trade receivables	(1'648)	(3'490)		6'980	9	1'851
Current liabilities	1'431	(1'695)		3'389	(63)	3'062
Provisions	89	(531)		1'063	(1)	620
Other non-current liabilities	171	(3'497)		9'994	14	6'682
Total deferred tax asset/(liability)	**(206'845)**	**14'467**	**(124)**	**(4'460)**	**(690)**	**(197'652)**
Tax losses						
Unused tax losses	17'734	-	-	3'566	-	21'300
Total deferred tax asset/(liability)	**(189'111)**	**14'467**	**(124)**	**(894)**	**(690)**	**(176'352)**

27.3. Detail of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

31 December 2020	*Assets € (000's)*	*Liabilities € (000's)*	*Net € (000's)*
Intangible assets	489	(164'140)	(163'651)
Property, plant and equipment	3'015	(16'114)	(13'099)
Other non-current assets	-	(10'989)	(10'989)
Inventories	214	(1'177)	(963)
Trade receivables	31	(64)	(33)
Current liabilities	3'310	(990)	2'320
Provisions	109	(44)	65
Other non-current liabilities	4'686	-	4'686
Total deferred tax assets/(liabilities) arising on temporary differences	**11'854**	**(193'518)**	**(181'664)**
Tax losses			
Unused tax losses	**20'104**	-	**20'104**
Offset deferred tax assets and deferred tax liabilities	(6'293)	6'293	-
Total deferred tax asset/(liability)	**25'665**	**(187'225)**	**(161'560)**

31 December 2019	*Assets € (000's)*	*Liabilities € (000's)*	*Net € (000's) restated*
Intangible assets	748	(177'592)	(176'844)
Property, plant and equipment	2'161	(19'782)	(17'621)
Other non-current assets	-	(10'094)	(10'094)
Non-current financial assets	-	(3'146)	(3'146)
Inventories	466	(2'628)	(2'162)
Trade receivables	1'886	(35)	1'851
Current liabilities	6'160	(3'098)	3'062
Provisions	663	(43)	620
Other non-current liabilities	9'840	(3'158)	6'682
Total deferred tax assets/(liabilities) arising on temporary differences	**21'924**	**(219'576)**	**(197'652)**
Tax losses			
Unused tax losses	**21'300**	-	**21'300**
Offset deferred tax assets and deferred tax liabilities	(18'669)	18'669	-
Total deferred tax asset/(liability)	**24'555**	**(200'907)**	**(176'352)**

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 2020 € (000's)	*31 December 2019 € (000's)*
One year	52'379	35'024
Two years	58'805	64'782
Three years	214'693	76'005
Four years	88'212	217'700
Five years	1'175	117'232
More than five years	176'905	88'763
Unlimited	688'439	484'005
Total unused tax losses carried forward	**1'280'608**	**1'083'511**

28. Other current liabilities

	31 December 2020 € (000's)	*31 December 2019 € (000's)*
Deferred revenue	7'949	8'925
Other payables	52'290	46'304
Accrued expenses	94'378	83'670
Interest payable	13'714	21'852
Tax and social security costs	37'071	17'399
Factoring liabilities	1'842	419
Reverse factoring liabilities	13'485	6'696
Total other current liabilities	**220'729**	**185'265**

The balance of other payables represents the sum of payments on account of customers (deferred revenue), pension contribution payable (employer and employee portions), personnel accruals (overtime, vacations, wages and salaries, bonus/incentives) and other remaining current liabilities.

Selecta Group subsidiaries in Switzerland, UK, Benelux, Switzerland and Sweden sell part of their receivables into a non-recourse receivable factoring program with ABNAMRO Commercial Finance BV. In Norway and Finland, the local subsidiaries have an equally structured program with IKANO Bank AB. Selecta France sells its invoiced receivables mostly on a non-recourse basis to FactoFrance S.A.S. Selecta Spain uses local banks for non-recourse factoring. 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. The Group's non-recourse facilities are not capitalized and amount to a total € 25.6 million at 31 December 2020 (€ 51.6 million at 31 December 2019).

29. Equity

29.1. Share capital, share premium

As of 31 December 2019, the Company's share capital consisted of 187'003 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.

On 16 April 2020, Selecta Group performed a reorganisation of the entities above Selecta Group B.V. Selecta Group B.V. issued one new ordinary share with a nominal value of € 1 per share to Selecta Group Midco S.a.r.L., the shareholder of Selecta Group B.V resulting in a total issued share capital of 187’004 fully paid ordinary shares. The new share was issued at an issue price of in total € 239’032’467.31. The amount above the nominal value increased the share premium of Selecta Group B.V. This share issuance fully offset all outstanding amounts under a previously entered PIK loan agreement between Selecta Group B.V. and Selecta Group Midco S.a.r.L., dated 2 February 2018 and amended and restated as of 4 December 2018.

Due to the capital contribution in Selecta Holding AG from Selecta Group BV emission fee of € 2’248k was levied.

Following this debt restructuring, Selecta Group MidCo S.a.r.L contributed all issued and outstanding shares of Selecta Group B.V. into Selecta Group AG. Consequently, as of 16th April 2020 Selecta Group BV was fully owned by Selecta Group AG. Selecta Group AG was fully owned by Selecta Group MidCo S.a.r.L.

On 29 October 2020, Selecta Group performed a further reorganisation of its existing indebtedness pursuant to an English law scheme of arrangement. As part of this reorganization, Selecta Group MidCo S.a.r.L contributed all issued and outstanding shares of Selecta Group AG into a newly formed direct subsidiary of Selecta Group MidCo S.a.r.L, Selecta Group FinCo SA. Selecta Group BV also issued 156’620 shares with a nominal value of € 1 per share to Selecta Group FinCo SA resulting in a total issued share capital of 343’624 fully paid ordinary shares with a nominal value of € 1 per share. The new shares were issued at a total issue price of € 756’506’647.58. The amount above the nominal value increased the share premium of Selecta Group B.V. This share issuance was in exchange for a cash payment of € 125 million and a set off against € 631’506’647.58 of receivables owing under a liquidity facility dated 25 March 2020 and several senior secured notes originally dated 2 February 2018, as amended from time to time. On 29 October 2020 these 156’620 shares issued to Selecta Group FinCo SA were then contributed by Selecta Group FinCo SA to Selecta Group AG. As of 29 October 2020, Selecta Group BV is therefore fully owned by Selecta Group AG, which is fully owned by Selecta Group FinCo SA, which is fully owned by Selecta Group MidCo S.a.r.L.

29.2. Reserves

The other comprehensive income accumulated in reserves, net of tax was as follows:

For 12 months ended 31 December 2020	*Currency translation reserve € (000’s)*	*Retained earnings € (000’s)*	***Total* € (000’s)**
Foreign currency translation differences for foreign operations	(22'920)	-	**(22'920)**
Re-measurement gain / (loss) on post-employment benefit obligations, net of tax	-	8'892	**8'892**
Total other comprehensive income, net of tax	**(22'920)**	**8'892**	**(14'028)**

	Attributable to owners of the Company			
For 15 months ended 31 December 2019	*Currency translation reserve € (000’s)*	*Retained earnings € (000’s)*	*Hedging reserve € (000’s)*	***Total* € (000’s)**
Foreign currency translation differences for foreign operations	(67'033)	-	-	**(67'033)**
Re-measurement gain / (loss) on post-employment benefit obligations, net of tax	-	(2’144)	-	**(2’144)**
Effective portion of change in fair value of cash flow hedges, net of tax		-	(158)	**(158)**
Total other comprehensive income, net of tax	**(67'033)**	**(2'144)**	**(158)**	**(69'335)**

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.

Retained earnings include the accumulated re-measurement gains and losses on post-employment benefit obligations, net of any related income taxes.

29.3. Acquisition of NCI in Tramezzino by Argenta

In May 2019, Argenta acquired an addition 49.2% interest in Tramezzino, increasing its ownership from 50.8% to 100%. The carrying amount of Tramezzino's net assets in the Group's consolidated financial statements on the date of the acquisition was € -404 thousand.

The following table summarises the effect of changes in the Company's ownership interest in Tramezzino.

	14 May 2019
	€ (000's)
Carrying amount of NCI acquired (€ -404k x 49.2%)	(199)
Loss from 1 October 2018 to 30 April 2019 (€ -565k x 49.2 %)	(278)
Consideration paid to NCI in cash	(400)
A decrease in equity attributable to owners of the Company	**(877)**

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. Group's management reports on a monthly basis to the Supervisory Board on the Group's performance. 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 and the outstanding borrowings under each facility are reported to the Supervisory Board on a monthly basis.

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 between 1 and 6 months in advance depending on current green bean coffee prices and expectations of future price development.

In the past the coffee contracts were predominantly denominated in USD and the Group used USD forward contracts to hedge the foreign exchange risk.

As most of the current contracted coffee volumes are in EUR the Group is no longer hedging its USD exposure for new coffee contracts as it considers the hedging-cost as too high to make hedging a commercially attractive measure.

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:

		Carrying amount	
	Note	*31 December 2020 € (000's)*	*31 December 2019 € (000's)*
Trade receivables	20	64'410	65'866
Non-current financial assets	18	16'341	24'380
Derivative financial instruments	31	-	12'583
Accrued income (excl. uncollected cash in POS and Cash with Accounting Company)	21	16'724	35'815
Cash and cash equivalents	22	127'902	64'396
Total exposure to credit risk		**225'377**	**203'040**

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, 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 20.

The Group is not exposed to significant credit risk on its cash and cash equivalents of € 127.9 million at 31 December 2020 (31 December 2019: € 64.4 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

As part of the debt restructuring, the senior revolving credit facility was extended to January 2026, while the total amount available and the main conditions are unchanged. The amounts drawn under this facility were € 40.0 million on 31 December 2020 (31 December 2019: € 63.1 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.

	Carrying amount € (000's)	*Less than 3 months € (000's)*	*3 months to 1 year € (000's)*	*1-5 years € (000's)*	*More than 5 years € (000's)*	***Total € (000's)***
At 31 December 2020						
Revolving credit facility	40'042	-	-	-	40'151	40'151
Bank credit facility	3'072	316	1'044	1'712	-	3'072
Secured loan notes	935'289	-	28'799	209'018	1'210'992	1'448'809
Lease liabilities	226'629	-	64'210	157'876	148'997	371'083
Reverse factoring liability & credit facilities	15'327	13'396	1'931	-	-	15'327
Trade payables	147'413	147'413	-	-	-	147'413
Accrued expenses	94'378	94'378	-	-	-	94'378
Total non-derivative financial liabilities	**1'462'150**	**253'503**	**95'984**	**368'606**	**1'400'140**	**2'120'233**

	Carrying amount € (000's)	*Less than 3 months € (000's)*	*3 months to 1 year € (000's)*	*1-5 years € (000's)*	*More than 5 years € (000's)*	***Total € (000's)***
At 31 December 2019						
Revolving credit facility	63'070	63'171	-		-	63'171
Bank credit facility	13'004	1'479	3'445	8'444	-	13'368
Secured loan notes	1'470'330	37'214	47'293	1'736'292	-	1'820'799
Loans due to parent undertaking	230'879	-	-	397'035	-	397'035
Finance lease liabilities	39'149	-	12'282	24'661	180	37'123
Reverse factoring liability & credit facilities	6'696	5'256	1'440	-	-	6'696
Trade payables	201'402	201'402	-	-	-	201'402
Accrued expenses	83'670	83'670	-	-	-	83'670
Total non-derivative financial liabilities	**2'108'200**	**392'192**	**64'460**	**2'166'432**	**180**	**2'623'264**
Cross currency swaps						
Outflows	13'094	13'157	13'157	424'480	-	450'794
Inflows	(12'583)	(11'868)	(11'868)	(422'461)	-	(446'197)
Total derivative financial liabilities	**511**	**1'289**	**1'289**	**2'019**	**-**	**4'597**

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 23 offset by cash and bank balances) and equity of the Group (comprising share capital, share premium, currency translation reserves, hedging reserves and retained earnings).

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 Selecta'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 are as follows:

	31 December 2020 € (000's)	*31 December 2019 € (000's)*
Financial assets	-	-
Financial liabilities	(1'161'919)	(1'338'453)
Total fixed-rate instruments	**(1'161'919)**	**(1'338'453)**
Financial assets	118'590	55'304
Financial liabilities	(40'042)	(464'975)
Total variable-rate instruments	**(78'548)**	**(409'671)**

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 2020 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 € 0.6 million (€ 3.1 million respectively in 15 months ended 31 December 2019).

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.

From time to time, in order to minimise the Group's exposure to foreign exchange risk, the Group enter into cross currency swaps. On 2 February 2018, the Group entered into new cross currency swaps in the value of € 404 million with a maturity date of 1 October 2021. Following a review of the Company's debt and hedging position, it was decided on 19 August 2020 to terminate the cross currency swaps. The resulted net terminated value as receivable of the Group was € 3.0 million. No hedge accounting was applied to these cross currency swaps.

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 2020	*Financial assets at amortised cost*	*Other financial liabilities*	***Total***	*Level 1*	*Level 2*	*Level 3*	***Total***
	€ (000's)	*€ (000's)*	***€ (000's)***	*€ (000's)*	*€ (000's)*	*€ (000's*	***€ (000's)***
Financial assets not measured at fair value							
Trade receivables	64'410	-	64'410				
Non-current financial assets	16'341	-	16'341				
Cash and cash equivalents	127'902	-	127'902				
Accrued income	22'281	-	22'281				
	230'934	**-**	**230'934**				
Financial liabilities not measured at fair value							
Revolving credit facility	-	(40'042)	(40'042)		(40'042)		(40'042)
Bank credit facility	-	(3'072)	(3'072)		(3'072)		(3'072)
Secured loan notes	-	(935'290)	(935'290)		(1'165'366)		(1'165'366)
Lease liabilities	-	(226'629)	(226'629)		(226'629)	-	(226'629)
Factoring liabilities	-	(1'842)	(1'842)		(1'842)	-	(1'842)
Reverse factoring liability & credit facilities	-	(13'485)	(13'485)		(13'485)	-	(13'485)
Accrued Expenses	-	(94'378)	(94'378)				
Trade payables	-	(147'413)	(147'413)				
	-	**(1'462'151)**	**(1'462'151)**				

	Carrying amount				*Fair value*			
31 December 2019	*Mandatorily at FVTPL - others*	*Financial assets at amortised cost*	*Other financial liabilities*	***Total***	*Level 1*	*Level 2*	*Level 3*	***Total***
	€ (000's)	*€ (000's)*	*€ (000's)*	***€ (000's)***	*€ (000's)*	*€ (000's)*	*€ (000's)*	***€ (000's)***
Financial assets measured at fair value								
Cross currency swaps	**12'583**	**-**	**-**	**12'583**		12'583	-	12'583
	12'583	**-**	**-**	**12'583**				
Financial assets not measured at fair value								
Trade receivables	-	65'866	-	65'866				
Non-current financial assets	-	24'380	-	24'380				
Cash and cash equivalents	-	64'396	-	64'396				
Accrued income	-	49'801	-	49'801				
	-	**204'443**	**-**	**204'443**				
Financial liabilities measured at fair value								
Cross currency swaps	(13'094)	-	-	(13'094)		(13'094)	-	(13'094)
	(13'094)	**-**	**-**	**(13'094)**				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	(63'070)	(63'070)		(63'070)	-	(63'070)
Bank credit facility	-	-	(13'004)	(13'004)		(13'004)	-	(13'004)
Secured loan notes	-	-	(1'470'330)	(1'470'330)	(1'506'247)		-	(1'506'247)
Loans due to parent undertaking	-	-	(230'879)	(230'879)		(282'668)	-	(282'668)
Finance lease liabilities	-	-	(39'149)	(39'149)		(39'149)	-	(39'149)
Factoring liabilities	-	-	(419)	(419)		(419)	-	(419)
Reverse factoring liability & credit facilities	-	-	(6'696)	(6'696)		(6'696)	-	(6'696)
Accrued Expenses			(83'670)	(83'670)				
Trade payables	-	-	(201'402)	(201'402)				
	-	**-**	**(2'108'619)**	**(2'108'619)**				

Factoring receivables have reduced since 31 December 2019 as the Group replaced its legacy trade receivables factoring with recourse program by a trade receivables factoring program with no recourse to the Company. This new non-recourse program allowed the Group to de-recognize trade receivables in the amount of € 25.6 million at 31 December 2020 (€ 51.8 million at 31 December 2019) and improve its net working capital as well as cash flow from operating activities.

31.2. Measurement of fair values

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

Financial instruments measured at fair value

	Valuation technique	*Significant unobservable inputs*
Cross currency swaps	Periodic mid-market values are based on observable inputs including foreign currency exchange rates and interest rates. A credit spread is added to the standard, risk-free discount curve, determined by comparing the composite yield of a basket of fixed-rate bonds issued by entities with similar credit characteristics to the Company, to the risk-free rate.	Not applicable

Financial instruments not measured at fair value

	Valuation technique	*Significant unobservable inputs*
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

31.3. Derivative financial instruments

On 2 February 2018, the Group entered into new cross currency swaps in the value of € 404 million with a maturity date of 1 October 2021 and conditions set out below. No hedge accounting was applied to these cross currency swaps. The net fair value of the swaps at 31 December 2019 was recognized at a value of € -0.5 million, resulting in a loss of € 9 million for the 15 months period ended 31 December 2019.

This cross currency swaps were closed in Mid of August 2020, Selecta Group received a payment of € 3.0 million.

31 December 2019	*Beginning EUR Notional (000's)*	*Beginning Notional in Currency (000's)*
EUR/GBP Fixed-Fixed Principal Final Exchange Cross Currency Swap	125'000	109'275
EUR/CHF Fixed-Fixed Principal Final Exchange Cross Currency Swap	106'000	122'960
UR/SEK Fixed-Fixed Principal Final Exchange Cross Currency Swap	173'000	1'695'400

32. Business combinations

The Group did not have any acquisition in 2020.

32.1. Several minor acquisitions

The major classes of assets acquired and liabilities assumed at the acquisition date are:

	15 months ended 31 December 2019 € (000's)
Total consideration	26'542
Amounts of assets acquired and liabilities assumed at the date of acquisition:	
Property, plant and equipment	5'991
Other non-current assets acquired	343
Inventories	1'972
Trade receivables	1'971
Cash and cash equivalents	503
Trade payables	(6'030)
Other current liabilities	(1'540)
Other non-current liabilities	(564)
Total identifiable net assets acquired	**2'646**
Customer contracts	11'132
Deferred tax liability on intangible assets recognized	(1'001)
Preliminary Goodwill allocated	**13'765**
Restatement to fair value	(1'110)
Goodwill allocated	**12'665**

The acquisition goodwill was adjusted by a net amount of € 1.1 million resulting from fair value adjustments. These included various estimation and accounting alignments or adjustments such as the final alignment to Selecta Group accounting policies on fair values of intangible assets and other measurement period adjustments.

33. Contingent liabilities and contingent assets

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.

34. Related parties

34.1. Parent undertaking

Since 11 December 2015, the ultimate controlling party 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 12 months period ended 31 December 2020 (for the 15 months period ended 31 December 2019: nil).

Selecta AG is the main operating entity of the Group. Selecta AG is managed by its board of directors and 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 12 months period ended 31 December 2020 (for the 15 months period ended 31 December 2019: nil).

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

	12 months ended 31 December 2020 € (000's)	*15 months ended 31 December 2019 € (000's)*
Short term benefits	4'880	7'007

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 12 months period ended 31 December 2020 (for the 15 months period ended 31 December 2019: 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 BV 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 $ 252 billion assets under management (as of 31 December 2020).

During the 12 months period ended at 31 December 2020 the Group was charged by KKR Capstone America LLC ("KKR Capstone") as disclosed below for the support in the execution of the restructuring plan, and in the 15 months period ended 31 December 2019 by KKR Capital Markets Limited for travel expenses and for mark-up for services in 2020 by Selecta Group AG.

The Group entered into a contractual relationship with KKR Capstone regarding the provision of consulting services as disclosed below. On 1 January 2020, KKR Capstone became an affiliate of KKR & Co Inc. Furthermore and for the avoidance of doubt, the provision of consulting services provided by KKR Capstone have been entered into on arm's length basis.

Transactions between the Group and other related parties prior to the change of ownership were as follows:

Related party	*Nature of the transaction*	*Amount of transaction € (000's)*	*Outstanding balance € (000's)*
12 Months ended at 31 December 2020			
KKR Capstone America LLC	Support in the execution of restructuring plan	1'058	606
Selecta Group AG	Mark-up for services	2'080	2'080
15 Months ended at 31 December 2019			
KKR Capital Markets Limited	Travel expenses	50	-

Refer to note 23.3 for related party transactions for the 12 months period ended 31 December 2020 with respect to restructuring of refinancing. There were no other material transactions or outstanding balances between the Group and other related parties for the 12 months period ended 31 December 2020 (15 months period ended 31 December 2019: nil).

35. Events after the balance sheet date

No events have occurred between 31 December 2020 and the date of authorisation of the issue of these consolidated financial statements by the Board of Directors of the Company on 8 April 2021 that could have a material impact on the consolidated financial statements.

36. Subsidiaries

The company's subsidiaries at 31 December 2020 and 31 December 2019 were as follows:

Legal Name of Subsidiary	*Place of Incorporation (or registration)*	*Ownership % 31 Dec 2020*	*Ownership % 31 Dec 2019*	*Principal Activities*	*Change*	*New legal name*
Selecta Betriebsverpflegungs GmbH	Austria	100	100	Vending	-	
Ambassador Vending SPRL	Belgium	0	100	Vending	M	Selecta Belgium N.V.
Selecta Belgium N.V.	Belgium	100	100	Vending	-	
Selecta NV	Belgium	100	100	Dormant	-	
Selecta A/S	Denmark	100	100	Vending	-	
Pelican Rouge Coffee Solutions Oy	Finland	100	100	Vending	-	
Pelican Rouge Holding SAS	France	100	100	Holding	-	
Selecta Holding SAS	France	100	100	Holding	-	
Selecta SAS	France	100	100	Vending	-	
Selecta Deutschland GmbH	Germany	100	100	Vending	-	
Selecta Ireland Vending Solutions Ltd	Ireland	100	100	Vending	-	
Selecta Refreshments LTD	Ireland	100	100	Vending	-	
Gruppo Argenta S.P.A.	Italy	100	100	Vending	-	
HGSC 3 S.A.	Luxembourg	100	100	Holding	-	
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	100	100	Holding	-	
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 TMP AG	Switzerland	100	100	Holding	-	
Allen Vending Services Limited	United Kingdom	100	100	Vending	-	
Express Vending Group Limited	United Kingdom	100	100	Vending	-	
Express Vending Limited	United Kingdom	100	100	Vending	-	
GEM Vending Limited	United Kingdom	100	100	Vending	-	
Select Drinks Limited	United Kingdom	100	100	Vending	-	
Selecta Holding Limited	United Kingdom	100	100	Holding	-	
Selecta Refreshments LTD	United Kingdom	100	100	Vending	-	
Selecta U.K. Limited	United Kingdom	100	100	Vending	-	
Selecta UK Holding Ltd	United Kingdom	100	100	Holding	-	

Legend	
N	Newly acquired
S	Sold
M	Merged
R	Renamed
-	No change

In 2019 the following wholly owned subsidiaries of the Company are covered by a guarantee provided by Selecta Group BV and are consequently entitled to an exemption under s479A from the requirement of the Act relating to the audit of individual accounts. Under this guarantee, the Group will guarantee all outstanding liabilities of these entities. No liability is expected to arise under the guarantee. The entities covered by this guarantee are disclosed below.

- Selecta UK Limited
- Selecta UK Holding Ltd
- Selecta Refreshments Ltd

The guarantees were issued for the duration of one year and therefore are not relevant for the financial statements 2020.

37. Approval of the consolidated financial statements

The consolidated financial statements for the 12 months period ended 31 December 2020 have been authorised by the Board of Directors on 8 April 2021.

Amsterdam, 8 April 2021

Christian Schmitz
Director of the Selecta Group B.V.

Philippe Gautier
Director of the Selecta Group B.V.

Ruud Gabriels
Director of the Selecta Group B.V.

Irene Henry
Director of the Selecta Group B.V.

Selecta Group B.V., Amsterdam

Independent Auditor's Report
to the Board of Directors on the Audit of
the Consolidated Financial Statements

2020

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 2020 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 2020, 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 IESBA Code of Ethics for Professional Accountants, 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 skepticism 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.

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

Reto Benz *Licensed Audit Expert* *Auditor in Charge*	Andreas Stadelmann *Licensed Audit Expert*

Zurich, 8 April 2020