

selecta



# Annual Report 2023

25 April 2024



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## OPERATING AND FINANCIAL REVIEW

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### About Selecta Group

Headquartered in Switzerland since 1957, Selecta Group is a Foodtech company with a leading route based, self-service distribution network in Europe, offering innovative convenience food services and world-class quality coffee brands in the workplace and public spaces. We continuously push on new innovations and solutions, we serve premium coffee and beverages, snacks, and fresh meals to more than 10 million people in 16 countries across Europe every day. With an annual turnover of €1.4 billion, we owe our success to our ca. 6,200 highly skilled, dedicated, and passionate Selecta associates who are committed to creating millions of moments of joy for our clients and their consumers every day. Sustainability is an integral part of the way we do business, focused on the key areas in which we can make a positive difference. For more information, please visit [www.selecta.com](http://www.selecta.com)

## 1. Factors affecting comparability of our financial statements

### **Impact of Coronavirus (COVID-19)**

From 2020 to 2021, the business of the Group was significantly impacted by the Coronavirus (COVID-19) outbreak and the related decrease in mobility and office presence which negatively impacted the Group's financial performance, as a consequence, the Group adjusted its workforce capacity to adapt to the new environment. In 2022, the pandemic only had a limited impact on the Group's business until March, as restrictions continued to ease whilst the pandemic became under control. In 2023, the pandemic did not have any financial impact on the Group.

## 2. Our regional breakdown and business segments

### **Geographic Segments**

We report our revenue and certain other financial data by geographic segment. The geographic segments in which we operate correspond to our reporting segments under IFRS and consist of the following:

- South, UK & Ireland includes operating entities in Italy, Spain and the UK/Ireland;
- Central includes operating entities in Austria, France, Germany, Liechtenstein, and Switzerland; and
- North includes operating entities in Belgium, Denmark, Finland, Luxembourg, the Netherlands, Norway, and Sweden.

In addition to the segments identified above, we report separately on our Headquarters (HQ), which includes corporate center functions in Switzerland and certain functions of former Pelican Rouge entities in the Netherlands and in the UK.

## Business Channels

We also report our revenue and certain other financial data by business channel. Our business channels consist of the following:

- The *workplace channel*, which includes revenue from (i) private self-service retail, consisting of Point of Sale (PoS) placed and serviced in various private locations, such as large corporate customers, in various businesses and industries and including in corporate offices, manufacturing and logistics sites, and (ii) Office Coffee Service (OCS), which is comprised of table-top coffee machines rented out to corporate customers (mainly small and medium-sized enterprises) for office use along with the provision of technical services and coffee and related supplies for the PoS;
- The *on-the-go channel*, which includes revenue from PoS placed and serviced in semi-public areas, such as hospitals, universities and entertainment venues, or public areas, such as train stations, airports and gas stations, following a successful bidding process with relevant government authorities to place our PoS in a given location; and
- The *trading channel*, which includes revenue from sales of machines and products, including coffee roasted in our roasting facility and the provision of technical and hygienic support to customers.

## 3. Income Statement

€m	Jan - Dec 2023	Jan - Dec 2022	Var %
<b>Revenue</b>	<b>1,392.1</b>	<b>1,351.0</b>	<b>3.0%</b>
Vending fees	(183.8)	(170.4)	(7.8%)
<b>Net sales</b>	<b>1'208.3</b>	<b>1,180.5</b>	<b>2.4%</b>
Materials and consumables used	(492.8)	(479.0)	(2.9%)
<b>Gross profit</b>	<b>715.5</b>	<b>701.5</b>	<b>2.0%</b>
Adjusted employee expenses	(337.6)	(343.1)	1.6%
Adjusted other operating expenses	(131.1)	(141.7)	7.5%
<b>Adjusted EBITDA</b>	<b>246.8</b>	<b>216.7</b>	<b>13.9%</b>
One-off adjustments	(39.9)	(51.6)	22.7%
<b>EBITDA</b>	<b>206.9</b>	<b>165.0</b>	<b>25.3%</b>
Depreciation	(125.0)	(134.4)	7.0%
<b>EBITA</b>	<b>81.8</b>	<b>30.6</b>	<b>n.m</b>
Amortization	(41.4)	(52.3)	20.9%
<b>EBIT</b>	<b>40.5</b>	<b>(21.7)</b>	<b>n.m</b>

At Actual Exchange Rates

### Revenue

Revenue increased by 3.0% at actual exchange rates and by 3.5% at constant currency, from € 1,351.0 million for the year ended 31 December 2022, to € 1,392.1 million for the year ended 31 December 2023. This increase reflects strong growth in SMD, price increase execution, strategic focus on profitability leading to intentional churn and volumes softening in some of our countries.

### Revenue by Region

#### South, UK and Ireland

Revenue in our South, UK and Ireland region increased by 2.7% at actual exchange rate, from € 416.9 million for the year ended 31 December 2022, to € 428.4 million for the year ended 31 December 2023. The increase is driven by Spain, the UK and Ireland with a strong performance on all Segments.

### Central

Revenue in our Central region increased by 4.5% at actual exchange rate, from € 483.6 million for the year ended 31 December 2022, to € 505.3 million for the year ended 31 December 2023. The increase is driven by strong performance in Germany and France.

### North

Revenue in our North region increased by 2.4% at actual exchange rate from € 447.5 million for the year ended 31 December 2022, to € 458.4 million for the year ended 31 December 2023. The North region was supported by resilient sales in Roaster and Belgium.

### **Net sales**

Net sales increased by 2.4% at actual exchange rates and by 3.0% at constant currency, from € 1,180.5 million for the year ended 31 December 2022, to € 1,208.3 million for the year ended 31 December 2023. This increase reflects strong growth in SMD, price increase execution, strategic focus on profitability leading to intentional churn and volumes softening in some of our countries.

### **Revenue by Channel**

Net sales (excluding Trade) were € 959.8 million, up 2.7% at actual exchange rates, sustained by our price increase execution and driven by solid net gains. All three channels performed well with Private showing the most resilient sales.

By channel, total net sales per machine per day in Q4 2023 showed an increase of 12.6% from € 11.6 to € 13.0, with a +12.1% increase in the private channel from € 11.9 to € 13.3, +5.1% in public from € 24.8 to € 26.0, and an increase in semi-public of 14.4% from € 8.1 to € 9.3.

### **Adjusted EBITDA**

Adjusted EBITDA increased by 13.9% at actual exchange rates and by 14.5% at constant currency, from € 216.7 million for the year ended 31 December 2022, to € 246.8 million for the year ended 31 December 2023. As a result, our Adjusted EBITDA margin on net sales increased to 20.4% for the year ended 31 December 2023, compared to 18.4% for the year ended 31 December 2022. This increase in Adjusted EBITDA is primarily due to structural productivity gains and strict cost discipline.

### **Vending Fee**

Vending fee increased by 7.8% from € 170.4 million for the year ended 31 December 2022, to € 183.8 million for the year ended 31 December 2023. This increase was primarily driven by increased Public Revenue.

### **Materials and consumables used**

Materials and consumables used increased by 2.9%, from € 479.0 million for the year ended 31 December 2022, to € 492.8 million for the year ended 31 December 2023. The increase is driven by increased net sales, inflationary pressure and change in business mix.

### **Operational Expenses**

Adjusted employee expenses decreased by 1.6%, from € 343.1 million for the year ended 31 December 2022, to € 337.6 million for the year ended 31 December 2023. The decrease in employee expenses is due to close management of resources.

Adjusted other operating expenses decreased by 7.5%, from € 141.7 million for the year ended 31 December 2022, to € 131.1 million for the year ended 31 December 2023. The decrease in other operating expenses is due to continued strict management of operational capacities.

## 4. Cash Flow Statement

€M	Jan - Dec 2023	Jan - Dec 2022	Var %
<b>EBITDA</b>	<b>206.9</b>	<b>165.0</b>	<b>25.3%</b>
(Profit) / loss on disposals	(5.8)	(6.9)	16.1%
Changes in working capital, provisions & others	(56.8)	(13.8)	n.m
Non-cash transactions	1.6	2.7	(40.3%)
<b>Net cash generated from operating activities</b>	<b>146.0</b>	<b>147.1</b>	<b>(0.8%)</b>
Purchases of tangible and intangible assets	(73.5)	(74.7)	1.6%
Proceeds from sale of subsidiaries and other proceeds	13.7	13.9	(1.7%)
<b>Net cash used in investing activities</b>	<b>(59.8)</b>	<b>(60.8)</b>	<b>1.6%</b>
<b>Free cash flow</b>	<b>86.2</b>	<b>86.4</b>	<b>(0.2%)</b>
Proceeds / repayments of loans and borrowings	0.1	10.8	(98.9%)
Interest paid	(63.0)	(36.8)	(71.1%)
Capital element of finance lease liabilities	(39.3)	(45.9)	14.5%
<b>Net cash used in financing activities</b>	<b>(102.2)</b>	<b>(71.9)</b>	<b>(42.1%)</b>
<b>Total net cash flow</b>	<b>(16.0)</b>	<b>14.5</b>	<b>n.m</b>

*At Actual Exchange Rates*

Net cash generated from operating activities was an inflow of € 146.0 million for the year ended 31 December 2023. This cash inflow was mainly driven by improved EBITDA and partially offset by net working capital decrease mainly due to payments of one-off costs.

Net cash used in investing activities was € 59.8 million for the year ended 31 December 2023, a decrease of 1.6% compared to net cash used in investing activities for the year ended 31 December 2022. The decrease is due to an effective allocation of capex, use of client leases and refurbished machines.

Net cash used in financing activities was € 102.2 million for the year ended 31 December 2023, primarily due the increase of notes interest paid and leases related payments. In July-23 was the first interest payment of our First Lien notes which stepped up to 800bps payable in cash, this will continue until maturity.

## 5. Balance Sheet

€m	31 Dec 2023	31 Dec 2022
<b>Non-current assets</b>		
Property, plant and equipment	378.8	415.2
Goodwill	979.3	979.1
Intangible assets	517.8	553.2
Other non-current assets	52.6	59.2
<b>Total non-current assets</b>	<b>1'928.5</b>	<b>2'006.7</b>
<b>Current assets</b>		
Inventories	119.1	116.1
Trade receivables	123.1	114.9
Other current assets	68.6	69.7
Cash and cash equivalents	58.2	73.1
<b>Total current assets</b>	<b>369.0</b>	<b>373.8</b>
<b>Total assets</b>	<b>2'297.5</b>	<b>2'380.5</b>

€m	31 Dec 2023	31 Dec 2022
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>380.5</b>	<b>444.8</b>
Non-current liabilities		
Borrowings	1'127.4	1'082.7
Provisions	4.5	8.0
Other non-current liabilities	152.9	165.9
Deferred income tax liabilities	146.7	156.8
<b>Total non-current liabilities</b>	<b>1'431.5</b>	<b>1'413.4</b>
<b>Current liabilities</b>		
Trade payables	194.4	196.6
Provisions	34.7	50.5
Other current liabilities	256.4	275.2
<b>Total current liabilities</b>	<b>485.5</b>	<b>522.3</b>
<b>Total liabilities</b>	<b>1'917.0</b>	<b>1'935.7</b>
<b>Total equity and liabilities</b>	<b>2'297.5</b>	<b>2'380.5</b>

At Actual Exchange Rates

## 6. Liquidity as of 31 December 2023

€m	Dec 2023 Pre IFRS 16	Dec 2023 IFRS 16	Dec 2023 Post IFRS 16
Cash & cash equivalents	58.2		58.2
Revolving credit facility	57.0		57.0
Senior notes	1'070.4		1'070.4
Lease liabilities	25.6	130.2	155.8
Other financial debt <sup>2</sup>	73.4		73.4
<b>Total senior debt</b>	<b>1'226.4</b>	<b>130.2</b>	<b>1'356.6</b>
Net senior debt	1'168.2	130.2	1'298.4
Adjusted EBITDA last 12 months	214.5	32.3	246.8
Leverage ratio	5.4		5.3
Available liquidity <sup>1</sup>	144.9		144.9

At Actual Exchange Rates

<sup>1</sup> Liquidity is defined as Cash at Bank plus available RCF

<sup>2</sup> Other financial debt is the sum of Recourse Factoring, Reverse Factoring, Accrued Interest plus Local Bank debt

As of 31 December 2023, we had cash & cash equivalents of € 58.2 million and available liquidity of € 144.9 million, taking into account the undrawn commitments under our Revolving Credit Facility.

Following the debt restructuring, we have first and second lien senior secured notes outstanding maturing in 2026.

Our ability to generate cash depends on our future operating performance, which, in turn, depends to some extent on general economic, financial, industry and other factors, many of which are beyond our control. See “*Risk Factors*.” We may from time to time seek to retire or repurchase our outstanding debt through cash purchases, in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on market conditions, our liquidity requirements, contractual restrictions and other factors.

In addition, there continues to be a significant increase in economic uncertainty due to inflationary pressures and prospects of economic downturn in EU and UK. Due to the uncertainty of the outcome of these events, we cannot reasonably estimate the impact they will have on our financial position, results of operations or cash flows in the future.

## 7. Working Capital

€m	Dec 2023	Dec 2022
Account receivables	123.1	114.9
Other receivables	98.1	100.1
Inventory	119.1	116.0
Account payables	(194.4)	(196.6)
Other payables	(171.0)	(191.4)
Provisions and other employee benefits	(39.3)	(58.5)
<b>Working Capital</b>	<b>(64.4)</b>	<b>(115.5)</b>

*At Actual Exchange Rates*

Our working capital decreased by € 51.1 million for the year ended 31 December 2023, compared to the year ended 31 December 2022. This performance is mainly explained by the decrease in other payables and in Provisions and other employee benefit of € 39.7 million, mainly driven by one-off costs related payments.

## 8. Capital Expenditures

Our capital expenditures primarily relate to the acquisition of points of sale equipment to be installed on our clients' premises. Our capital expenditures also relate to the purchase of vehicles and other equipment, such as furniture, Points of sales equipment installation costs and IT investments. Net capital expenditures were at € 73.5 million for the year ended 31 December 2023 at actual rate including the impact of IFRS 16.

## 9. Material commitments and Critical Accounting Policies

Please refer to the 2023 Audited Financial Statements and the notes thereto for a description of our material commitments and critical accounting policies.

## 10. Environmental, social and corporate governance (ESG)

In 2023, we further embedded our group-wide sustainability approach and progressed against our four strategic pillars: respecting the environment, offering healthy & sustainable products to our clients and consumers, delivering a sustainable supply chain and being an employer of choice for our associates.

Our recent achievements in the field of ESG are as follows:

- Reducing Selecta's carbon footprint on our path to carbon neutral in 2030 for scope 1&2 and in 2040 for scope 3 through:
  - Optimizing our routes and taking energy reduction measures in our real estate locations.
  - Deploying 320 new electrical vehicles which avoided 893 tCO<sub>2</sub>e.
  - Refurbishing more than 20k machines we avoided over 4,000 tCO<sub>2</sub>e.
  - Efficiency measures Selecta's Roaster facility saved 332 tCO<sub>2</sub>e.
- Transparent sourcing and support for farmers through the Selecta Coffee Fund. This materializes in our 5 farm-level programs in Burundi and Rwanda, Colombia, Honduras and Vietnam. These programs support farmers to improve household income and to take action towards sustainable agriculture.
- Launched partnership with Change Please on social impact coffee.
- Functional water solutions implemented to reduce plastic bottles.
- Pelican Rouge fully sustainable and certified including mono material packaging and CO<sub>2</sub> neutral blends.
- Fostering diversity & inclusion of our Selecta associates; currently 25% of Selecta leaders are women.



## RISK FACTORS

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*The risks and uncertainties that we describe below are not the only ones we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial could also have a material adverse effect on our business, results of operations or financial condition. If any of the possible events described below occurs, our business, financial condition or results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due.*

*This Report contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Report. See “Forward-Looking Statements.”*

### **Risks Related to Our Business**

#### ***Changes in general economic conditions, consumer confidence and consumer spending could have an adverse effect on the Group’s business.***

Demand for snacks, hot and cold beverages and in-between meals correlates with consumer confidence and employment levels. Changes in general economic conditions directly impact consumer confidence and consumer spending, as well as the general business climate. Therefore, the Group’s results of operations and financial performance are subject to changes in the general economic conditions of the markets in which the Group sells its products. In particular, changes in consumer confidence and consumer spending as a consequence of changes to general economic conditions could have a material adverse impact on the Group’s business. Moreover, consumer confidence, consumer spending and general economic conditions may deteriorate significantly and remain depressed for an extended period. A negative development in general economic conditions or consumer confidence and consumer spending could have a negative effect on the Group’s business, financial condition and results of operations.

Downturns in general economic conditions and uncertainties regarding future economic prospects, which affect consumers’ disposable income, pose a risk to the Group’s business because consumers and businesses may adjust their spending in response to tighter credit markets, unemployment, negative financial news or declines in income or asset values, which could have a material adverse effect on demand for the Group’s products. Many factors affect discretionary spending, including general business conditions, inflation, interest rates, consumer debt levels, unemployment rates, foreign currency exchange rates and availability of consumer credit. These and other such macroeconomic factors are outside the Group’s control.

Recessionary conditions and uncertainty in the macroeconomic environment may also adversely influence the Group’s customers’ decision to contract for a self-service PoS on their premises as well as consumers’ discretionary consumption patterns. A majority of the Group’s PoS are located in office environments or other private self-service retail locations. Consequently, the majority of the Group’s sales from such PoS occur during the working week. There is therefore a correlation between the total number of items sold through the Group’s PoS and work force levels and the total number of hours worked which tend to suffer during recessionary periods. Additionally, general strikes by employees, particularly temporary halts in public transport as well as natural disasters, would reduce the exposure of the Group’s PoS to consumers and decrease its sales volume. Employee retrenchment, strikes or uncertain economic prospects may lead customers to decide against investing in PoS and may lead customers to make fewer beverage, snack and impulse purchases from the Group’s PoS, which could have a material adverse effect on the Group’s business, financial condition and results of operations.

#### ***The success of the Group’s business depends on consumer preferences, technological innovations and the consumer’s experience with the self-service PoS the Group operates.***

The Group is a route-based self-service coffee and convenience food provider operating in the highly competitive segments of the food and beverage market serving hot and cold beverages, in-between meals, snacks, and confectionary products. Changes in consumer preferences could affect both the demand for new PoS and the volume of products the Group sells from its PoS. Any significant changes in consumer preferences or the Group’s inability to anticipate or react to such changes could result in reduced demand for its products and erosion of its competitive and financial position. The Group’s success depends on its ability to respond to consumer trends, including changing tastes, food

fads and concerns of consumers regarding health and wellness, obesity, and product attributes and ingredients, as well as its ability to address special dietary requirements or preferences. In addition, changes in product category consumption or consumer demographics could result in reduced demand for the Group's products. Consumer preferences may shift due to a variety of factors, including a preference for healthy eating, sustainable packaging, the aging of the general population, changes in social trends, changes in travel, workplace, vacation or leisure activity patterns, weather, or negative publicity arising from environmental concerns, or resulting from regulatory action or litigation against companies in the snack food and beverage industries. Furthermore, as millennials begin to form larger portions of the consumer pool, adapting the Group's sales and marketing strategies to complement their purchasing habits will become increasingly important to its business. Any of these or other changes may reduce consumers' willingness to purchase the products the Group sells and may require the Group to incur unplanned costs to respond to these changes, which could have a material adverse effect on its business, financial condition and results of operations.

In addition, existing technologies may develop further in the fields where the Group operates, which could impact its business and require significant investments. For example, wireless technology has developed as a practical medium through which cashless payments can be made. Furthermore, the ability to transmit sales and stock data remotely (telemetry) has led to significant developments in the industry. Other technological advances are also likely to become more widespread, including payments via mobile phone, PoS equipped with internet browsers, PoS that speak to the visually impaired as well as environmentally friendly PoS, which use less energy. If the Group is unable to adopt such advances in technology, its growth prospects, financial condition and results of operations may be adversely affected. Moreover, the Group's continued success is also dependent on product innovation, both in terms of sourcing more technologically advanced PoS as well as new food and beverage products from suppliers. Responding to technological changes regularly requires capital expenditures, which could be above the Group's management's expectations or strain its cash flow position and may not be fully recoverable from revenue streams created by such expenditures. Additionally, the Group is organized on a decentralized geographic basis, which can delay or prevent successful implementation of group-wide roll-outs of the above projects. There can be no assurance that the Group can acquire or successfully implement new models or variants of existing PoS models or that it will be successful in stocking such PoS with the products that will be most appealing to consumers.

Furthermore, the Group's success is dependent on the consumer's experience with the PoS it operate. To generate revenue and profits, the Group must stock food and beverage products that appeal to consumer preferences in PoS that consistently and reliably dispense the products it offers. If consumers encounter PoS that contain undesirable products, have been vandalized, or malfunction, the Group's reputation may suffer and consumers may no longer seek to patronize its PoS, leading to a decline in revenue, which in turn could have a material adverse effect on its business, financial condition and results of operations.

***The Group's business is exposed to fluctuations in costs related to fuel, coffee and other commodity prices.***

The Group's business operations rely on frequent restocking and maintenance of PoS at numerous locations. As a result, the Group is exposed to fluctuations in costs related to fuel and other transportation inputs and inflationary impact on all cost elements. In addition, the Group sources significant amounts of coffee for the operation of its coffee machines and roaster facilities, including its own Peli-can Rouge and Miofino brands of coffee blends. Supply and price of coffee beans can be affected by multiple factors, such as weather, pest damage, politics, competitive pressures and economies of the producing countries. The price of green bean coffee has fluctuated significantly in recent years. The Group manages the risk of fluctuation in commodity prices by partly hedging the price of coffee beans. While the Group's hedging strategy enables it to partly mitigate adverse effects of coffee beans price fluctuations over a certain period, it does not allow the Group to mitigate the risks associated with the valuation of hedging instruments, which may become too expensive due to commodity prices fluctuations, and the creditworthiness of its counterparties. The Group also procures food and beverage products from suppliers, the costs of which are indirectly linked to fluctuations in the prices of certain commodities such as cocoa and sugar. There can be no assurance that the Group will be successful in passing on cost increases to customers or consumers without losses in revenue or gross margin. As a consequence, sudden and significant changes in the prices of coffee and other commodities could have a material adverse effect on the Group's business, financial condition and results of operations.

**Changes in governmental regulations and legislation may subject the Group to new and onerous obligations.**

The food and beverage industry is regulated by various European and national legislation and regulations covering food safety and hygiene, packaging, nutritional information, broader public health and diet concerns, and public tenders for placement of self-service PoS on public premises. For example, EU Regulation 852/2004 sets out general rules for food business operators on the hygiene of foodstuffs and EU Regulation 853/2004 regulates, among other things, the temperature settings of PoS that stock products made from or containing animal products, such as meats and cheeses. The Group may also be subject to new or additional UK regulations following Brexit. Moreover, as governments target lowering obesity rates and obesity-related illnesses, sales of certain snack foods will become discouraged.

In addition, stricter requirements regarding energy consumption of the Group's PoS and the use of recyclable or biodegradable containers in connection with its coffee machines could adversely affect the Group's business operations. Compliance with such laws and regulations could require the Group to make additional investments in new PoS and equipment, and failure to comply could result in the imposition of fines and other remedial measures. For example, the Group's PoS in Germany must be accompanied with a space for consumers to recycle their used coffee cups; the failure to provide recycling facilities can result in fines from the German regulator. In addition, the UK has indicated it intends to add new levies in regards to plastic packaging, which could include a tax on the use of plastic cups in the Group's PoS. Moreover, on 5 June 2019, the European Parliament and the European Council adopted Directive (EU) 2019/904 on the reduction of certain plastic products on the environment, which was implemented by Member States and introduced certain measures, applicable from 3 July 2021, to prevent and reduce the impact of certain plastic products and promote the transition to a circular economy, such as a prohibition of the use of certain single-use plastics ("**SUP**") in cups and containers used for immediate food consumption. The prohibition of the use of SUP in the Member States and the potential taxation of the use of plastic cups in the UK or other jurisdictions could result in significant additional costs and may decrease the profitability of the Group's products. Any such changes in regulations or costs incurred to comply with stricter regulations could materially adversely affect the Group's business, financial condition and results of operations.

The Group is also required to obtain and comply with numerous permits, approvals, licenses and certificates from the respective government authorities of each jurisdiction in which it operates, in relation to health, safety (including the security of the Group's facilities) and environmental regulations. The process of obtaining and renewing necessary permits can be lengthy and complex. In addition, such permits or approvals may be subject to denial, revocation or modification under various circumstances. Failure to obtain or comply with the conditions of permits or approvals, or failure to comply with applicable laws or regulations, may result in the delay or temporary suspension of the Group's operations and sales and may subject it to penalties and other sanctions. For example, the Group operates a 14,000 square meter coffee roasting facility in Dordrecht, the Netherlands. Given its potential impact on the environment, this facility qualifies as a type B facility under Dutch environmental laws. This qualification does not require the Group to obtain an environmental operating permit (*omgevingsvergunning milieu*) to carry out its activities but requires the Group to do an annual assessment to confirm this type B status. If the Group is unable to confirm this status and is required to obtain an operating permit, and if the Group is unable to obtain this permit this could have a material adverse effect on its business, financial condition and results of operations.

In addition, complying with new legislation or regulations, or changed interpretations of existing legislation or regulations, may require the Group to incur significant expense. For example, a recent preliminary court judgment in California concluded that companies are required to give consumers clear and reasonable warning about the presence of high levels of acrylamide in coffee products, that is considered toxic and carcinogenic and that it can impact the consumer's health. Should similar judgments or regulatory requirements become applicable in the jurisdictions in which the Group operates, it could result in an increase in its operating costs to comply with such regulations as well as negatively affect the public perception of the consumption of coffee, potentially having a material adverse effect on the Group's business, results of operations and financial condition. See "*—Any negative impact on the reputation of the brand names of certain of the key products the Group sells may adversely affect its competitive position.*" The Group cannot predict the amounts of any increases in capital expenditures or operating costs that it may incur to comply with applicable regulatory requirements, or whether it will be able to pass on these costs to its consumers through price increases. Additionally, any tightening of regulations applicable to certain materials and processes that the Group uses could force it to use more expensive processes and decrease the profitability of its products. Any failure to obtain or comply with required permits and approvals for the Group's operations, or the possible imposition of fines

or undertaking of capital investments in the aforementioned cases, could have a materially adverse effect on its business, financial condition and results of operations.

***The Group operates in a highly competitive market, and if it does not compete effectively, it may lose market share or be unable to maintain or increase prices for its products and services.***

The market in which the Group operates is highly competitive. Depending on location, the Group's self-service PoS compete, in terms of product selection and price with a combination of cafés, kiosks, fast-food restaurants, delicatessens, sandwich shops, gas stations, convenience stores, and super-markets, among others. In office locations the Group also competes with coffee machine manufacturers who offer office coffee services and may seek to expand in that market segment. As a result of this competitive environment, the Group's suppliers will have multiple channels through which they can sell and distribute products, which gives them significant bargaining advantages. Furthermore, an increase in the number of alternative locations in close proximity to the Group's PoS that sell the same or similar products that it sells through its PoS, or the extension of the opening hours of such locations, would increase the competitive environment and could result in consumers purchasing similar food and beverage products through other channels. These alternative outlets can also reduce the Group's coffee sales in offices, as consumers can instead buy their coffee on the commute to work. In addition, if the train or metro platforms on which the Group has public contracts to operate are under construction for extended periods of time, consumers may become accustomed to purchasing coffee from one of the Group's competitors.

In general, the self-service retail operator sector is characterized by extensive logistics, distribution, and maintenance service requirements. Although the unattended self-service retail market in Europe is currently fragmented, future consolidation in the industry among existing operators could adversely affect the Group's business, financial condition and results of operations.

Certain competitors may have greater capital and other resources and superior brand recognition relative to us and may be able to provide more sophisticated PoS or adopt more aggressive pricing policies. In addition, certain competitors may enter into partnership agreements with producers of well-known coffee brands that may further increase competition with the Group's products. Moreover certain competitors such develop, own, and operate their own PoS, which may have superior functionality to the Group's PoS at a lower cost to the Group's customers. These competitors may be able to undertake more extensive marketing campaigns, secure the most advantageous locations for their PoS or otherwise make more attractive offers to customers and consumers. New market entrants in a particular market segment, in the coffee procurement, roasting, and packaging segment, could also increase competition in procurement for and sale of coffee from the Group's coffee roasting segment. New market entrants in a particular country or region could also lead to oversaturation in the market, limiting the Group's growth potential in that area. There can be no assurance that the Group will be able to compete successfully in its market and a loss in market share or other factors described above may have a material adverse effect on its business, financial condition and results of operations.

The Group's ability to maintain or increase prices in response to competitive pressures may also be limited. Additionally, increasing operating costs, including vending fees with certain customers, may offset increases in margins that rising prices might otherwise produce. As a result, the Group cannot assure you that competitive dynamics will not require it to make investments in its PoS park, or that it will be able to increase prices with sufficient flexibility and speed to preserve or increase its margins, any of which could have a material adverse effect on its business, financial condition and results of operations.

***An increase in vending fee rates could negatively affect the Group's business.***

The Group is generally required to pay vending fees to place its PoS in public locations, such as airports and train and subway stations and, in certain cases, corporate locations. The Group's customers may increase the vending fees the Group pays to place its PoS on their premises in the future. If these vending fees increase or the Group is unable to respond effectively, including if the Group is unable to pass on the full extent of the increases to its customers, its profitability could suffer and it may fail to retain or win new customers. The Group's vending fee arrangements include fixed and variable rent agreements or combinations thereof, and are based on certain factors including, among others, public tender specifications, expected revenue, contract length, competitors' offers and the demographics of the relevant location. An increase in vending fee payable to the Group's customers could significantly

increase its operating expenses in future periods and, as a result, have a material adverse effect on its business, financial condition and results of operations.

***The Group's success is dependent, in part, upon the integrity of its management and employees, and its risk management and internal controls may not prevent or detect violations of law, including mishandling of cash.***

The Group's business operations involve risks associated with fraud, bribery and corruption, or allegations thereof, including with respect to its own employees as well as its customers and the award of public tenders by public authorities to offer self-service retail services. In particular, the Group's business operations involve the transfer of large volumes of cash between locations, which exposes it to the risk of loss or theft. The Group is subject to various legal and regulatory requirements and risks in the countries in which it has facilities or operations, involving compliance with the UK Bribery Act 2010, European Anti-Bribery Conventions and other similar laws, generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purposes of obtaining or retaining business. The Group's existing compliance processes and controls may not be sufficient in order to prevent or detect inadequate practices, fraud and violations of law by its management, employees, agents or contractors. For example, the cash collection process is performed by employees or by third party service providers, with either centralized or decentralized cash control supervisory teams, depending on the country, whose methods may lack adequacy in detecting mishandling of cash. Compliance and controls systems of certain countries may be incomplete, unreliable, or inaccurately transmit data due either to technical shortcomings which may or not be in the Group's control, or malicious efforts of internal staff and third parties. Such malicious efforts include manual input of cash data in systems and are exacerbated by poor or inconsistent control execution from branch to branch within a country. Therefore, the Group may be unable to detect or prevent every instance of theft, fraud, bribery and corruption involving its employees, management, directors, agents, contractors or other third parties in the future. To the extent the Group is not successful in protecting itself from such activities, it may be subject to civil and criminal penalties and to reputational damage as a result of such occurrences. Allegations, proceedings and convictions of certain crimes including, among others, fraud, bribery and corruption may make it more difficult for the Group to obtain or acquire new customers or render it ineligible to participate in public tenders. The involvement or association of the Group's employees, management, directors, agents or contractors with theft, fraud, bribery or corruption and other crimes committed in relation to its activities, or allegations or rumours relating thereto, could have a material adverse effect on its business, results of operations and financial condition.

***A failure of the Group's key information technology, accounting software, cyber security and inventory management systems or processes could have a material adverse effect on its ability to conduct its business.***

The Group relies extensively on information technology, external logistics providers, and other processes for its day-to-day operations. These systems and processes include, but are not limited to, route-planning, ordering and managing stock from suppliers, coordinating the logistics of restocking the Group's PoS, distributing products to various locations, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, and other processes necessary to manage the business. If such systems are damaged or cease to function properly, the Group may suffer interruptions in its ability to manage operations, which could negatively affect its revenue and results of operations by impeding its ability to distribute products and restock its PoS. These interruptions could be caused by any number of events, including catastrophic events, power outages, security breaches, disruptions at the Group's data maintenance suppliers, or its experienced IT employees being unavailable or ceasing to work for it. Moreover, because consumer decisions to purchase snack food and beverages are contextually specific and can change on a day-to-day basis (or even during the course of a day), a lost vend due to a PoS malfunction or a lack of stock cannot typically be recouped once the malfunction has been addressed or the PoS has been restocked. Additionally, if the Group is found to not be in compliance with the license requirements of its software providers or other third parties, they may bring claims against the Group and terminate its licensing agreements with them. Failures in the Group's systems could therefore reduce its revenue, adversely affect its reputation among its customers and consumers generally, compromise its competitive position or otherwise have a material adverse effect on its business, financial condition and results of operations.

Additionally, the Group's exposure to the risk of cyber security breaches, internal security breaches or other unauthorized or accidental access to the servers, other information systems or databases which it controls or has access to is heightened when the Group transmits information over the internet or

introduces new, or makes changes or upgrades to existing products and services or servers, other information systems, or databases.

Furthermore, a significant number of the Group's existing IT systems are nearing the end of their economic life and some of the Group's IT systems lack the technology and automation which is becoming standard across the Group's industry. For example, the Group's internal IT systems do not interface among each other, the Group is missing certain system controls at a central level and it regularly experiences control deficiencies throughout its business, which it has currently addressed through manual controls. Manual controls, as opposed to IT based controls, are costly and inefficient as they do not provide an appropriate level of risk mitigation in regards to fraudulent behaviour. Additionally, some of the Group's outdated custom made applications are no longer supported and cannot be developed further internally. Because of outdated IT systems, many of the Group's internal reports have been prepared based on data extracted from systems and processed manually. In order to address these issues, the Group decided to upgrade, simplify and standardize its IT systems. The Group has implemented its IT strategy to enhance and streamline IT infrastructure and to strengthen the Group's cyber security. Based on the IT strategy the Group rolled-out a modern workplace environment, upgraded end of life servers and is about to migrate part of the infrastructure to a cloud-based approach and integrating the network and perimeter security. In addition, the Group has completed an extensive review of its application landscape and has developed an application roadmap including detailed functional requirements to fully address its IT issues. In 2021 a new CRM was rolled-out.

***The Group may not successfully implement its business strategies.***

The Group may not be able to fully implement its business strategies or realize, in whole or in part within the expected timeframe, the anticipated benefits of its various growth or other initiatives. The Group's various business strategies and initiatives, including further increasing its market leadership with customers and consumers as well as delivering efficient high quality service, are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Group's control.

In addition, the Group expects to incur certain costs to achieve efficiency improvements in its business and it may exceed the expected costs or timeframes, which would adversely affect its ability to realize anticipated synergies or efficiencies. In addition, an inability to achieve such improvements could adversely impact the Group's customer retention or its operations. Also, the Group's business strategies may change from time to time in light of its ability to implement its new business initiatives, competitive pressures, economic uncertainties or developments, or other factors.

***The Group may incur civil and criminal liability due to infringements of the European General Data Protection Regulation.***

The General Data Protection Regulation (EU) 2016/679 (or "GDPR") came into effect on May 25, 2018, and includes various requirements for data protection, in particular (without limitation) for international data transfers, data mapping and accountability, processor (service provider) obligations, and the requirement to designate a data protection officer. Due to its extraterritorial scope of application, it also applies to entities outside the EU (e.g. to the Group's Swiss business), when processing personal data from data subjects in the EU.

The implementation of these requirements of the GDPR put a significant burden on the Group's legal and compliance functions. The task to meet all the GDPR requirements on an ongoing basis is relatively complex. While the Group's operating companies are all currently located in the EU (except the UK), the EEA or in a country that has an adequate level of data protection pursuant to an EU Commission decision, and the Group does not face the implications associated with the intra-group data transfer to the so-called "third countries" (according to art. 44 et seqq. GDPR), the Group can, nevertheless, not guarantee that its operations are at all times in compliance with all the requirements of the GDPR (and its implementing ordinances by Member States). To the extent that the Group violates the requirements set out in the GDPR, sanctions may be imposed. These sanctions depend on the nature of the infringed provision and may consist in civil liabilities and criminal sanctions. Criminal sanctions can include fines of up to EUR 20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, for each infraction. Additional penalties may apply, such as the deprivation of profits.

***The Group may incur civil and criminal liability due to infringements of the Swiss Data Protection Act and other applicable data protection laws relating to theft, loss, or misuse of data relating to its employees, customers or other third parties.***

The theft, loss or misuse of data collected, used, stored or transferred by the Group to run its business could result in significantly increased security costs or costs related to defending legal claims. Swiss and other applicable data protection legislation, enforcement, and policy activity in this area are rapidly expanding and creating a complex compliance regulatory environment. Costs to comply with and implement these privacy-related and data protection measures could be significant. In addition, even an inadvertent failure to comply with privacy-related or data protection laws and regulations could result in proceedings against the Group by governmental entities or others, including its employees or customers, which could negatively affect the Group's reputation, customer relationships, as well as have a material adverse effect on its business, financial condition and results of operations.

In addition, the Group does not have data security insurance coverage and its liability insurance does not grant any coverage for claims arising out of, based upon or in connection with a breach of its data security system. Should one or more of these risks materialize, it could have a material adverse effect on the Group's business, financial condition and results of operation.

***Defects, failures or security breaches in and inadequate upgrades of, or changes to, the Group's PoS and the accompanying software could harm its business.***

The operation of the Group's business depends on sophisticated software, hardware, computer networking and communication services that may contain undetected errors or may be subject to failures or complications. These errors, failures or complications may arise particularly when new, changed or enhanced products or services are added. Future upgrades, improvements or changes that may be necessary to expand and maintain the Group's business may not be timely or appropriately implemented. The security of the Group's customer and consumer data depends on the Group's machines and the accompanying software adequately functioning. Even if the Group is successful in correctly implementing all necessary upgrades, no assurance can be given that criminals will not be able to hack its machines to steal consumer financial information. Further, certain aspects of the operating systems relating to the Group's business are provided by third parties, including telecommunications and payment processing. Accordingly, the effectiveness of these operating systems is, to a certain degree, dependent on the actions and decisions of third parties over whom the Group may have limited control. Any of the above failures could have an adverse effect on the Group's business, financial condition and results of operations.

***Any negative impact on the reputation of the brand names of certain of the key products the Group sells may adversely affect its competitive position.***

The Group stocks and sells in its PoS a broad range of brand name products whose brands are owned by its suppliers or other third parties, such as Starbucks. The Group is dependent on third party brands such as Starbucks, Lavazza, Coca Cola and Mars for the success of its business but it has limited control over these and other brands it supplies to its customers. Any failure on the part of the owners of such brands to defend their intellectual property rights or preserve and build their brands' reputations could compromise such reputations or the public's perception of such brands, thereby diminishing the value of such brands and potentially having a material adverse effect on the Group's business, results of operations and financial condition. While food safety is a top priority for the Group and the Group strives to ensure that consumers enjoy safe, quality food products, claims of illness or injury relating to food quality or food handling are common in the food service industry. Because the Group purchases prepared food from its suppliers, food safety could be out of its control, and the Group relies on suppliers and distributors to label and transport food in accordance with the relevant food safety regulations. Regardless of the source or cause, any report of food-borne illness or other food safety issues such as food tampering or contamination at one of the Group's locations could adversely impact its reputation across its brand. Furthermore, any negative impact on the reputation of the Group's partners could also have a negative effect on its reputation and products, and as a consequence could have a material adverse effect on its business, results of operations and financial condition.

Furthermore, the Group has built a reputation for its own brands, such as Pelican Rouge, for delivery of a consistently positive consumer experience. To be successful in the future, the Group believes it must preserve, grow and leverage the value of its brands across all sales channels. The Group's business strategy relies significantly on the success of the brands in its existing and new markets.

Business incidents, whether isolated or recurring, that erode consumer trust, such as actual or perceived breaches of privacy, contaminated food, employees or other food handlers infected with communicable diseases, product recalls or other potential incidents discussed in this “*Risk Factors*” section, particularly if the incidents receive considerable publicity, including rapidly through social or digital media, or result in litigation, and any failure to respond promptly and appropriately to these incidents, can significantly reduce brand value and have a negative impact on the Group’s business, results of operations and financial condition.

The sale of any of the third party products in the Group’s PoS or the coffee from its coffee roasting facility can also give rise to product liability claims against the Group. Such claims, especially with regards to the Group’s roasting facility products, can be very costly to defend and involve large damages. Product liability claims could harm the Group’s reputation, regardless of the merit or ultimate success of the claim, which could have a material adverse effect on its business, financial position and results of operations.

Consumer demand for the Group’s products and its brands could diminish significantly if the Group fails to preserve the quality of its products, is perceived to act in an unethical or socially irresponsible manner, including with respect to the sourcing, disposal, content or sale of its products or the use of consumer data, failure to comply with laws and regulations or failure to deliver a consistently positive consumer experience in each of its markets. Additionally, inconsistent uses of the Group’s brands and other intellectual property assets, as well as failure to protect the Group’s intellectual property, including from unauthorized uses of its brands or other intellectual property assets, can erode consumer trust and the Group’s brands’ value and have a material adverse effect on its business, financial position and results of operations.

***The Group is exposed to risks associated with fluctuations in currency exchange rates.***

Changes to currency exchange rates may impact the Group’s profitability. For example, a significant strengthening of the euro compared to the pound sterling or to the Swiss franc could have an effect on the Group’s operating results and financial condition, particularly in relation to the price of certain raw materials upon which it relies. Moreover, the Group may be unable to pass along increased costs to its customers or its customers may be less willing to purchase its products at higher prices. Conversely, the Group’s customers may demand that it reduces its prices where any changes in currency exchange rates may have been beneficial to the Group’s operations. Any increased costs or reduced revenue as a result of foreign currency fluctuations could have a material adverse effect on the Group’s business, financial condition and results of operations.

As a result of the international nature of the Group’s operations, it is subject to foreign exchange risk, including currency translation, transactional and operating exposure. In particular, the exchange rates between the euro and the pound sterling or to the Swiss franc have fluctuated significantly and may continue to do so in the future. As the Group reports in euro, it is subject to risks relating to the conversion into euros of the statements of financial position and income statements of its subsidiaries who conduct business in Swiss franc, Danish and Norwegian krone, Swedish krona, and pound sterling. In addition, the Group is subject to risks arising from outstanding nominal foreign currency financial and trade receivables or payables incurred prior to but due to be settled after a change to the relevant exchange rate, which affect its current cash flows.

A weakening of one or more of the foreign currencies in which the Group operates against the euro necessarily reduces its euro-denominated revenue. As a large portion of the Group’s expenses is borne in euro, a depreciation of the pound sterling, Swiss franc, Danish or Norwegian krone, or Swedish krona against the euro would decrease the Group’s profitability. Alternatively, such changes in currency exchange rates may have a long-term impact on demand for the Group’s products, as the Group may become less competitive outside the euro zone due to the higher prices that customers and consumers outside the euro zone may have to pay for the Group’s products.

The Group may not be able to manage effectively the currency risks it faces, and volatility in currency exchange rates may have a material adverse effect on its consolidated financial statements and may have a materially adverse effect on its business, financial condition and results of operations.



***The Group faces various political, economic, legal, regulatory and other risks and uncertainties associated with conducting business in multiple countries.***

The Group's business and results of operations are subject to various risks inherent in international operations over which it has little or no control. These risks include, among others:

- transportation delays and difficulties of managing international distribution channels and suppliers;
- longer payment cycles for and greater difficulty collecting customer accounts receivable;
- the ability to finance the Group's foreign operations;
- fluctuations in currency exchange and currency controls;
- economic downturns in countries or geographic regions where the Group's manufacturers are located which among other things may expose the operations of its manufacturers to risks, leading to an increase in its manufacturing costs or delayed delivery;
- trade restrictions, higher tariffs and changes to existing, or the imposition of additional, regulations relating to import or export of the Group's products;
- unfavourable changes in tax or other laws, including the imposition of new laws or regulations that restrict the Group's operations or increase its cost of operations;
- work stoppages and sudden or unexpected increases in wages;
- political and economic instability, including wars, terrorism, political unrest, boycotts, curtailment of trade and other business restrictions; and
- difficulties in obtaining the protections of the intellectual property laws of other countries.

The likelihood of such occurrences and their potential effect on the Group vary from country to country and are unpredictable; however, the effects of any of these occurrences, or any combination thereof, could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group depends on a limited number of suppliers for the manufacture of self-service retail and the provision of telemetry equipment it requires to operate its business.***

Although the Group has limited in-house refurbishment and customization capabilities, it does not manufacture its PoS. The Group sources substantially all of its PoS from a limited amount of key suppliers. The Group currently, and will increasingly, rely on such manufacturers to produce high-quality machines in adequate quantities to meet customers' demands. If one or more of the Group's PoS manufacturers were to experience severe financial difficulties or cease operations, the Group's ability to source new PoS or component parts could be disrupted and a prolonged interruption could have a significant adverse effect on its business. Any decline in quality, disruption in production or inability of the manufacturers to produce the machines the Group requires in sufficient quantities or in a timely manner, whether as a result of a natural disaster, labour strikes, financial difficulties or other causes, could have a material adverse effect on its business, financial condition and results of operations.

Additionally, the Group relies on a limited number of suppliers for the provision of necessary telemetry software and hardware. As access to sales data derived from the use of telemetry becomes standard in the business, customer expectations for the service has also increased. Therefore, if one or more of the Group's telemetry equipment providers cease to operate for any reason, including bankruptcy or other financial difficulties, the Group may not be able to continue to provide this service to its customers. The inability to provide such services may lead to the loss of certain of the Group's customers, which could have a material adverse effect on its business, financial condition and results of operations.

***Disruptions in the Group's supply and logistics chain could adversely affect it.***

A disruption in the Group's supply and logistics chain caused by transportation disruptions, delays or increased expenses, labour strikes, product recalls or other unforeseen events could adversely affect the Group's ability to restock its PoS or repair, maintain and retrofit its PoS. If the Group cannot secure alternative sources of supply or effectively manage a disruption if it occurs, daily vends and thereby revenue could be reduced until it is able to address the situation and it is unlikely to recoup the loss of such vends. See "*—A failure of the Group's key information technology, accounting software, cyber security, and inventory management systems or processes could have a material adverse effect on its ability to conduct its business.*" These events could cause the Group's revenue to decline, require

additional resources to restore its supply and logistics chain or otherwise could have a material adverse effect on its business, financial condition and results of operations.

***The Group's business requires capital expenditures that may divert significant cash flow from other investments or uses.***

As of 31 December 2023, the Group owned and operated a network of machines for coffee, convenience food and beverage PoS. As part of its business model, the Group acquires new PoS for new customer sites, refurbishes its existing PoS and replaces those that reach obsolescence from its existing installed PoS base. Following the acquisitions of Pelican Rouge, Argenta and Express Vending, the Group expects its capital expenditures related to the purchase of additional vehicles, IT systems, other equipment, and new PoS to remain at a high level in the future to support the investment required to deliver new business growth and maintain PoS park. Moreover, given its reliance on sophisticated and complex machinery, the coffee roasting plant could necessitate significant capital expenditures to remain operational. In addition, the Group finances the purchase of new equipment and PoS through lease agreements in order to lower maintenance capital expenditures. If the Group is not able to enter into these leases agreements, its cash requirements for capital expenditures would increase. As the Group's capital expenditure requirements vary from year to year based on different capital intensity in different business segments, specific reinvestment requirements in relation to new business, requirements for new PoS versus refurbished PoS, and specific initiatives to develop telemetry and cashless payment technologies, among other factors, the Group can provide no assurance that its capital expenditure will not exceed its expectations. Such increases may divert significant cash flows from other investments or uses, including debt servicing, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The loss of major customers or partners, or the inability to establish new customer relationships or partnerships could adversely affect the Group's business, financial condition and results of operations.***

The Group competes to maintain existing customers and to establish new customer relationships in its markets. However, the Group can give no assurance of its ability to maintain or renew existing contracts or enter into new contracts. Furthermore, in certain of its markets the Group is dependent on its large customers.

The Group has a number of partnerships with third parties that allow the use of its partner's well-known brand and product in its PoS. The loss of such partnerships, or the inability to establish new partnerships with other trendy brands in the market could have a material adverse effect the Group's business, financial condition and results of operations. The Group also has a partnership with Retail Market, a self-checkout workplace technology provider, in regards to its MicroMarkets, and a loss of this partnership could have a material adverse effect on its MicroMarkets offering.

In addition to the Group's private self-service retail customer contracts, it also maintains contracts with public customers, who generally have longer terms and are awarded pursuant to public tenders in accordance with EU and national public tenders laws. The Group can give no assurance that it will successfully compete in future auction processes for public service contracts or that current self-service retail customers will continue to welcome its PoS on their premises. The Group is also subject to the risk that contracts with public customers could face legal challenge because public tender rules were not followed. The Group can provide no assurance that the loss of any single customer or group of customers would not have a material adverse effect its business, financial condition and results of operations.

***Certain products the Group sells are susceptible to seasonal variation and sustained periods of abnormal weather can have a material adverse effect on the Group's business.***

The Group's vends of certain products have historically been affected by seasonal variation during the year. Many of the Group's PoS include cold drinks, which have historically generated increased vends during the summer months. Coffee vends generally exhibit less variation, but can also be affected by some seasonal factors, especially for the Group's PoS inside offices or in other private locations, where vends are lower during public holidays. In addition, severe weather can influence consumer traffic patterns in high-traffic areas such as gas stations, train and subway stations and airports. If, for example, transportation services are closed due to heavy snow or rain, the Group's PoS in those locations may be accessible to significantly fewer consumers and vends lost on a particular business day typically cannot be recouped in the future. There can be no assurance that the Group will continue to be able to effectively manage the stocking of its products influenced by seasonal variation or that severe weather or other events will not reduce its vends at certain locations, the occurrence of which could have a material adverse effect on its business, financial condition and results of operations.

***The Group is susceptible to claims of anti-competitive practices.***

Part of the Group's overall strategy is to be a market leader in each of the markets in which it operates. For this reason, and taking into particular consideration the Group's leading market positions in France, Spain, Switzerland, Sweden and the UK, the Group may be accused of the abuse of its position or the use of anti-competitive practices. This risk may increase in the event the Group acquires companies that have market leading positions in the countries in which it operates. Any such claims could adversely affect the Group's reputation, potentially result in legal proceedings that could have an impact on its business, financial condition and results of operations and require it to divest assets in markets where it has a dominant or leading position. Such claims could also impair the Group's ability to conduct acquisitions accretive to its business. Before certain future acquisitions can be consummated, the Group may be required to seek approvals and consents from regulatory agencies or there may be applicable waiting periods that will need to expire. The Group may be unable to obtain such regulatory approvals or consents, or, in order to obtain them, it may be required to dispose of assets or take other actions that could have the effect of reducing its revenue. Even if regulatory authorities do not require disposals or other actions, the regulatory approval process triggered by the Group's market position or claims of anti-competitive practices may have the effect of delaying acquisitions.

***The Group's insurance is limited and subject to exclusions, and depends on the ongoing viability of its insurers; the Group may also incur liabilities or losses that are not covered by insurance.***

The Group currently has in place various insurance policies that cover general liability, property damage and losses due to the interruption of its business in accordance with market practice in the industry and subject to customary conditions. The Group's PoS are generally insured by its customers against damage and vandalism, pursuant to provisions of its customer contracts which require such insurance to be procured by the customer or included as part of its general insurance policy coverage. The Group's other fixed assets, such as its office buildings, technical equipment used in distribution, restocking and PoS refurbishment, information technology and office equipment are protected by a group insurance policy (damages from fire, natural catastrophes, theft, flood and severe weather) that includes certain related business interruption insurance.

The Group's insurance policies are subject to limitations and exclusions. Furthermore, the Group does not have insurance for every type of interruption since such risks cannot be insured or can only be insured on inadequate or onerous terms. Therefore, there can be no assurance that the Group's insurance programs would be sufficient to cover all potential losses, that it will be able to obtain sufficient levels of property insurance coverage in the future or that such coverage will be available on terms acceptable to the Group.

Moreover, certain types of losses, such as those resulting from earthquakes, floods, hurricanes, environmental hazards or terrorist acts, may not be fully insurable or may be uninsurable. Moreover, the business impact of the resulting interruptions has not been quantified and the Group's insurance coverage may not be aligned with management's expectations. For example, although the Group's coffee roasting plant is generally insured, if for any reason the roaster is inoperable for a period of time, the losses the Group would suffer from the shortage of the coffee supply are not insured. The Group uses its discretion in determining amounts, coverage limits, deductibility provisions and the appropriateness of self-insuring with a view to maintaining appropriate insurance coverage at a reasonable cost and on

suitable terms. If the Group suffers an uninsured or underinsured loss, it could lose all or a portion of the capital it has invested in a business or property as well as the anticipated future revenue from such business or property. Such uninsured or underinsured losses could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to credit risk related to its customers, which may cause it to make larger allowances for doubtful trade receivables or incur write-offs related to impaired debts.***

The Group engages in numerous sales transactions with its customers and suppliers, and it is subject to the risk that one or more of these counterparties becomes insolvent and therefore becomes unable to discharge their obligations to the Group. Such risk may be exacerbated by the Group's IT system's inability to consolidate such exposures at the group level or maintain automated credit limits in every instance, in addition to events or circumstances that are inherently difficult to anticipate or control. If one of the Group's counterparties were to default on its obligations or otherwise be unable to discharge its contractual obligations, this could have a material adverse effect on the Group's business, financial condition and results of operation.

***The Group's operations could be adversely affected if it is unable to retain key employees.***

The Group depends on certain key executives and personnel for its success. The Group's performance and its ability to implement its strategies depend on the efforts and abilities of its executive officers and key employees. The Group's operations could be adversely affected if, for any reason, a number of these officers or key employees do not remain with the Group. In the event that such key personnel choose not to remain with the Group, there is a risk that they may join a competing business. Furthermore, there may be a limited number of persons with the requisite skills to serve in these positions, and the Group may be unable to replace key employees with qualified personnel on acceptable terms. Additionally, the Group has, in the past been able to increase its sales capabilities through a consistent assessment and improvement program for its sales staff, which has assisted in attracting and retaining talented sales employees. The Group is dependent on the experience and industry knowledge of its senior management team and other key employees to execute its business plans. The Group's success will depend in part upon its ability to retain key management and sales personnel and other key employees. Current and prospective employees may experience uncertainty about their future roles, which may materially adversely affect the Group's ability to attract and retain key personnel. Accordingly, no assurance can be given that the Group will be able to retain key management and sales personnel and other key employees. The Group's ability to recruit, motivate and retain personnel is important to its success, and there can be no assurance that the Group will continue to be able to do so. Loss of the Group's key employees could have a material adverse effect on its business, financial condition and results of operations.

***The Group may face labour disruptions that could interfere with its operations and have a material adverse effect on its business, financial condition and results of operations.***

Labour law in the countries where the Group operates provides a high level of protection to employees. The countries in which the Group operates provide various bargaining rights, among other protections, to employees. These employment rights may require the Group to expend greater time and costs in altering or amending employees' terms of employment or discontinuing employment relationships. Although the Group believes that it has good relations with the labour unions and other such organizations that represent its labour force, the Group cannot assure you that it will not experience a deterioration in its labour relations, resulting in strikes or other disturbances occasioned by its unionized labour force. For example, labour unions may organize strikes if they disagree with the Group's business strategy. Furthermore, the Group cannot assure you that, upon the expiration of existing collective bargaining agreements with the unions representing its labour force, it will be able to reach new agreements on satisfactory terms or that it would agree on such new agreements without work stoppages, strikes or similar industrial actions.

In certain instances, the Group consults and seeks the input of its employee works councils with respect to a broad range of matters. While the Group generally has been able to successfully consult with its works councils and it regards its relations with its executives, employees and their representatives as generally satisfactory, negotiations may be challenging in connection with the integration processes, as the Group seeks to achieve competitive cost structures in each market it operates while meeting the compensation and benefits needs of its executives and employees. Consultations with works councils, strikes, similar industrial actions or other disturbances by the Group's workforce could

disrupt its operations, result in a loss of reputation, increased wages and benefits or otherwise have a material adverse effect on its business, results of operations and financial condition.

There can be no assurance that there will not be labour disputes or adverse employee relations in the future. Disruptions of business operations due to strikes or similar measures by the Group's employees or the employees of any of its significant suppliers could have a material adverse effect on its business, results of operations and financial condition.

***The Group is subject to risks related to litigation and other legal proceedings in the normal course of its business and otherwise.***

The Group is subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of its business and otherwise. From time to time, the Group has been party as defendant or plaintiff to various claims and lawsuits incidental to the ordinary course of its business, such as those related to employment matters, deductibility of interest and VAT payments and refunds, among others. For example, the Dutch tax authorities have challenged the deductibility of interest expenses on certain shareholder loans of Pelican Rouge B.V. for the financial years 2011 through 2014, and concluded that interest on these shareholder loans is not deductible. This conclusion has resulted in additional tax assessments of more than 20 million. The Group appealed this decision in 2016 and the court of appeals ruled against Pelican Rouge B.V., which decision was further appealed by the Group before the High Court in 2018. In May 2020, the High Court ruled in favour of Pelican Rouge B.V. on some elements of the appeal and in favour of the Dutch tax authorities on others. Both the Group and the Dutch tax authorities decided to proceed with a final appeal of the High Court decision before the Supreme Court. In 2021 the court has taken the decision that 9 million become due to the Dutch tax authorities, remaining amount is subject to a further court case. In 2022, the Supreme Court decision was appealed to the Hague Court of Appeal. As of the date of this Annual Report, the Group has not made any payment to the Dutch tax authorities. In connection with this claim, the purchase price for the acquisition of Pelican Rouge was reduced. In addition, the Group issued contingent value notes in favour of the previous owners of Pelican Rouge B.V. which are payable in the event that the final tax assessment due and payable is less than the amount of the purchase price reduction, in which case an amount representing the difference between the purchase price reduction and the final tax assessment is payable to the previous owners of Pelican Rouge B.V. The results of pending or future legal proceedings are inherently difficult to predict, and the Group can provide no assurance that it will not incur losses in connection with current or future legal or regulatory proceedings (including tax audits) or actions that exceed any provision the Group may set aside in respect of such proceedings or actions or that exceed any insurance coverage available, which may have a material adverse effect on its business, financial position and results of operations.

***The Group incurs post-retirement costs, including under defined benefit pension plans, and funding these costs could adversely affect its financial condition.***

The majority of the Group's employees are covered by defined benefit plans which are funded by the Group, the employees, and in certain countries, by state authorities. The Group has pension plans in various countries, with the majority of its pension liabilities deriving from the UK and Switzerland. For example, in Switzerland, the Group maintains a pension scheme in accordance with Swiss pension law. The Swiss pension scheme requires contributions to be made at defined rates. However, the pension scheme incorporates certain guarantees of minimum interest accumulation and conversion of capital to pension. As a result, the pension scheme has been reported as a defined benefit pension plan in accordance with IFRS and can lead to the Group making additional contributions.

Declines in global capital markets affecting the Group's expected rate of return on pension assets and discount rates may cause reductions in the value of the Group's pension plan assets and estimates of benefit obligations. Such circumstances could also have an adverse effect on future pension expense and funding requirements. In addition, the accounting standards and legal conditions governing the Group's pension obligations are subject to changes in applicable policy, legislation or case law, which may also lead to new or more extensive pension obligations or may impact the Group's previous pension obligation calculations. Any of these factors or developments could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group has recorded a significant amount of goodwill and it may not realize the full value thereof.***

The Group has recorded a significant amount of goodwill. Goodwill is tested for impairment annually and whenever there is any indication of impairment. Impairment may result from, among other things, deterioration in the Group's performance, a decline in expected future cash flows, adverse market conditions, and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to the Group's income statement. Any future impairment of goodwill may result in material reductions of the Group's income and equity under IFRS.

***Changes in tax laws or challenges to the Group's tax position could adversely affect the Group's results of operations and financial condition.***

The Group is subject to complex tax laws. Changes in tax laws or enforcement thereof could adversely affect the Group's tax position, including its effective tax rate or tax payments. The Group often relies on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with the Group's interpretation of these laws. If the Group's tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require the Group to pay taxes that the Group currently does not collect or pay or increase the costs of the Group's services to track and collect such taxes, which could increase the Group's costs of operations or the Group's effective tax rate and have a negative effect on the Group's business, financial condition and results of operations. The occurrence of any of the foregoing tax risks could have a material adverse effect on the Group's business, financial condition and results of operations.

## DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

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### ***Super Senior RCF***

Pursuant to a super senior revolving credit facility agreement dated 15 January 2018 (as most recently amended and restated pursuant to an amendment and restatement agreement dated 29 October 2020) (the "Super Senior RCF Agreement"), the lenders party thereto have made available to Selecta Group B.V., Selecta AG and any other subsidiaries of Selecta Group B.V. which may become party thereto as borrowers from time to time a super senior multicurrency revolving credit facility in an aggregate principal amount of €150,000,000 (the "Super Senior RCF"). The Super Senior RCF matures on 1 January 2026 and bears interest at a rate of EURIBOR (zero floor) plus margin of 3.50% (subject a downwards margin ratchet based on senior secured net leverage) per annum. The margin in respect of the Super Senior RCF (including at all levels of the margin ratchet) will increase by an additional 0.25% per annum with effect from 2 January 2023.

As at 31 December 2023, of the €150 million total commitments under the Super Senior RCF, €57.0 million were drawn by way of cash loans, €0.2 million were drawn by way of bank guarantees issued under ancillary facilities and €92.8 million were undrawn.

Pursuant to an amendment and restatement agreement dated 29 October 2020, the Super Senior RCF Agreement was amended and restated to, among other things, substantially align the terms of the Super Senior RCF Agreement to the terms of the First Lien Senior Secured Notes and the Second Lien Notes and to make certain amendments to the financial covenants set out in the Super Senior RCF Agreement. As a result of this amendment and restatement, the following financial covenants are included in the Super Senior RCF Agreement (i) in respect of each fiscal quarter ending on or after 31 December 2020 and on or prior to 30 September 2023, a minimum liquidity financial maintenance covenant and (ii) in respect of each fiscal quarter ending on or after 31 December 2023, a super senior net leverage financial maintenance covenant. For the avoidance of doubt, these financial covenants replaced the previous springing super senior net leverage financial covenant included in the Super Senior RCF Agreement prior to this amendment and restatement.

### ***First Lien Senior Secured Notes***

On 29 October 2020, Selecta Group B.V. (the "Issuer") issued €678.6 million aggregate principal amount of 8.000% first lien senior secured euro-denominated notes due 2026 (the "First Lien Senior Secured Euro Notes") and CHF17.7 million aggregate principal amount of 8.000% first lien senior secured CHF-denominated notes due 2026 (the "First Lien Senior Secured CHF Notes" and, together with the First Lien Senior Secured Euro Notes, the "First Lien Senior Secured Notes") under an indenture dated 29 October 2020 by and between, among others, the Issuer, Lucid Trustee Services Limited as trustee and security agent, Elavon Financial Services DAC as paying agent, transfer agent and registrar and the guarantors party thereto.

The interest on the First Lien Senior Secured Notes is payable semi-annually in arrears on each 2 January and 1 July, commencing 1 July 2021. The First Lien Senior Secured Notes mature on 1 April 2026. From (and including) 29 October 2020 to (but excluding) January 2, 2023, interest is payable (A) in cash on the principal amount outstanding of First Lien Senior Secured Notes at a rate of 3.500% per annum plus (B) in kind on the principal amount outstanding of First Lien Senior Secured Notes at a rate of 4.500% per annum by increasing the principal amount of the outstanding First Lien Senior Secured Notes or issuing additional First Lien Senior Secured Notes in a principal amount equal to such interest. From (and including) 2 January 2023, to (but excluding) 1 April 2026, interest is payable in cash only on the principal amount outstanding of the First Lien Senior Secured Notes at a rate of 8.000% per annum.

On or after 1 January 2022, the Issuer may redeem all or part of the First Lien Senior Secured Notes at any time at par plus accrued and unpaid interest at a rate of 8.000% to the redemption date.

The First Lien Senior Secured Notes benefit from substantially the same guarantees and collateral as the Super Senior RCF on an equal and ratable basis and subject to the same conditions. These guarantees and enforcement of the collateral securing the First Lien Senior Secured Notes are subject to limitations under applicable laws and may be released under certain circumstances.

The First Lien Senior Secured Notes are not registered under the Securities Act or any U.S. state securities laws. The First Lien Senior Secured Notes are listed on the Official List of the International Stock Exchange.

## **Second Lien Notes**

On 29 October 2020, the Issuer issued €234.7 million aggregate principal amount of 10.000% second lien euro-denominated notes due 2026 (the “Second Lien Notes”) and CHF6.1 million aggregate principal amount of 10.000% second lien CHF-denominated notes due 2026 (the “Second Lien CHF Notes”) and, together with the Second Lien Euro Notes, the “Second Lien Notes”) under an indenture dated 29 October 2020 by and between, among others, the Issuer, Lucid Trustee Services Limited as trustee and security agent, Elavon Financial Services DAC as paying agent, transfer agent and registrar and the guarantors party thereto.

The interest on the Second Lien Notes is payable semi-annually in arrears on each 2 January and 1 July, commencing 1 July 2021. The Second Lien Notes mature on July 1, 2026. From (and including) 29 October 2020 to (but excluding) 2 January 2023, interest is payable in kind on the principal amount outstanding of the Second Lien Notes at a rate of 10.000% per annum by increasing the principal amount of the outstanding Second Lien Notes or issuing additional Second Lien Notes in a principal amount equal to such interest. From (and including) January 2, 2023, to (but excluding) July 1, 2026, interest is payable (A) in cash only at a rate of 9.250% per annum, or (B) in kind only at a rate of 10.000% per annum, or (C) in a combination of both cash and kind, on the principal amount outstanding of the Second Lien Notes.

On or after 1 January 2023, the Issuer may redeem all or part of the Second Lien Notes at any time at par plus accrued and unpaid interest at a rate of (A) 9.250% per annum if the Issuer is required to pay interest in cash or (B) 10.000% per annum if otherwise, in each case to the redemption date.

The Second Lien Notes benefit from substantially the same guarantees and collateral as the Super Senior RCF. These guarantees and enforcement of the collateral securing the Second Lien Notes are subject to limitations under applicable laws and may be released under certain circumstances.

The Second Lien Notes are not registered under the Securities Act or any U.S. state securities laws. The Second Lien Notes are listed on the Official List of the International Stock Exchange.



## MANAGEMENT, SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### Management

The Issuer is a private limited liability company (*Besloten Vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands. The Board of Directors is constituted as follows:

The table below lists the members of the board as of the date of this Report:

Name	Age	Position
Christian Schmitz	43	Member
Nicole Charrière Roos	42	Member
Ruud Gabriels	63	Member
Robert Plooji	45	Member

*Christian Schmitz.* Mr. Schmitz was elected Chief executive officer for Selecta Group in May 2020 after 5 months of interim Chief Operating Officer and having been appointed to the Board of Directors of Selecta Group BV in August 2020. He was previously a Director at KKR Capstone and, prior to that, a partner with McKinsey & Company, where he led transformation of multiple businesses.

*Nicole Charrière Roos.* Mrs. Charrière Roos joined Selecta in October 2019 as Group Finance Director and was appointed as the Acting Group CFO in October 2022. She was previously Director at KPMG.

*Ruud Gabriels.* Mr. Gabriels joined the board of the Issuer on 11 December 2015. Mr. Gabriels is currently managing director and Chairman of the Board of Avega, a corporate service provider in the Netherlands. He has held various positions in the financial sector in the Netherlands as well as in Belgium including the position of Operational Director for two different financial institutions and Financial Director of a bank. As Operational Director and Financial Director he was also a member of the board of directors of those financial institutions. Mr. Gabriels has a Bachelor's degree in accountancy.

*Robert Plooji.* Mr. Plooji joined the management board of the Issuer on 1 August 2021. Mr. Plooji is currently Manager Legal of Avega, a corporate service provider in the Netherlands. Prior to joining Avega, Mr. Plooji worked for other corporate service providers in different roles. Mr. Plooji graduated from the Radboud Universiteit (Nijmegen) with a Master of Laws.

### Compensation of the Board of the Issuer

No remuneration is paid to the members of the Board of the Issuer in such capacity.

### Shareholders

The Issuer is a private limited liability company (*Besloten Vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands. The Issuer is registered with the trade register of the Dutch Chambers of Commerce (*Handelsregister van de Kamer van Koophandel*) under the number 34256233. The Issuer's registered business address is Spicalaan 39, 2132 JG Hoofddorp, the Netherlands. As of the date of this Report, Selecta Group AG, a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Switzerland, holds the entire share capital of the Issuer. The entire share capital of Selecta Group AG, the direct parent of the Issuer, is held by Selecta Group Finco S.A., a public company limited by shares (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg. Selecta Group Finco S.A. issued €235.7 million and CHF 6.1 million of Class A Preference Shares and €175.0 million of Class B Preference Shares as part of the debt restructuring completed in October 2020. For additional information on the shareholding structure of the Group, please refer to the financial statements included in this Report.

### Related Party Transactions

For a description of certain related party transactions applicable to the Group for the year ended 31 December 2023, please refer to the financial statements included in this Report.

## FORWARD-LOOKING STATEMENTS

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Certain statements included herein are not historical facts and are “forward-looking” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. This Report contains certain forward-looking statements in various sections, including, without limitation, under the headings “*Risk Factors*” and in other sections where this Report includes statements about our intentions, beliefs or current expectations regarding our future financial results, plans, liquidity, prospects, growth, strategy and profitability, as well as the general economic conditions of the industry and countries in which we operate. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future sales or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and the economic, political and legal environment in which we operate and other information that is not historical information.

Words such as “believe”, “anticipate”, “estimate”, “expect”, “intend”, “predict”, “project”, “could”, “may”, “will”, “plan” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks, assumptions and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should not place undue reliance on these forward-looking statements or projections. These risks, assumptions, uncertainties and other factors include, among other things, those listed under “*Risk Factors*”, as well as those included elsewhere in this document. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they were made, you should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. You should carefully consider these factors and other uncertainties and events, especially in light of the regulatory, political, economic, social and legal environments in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

## CERTAIN DEFINITIONS

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As used in this Report:

- **“Group”**, **“us”**, **“we”**, **“our”**, **“Selecta”** refers to Selecta Group B.V. and its subsidiaries, unless as indicated or the context requires otherwise;
- **“IFRS”** refers to International Financial Reporting Standards as adopted by the International Accounting Standards Board;
- **“First Lien Indenture”** refers to the indenture dated as of 29 October 2020, among, *inter alios*, the Issuer, the Trustee and the Security Agent, as amended and supplemented from time to time pursuant to which the First Lien Notes were issued;
- **“First Lien Notes”** refers to the €678.6 million 8.000% senior secured notes due 2026 and the CHF 17.7 million 8.000% senior secured notes due 2026 issued under the First Lien Indenture;
- **“Intercreditor Agreement”** refers to the intercreditor agreement dated as of January 31, 2018, among, *inter alios*, the Issuer, the Trustee, the Security Agent, the lenders and agent under the Revolving Credit Facility and certain counterparties under hedging obligations, if any, as amended and supplemented from time to time;
- **“Issuer”** means Selecta Group B.V., a private limited liability company incorporated under the laws of the Netherlands;
- **“Notes”** refers to the First Lien Notes and the Second Lien Notes;
- **“Revolving Credit Facility”** refers to the revolving credit facility in an aggregate principal amount of € 150 million;
- **“Revolving Credit Facility Agreement”** refers to the revolving credit facility agreement dated as of 15 January 2018, among, *inter alios*, the Issuer as an original borrower and the Lenders (as defined therein), as amended and restated pursuant to an amendment and restatement agreement dated 29 October 2020;
- **“Second Lien Indenture”** refers to the indenture dated as of 29 October 2020, among, *inter alios*, the Issuer, the Trustee and the Security Agent, as amended and supplemented from time to time pursuant to which the Second Lien Notes were issued;
- **“Second Lien Notes”** refers to the €234.7 million 10.000% senior secured notes due 2026 and the CHF 6.1 million 10.000% senior secured notes due 2026 issued under the First Lien Indenture;
- **“Security Agent”** refers to Lucid Trustee Services Limited; and
- **“Trustee”** refers to Lucid Trustee Services Limited.



**SELECTA GROUP B.V.  
AND ITS SUBSIDIARIES,  
AMSTERDAM  
(THE NETHERLANDS)**

**Consolidated financial statements for the  
year ended 31 December 2023 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

		<i>Year ended</i>	<i>Year ended</i>
	<i>Note</i>	<i>31 December</i>	<i>31 December</i>
		<i>2023</i>	<i>2022</i>
		<i>€ (000's)</i>	<i>€ (000's)</i>
Revenue	5, 6	1'388'445	1'350'961
Vending fees	7	(183'775)	(170'446)
Materials and consumables used	8	(495'146)	(485'991)
Employee benefits expenses	9	(344'535)	(359'763)
Depreciation, amortisation and impairment expenses	10	(166'415)	(186'752)
Other operating expenses	11	(169'569)	(184'950)
Other operating income	12	11'450	15'231
<b>Profit/(loss) before net finance costs and income tax</b>		<b>40'455</b>	<b>(21'710)</b>
Finance costs	13	(111'787)	(98'906)
Finance income	13	55'597	31'547
<b>Loss before income tax</b>		<b>(15'735)</b>	<b>(89'069)</b>
Income tax	14	(627)	5'515
<b>Loss for the year</b>		<b>(16'362)</b>	<b>(83'554)</b>
Revenue net of vending fees <sup>1</sup>	5, 7	1'204'670	1'180'515

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

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE PROFIT OR LOSS

		Year ended	Year ended
	Notes	31 December 2023	31 December 2022
		€ (000's)	€ (000's)
<b>Loss for the year</b>		<b>(16'362)</b>	<b>(83'554)</b>
<b>Items that will not be reclassified to the consolidated statement of profit or loss</b>			
Re-measurement loss on post-employment benefit obligations	25	(554)	(2'955)
Income tax relating to re-measurement gain/(loss) on post-employment benefit obligations	27.2	1'467	(5'414)
		<b>913</b>	<b>(8'369)</b>
<b>Items that are or may subsequently be reclassified to the consolidated statement of profit or loss</b>			
Foreign exchange translation differences for foreign operations	29.2	(49'151)	(28'978)
<b>Other comprehensive loss for the year</b>		<b>(48'238)</b>	<b>(37'347)</b>
<b>Total comprehensive loss for the year</b>		<b>(64'600)</b>	<b>(120'901)</b>

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



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2023	31 December 2022
		€ (000's)	€ (000's)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	378'775	415'206
Goodwill	17	979'349	979'131
Trademarks	18	338'043	341'333
Customer contracts	18	159'051	190'016
Other intangible assets	18	20'677	21'861
Deferred income tax assets	27	23'157	28'841
Non-current financial assets	19	10'701	12'052
Net defined benefit asset	25	18'769	18'289
<b>Total non-current assets</b>		<b>1'928'522</b>	<b>2'006'729</b>
<b>Current assets</b>			
Inventories	20	119'144	116'043
Trade receivables	21	123'060	114'890
Current financial and other current assets	22	68'592	69'712
Cash and cash equivalents	23	58'190	73'108
<b>Total current assets</b>		<b>368'986</b>	<b>373'753</b>
<b>Total assets</b>		<b>2'297'508</b>	<b>2'380'482</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	29	344	344
Share premium	29	2'045'032	2'044'707
Currency translation reserve	29	(321'183)	(272'032)
Accumulated deficit	29	(1'343'680)	(1'328'231)
<b>Total equity</b>		<b>380'513</b>	<b>444'788</b>
<b>Non-current liabilities</b>			
Borrowings	24	1'127'359	1'082'722
Lease liabilities	16	123'491	133'474
Net defined benefit liability	25	10'536	11'149
Provisions and other employee benefits	26	4'516	7'985
Non-current financial and other non-current liabilities		18'898	21'273
Deferred income tax liabilities	27	146'700	156'808
<b>Total non-current liabilities</b>		<b>1'431'500</b>	<b>1'413'411</b>
<b>Current liabilities</b>			
Lease liabilities	16	32'297	37'169
Trade payables		194'383	196'556
Provisions and other employee benefits	26	34'744	50'546
Current income tax liabilities		6'229	5'599
Current financial and other current liabilities	28	217'842	232'413
<b>Total current liabilities</b>		<b>485'495</b>	<b>522'283</b>
<b>Total liabilities</b>		<b>1'916'995</b>	<b>1'935'694</b>
<b>Total equity and liabilities</b>		<b>2'297'508</b>	<b>2'380'482</b>

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

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Attributable to owners of the Company

	Notes	Share capital € (000's)	Share premium € (000's)	Currency translation reserve € (000's)	Accumulated deficit € (000's)	Total equity € (000's)
<b>Balance at 1 January 2022</b>		<b>344</b>	<b>2'033'314</b>	<b>(243'054)</b>	<b>(1'236'308)</b>	<b>554'296</b>
Other comprehensive loss		-	-	(28'978)	(8'369)	<b>(37'347)</b>
Loss for the year		-	-	-	(83'554)	<b>(83'554)</b>
<i>Total comprehensive loss for the year</i>		-	-	(28'978)	(91'923)	<b>(120'901)</b>
Capital increase	29.1	-	11'205	-	-	<b>11'205</b>
Share-based payment	33	-	188	-	-	<b>188</b>
<b>Balance at 31 December 2022</b>		<b>344</b>	<b>2'044'707</b>	<b>(272'032)</b>	<b>(1'328'231)</b>	<b>444'788</b>
Other comprehensive income/(loss)		-	-	(49'151)	913	<b>(48'238)</b>
Profit for the year		-	-	-	(16'362)	<b>(16'362)</b>
<i>Total comprehensive profit/(loss) for the year</i>		-	-	(49'151)	(15'449)	<b>(64'600)</b>
Share-based payment	33	-	325	-	-	<b>325</b>
<b>Balance at 31 December 2023</b>		<b>344</b>	<b>2'045'032</b>	<b>(321'183)</b>	<b>(1'343'680)</b>	<b>380'513</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	Year ended 31 December 2023 € (000's)	Year ended 31 December 2022 € (000's)
<b>Cash flows from operating activities</b>			
Loss before income tax		(15'735)	(89'069)
Depreciation, amortisation and impairment expenses	10	166'415	186'752
Gain on disposal of property, plant and equipment, net		(6'109)	(7'084)
Expenses for share-based payments		325	188
Non-cash transactions		1'638	2'743
Finance costs, net		56'190	67'359
Changes in working capital:			
(Increase)/Decrease in inventories		(2'135)	(900)
(Increase)/Decrease in trade receivables		(5'003)	(18'578)
(Increase)/Decrease in other current assets		3'353	(20'108)
Increase/(Decrease) in trade payables		(3'911)	23'756
Increase/(Decrease) in other current liabilities and provisions		(45'463)	7'452
Income taxes paid		(3'598)	(5'380)
<b>Net cash generated from operating activities</b>		<b>145'967</b>	<b>147'131</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(68'651)	(67'929)
Purchases of intangible assets		(4'852)	(6'779)
Proceeds from sale of property, plant and equipment and other proceeds		13'716	13'949
<b>Net cash used in investing activities</b>		<b>(59'787)</b>	<b>(60'759)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital increase	24	-	431
Proceeds from loans and borrowings	24	9'169	21'663
Repayments of loans and borrowings	24	(7'652)	(10'667)
Repayments of lease liabilities	24	(39'261)	(45'905)
Proceeds/(Repayments) of factoring	24	(1'400)	(587)
Interest paid	24	(63'013)	(36'818)
<b>Net cash used in financing activities</b>		<b>(102'157)</b>	<b>(71'883)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(15'977)</b>	<b>14'489</b>
Cash and cash equivalents at the beginning of the period		73'108	60'034
Exchange losses on cash and cash equivalents		1'059	(1'415)
<b>Cash and cash equivalents at the end of the period</b>		<b>58'190</b>	<b>73'108</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



## 1. General Information

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

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

From 2020 to 2021, the business of the Group was significantly impacted by the Coronavirus (COVID-19) outbreak and the related decrease in mobility and office presence which negatively impacted the Group’s financial performance, as a consequence, the Group adjusted its workforce capacity to adapt to the new environment. In 2022, the pandemic only had a limited impact on the Group’s business until March, as restrictions continued to ease whilst the pandemic became under control. In 2023, the pandemic did not have any financial impact on the Group.

## 2. Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

## 3. Summary of 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 2023.

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

A number of new amendments are effective from 1 January 2023, and their effect on the Group consolidated financial statements is discussed below.

#### **Deferred tax related to assets and liabilities arising from a single transaction**

The Group has adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets in those jurisdictions where the tax deductions are attributable to the repayment of the lease liabilities. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised (See Note 27.2 and Note 27.3).

#### **Global minimum top-up tax**

The Group has adopted *International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)* upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure (see Note 27).

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdictions where the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group’s consolidated financial statements.

## Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's consolidated financial statements.

## Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

## IFRS 17 Insurance Contracts

IFRS 17 *Insurance Contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects.

The new standard had no impact on the Group's consolidated financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted them in preparing these consolidated financial statements.

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

	<i>Impact</i>	<i>Effective date</i>	<i>Planned application by Selecta Group B.V.</i>
<b><i>New standards or interpretations</i></b>			
Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1)	1 January 2024	Reporting year 2024
Amendments to IFRS 16 leases: Lease liability in a Sales and Leaseback	1)	1 January 2024	Reporting year 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1)	1 January 2024	Reporting year 2024
Lack of Exchangeability – Amendments to IAS 21	1)	1 January 2025	Reporting year 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	1)	Available for optional adoption/effective date deferred indefinitely	

- 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. Foreign currencies

#### Foreign currencies in individual financial statements

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

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

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

#### Foreign currencies in consolidated financial statements

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

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

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

		31 December 2023		31 December 2022	
		Statement of financial position	Statement of profit or loss	Statement of financial position	Statement of profit or loss
Danish Krone	DKK	7.45	7.45	7.44	7.44
Great Britain Pound	GBP	0.87	0.87	0.89	0.85
Norwegian Kroner	NOK	11.24	11.47	10.51	10.11
Swedish Krona	SEK	11.09	11.48	11.12	10.66
Swiss Franc	CHF	0.93	0.97	0.98	1.00

### 3.5. Property, plant and equipment

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

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

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

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

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

### 3.6. Leases

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

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

### 3.7. 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.

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

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

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

### **3.8. 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. 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.

### **3.10. 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.

### **3.11. Trade and other receivables**

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

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

### **3.12. Cash and cash equivalents**

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

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

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

### **3.13. 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.

### **3.14. 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements.

Deferred tax is 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 at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences.

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.

The Group has determined that the global minimum top-up tax - which it is required to pay under Pillar Two legislation - is an income tax in scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

### **3.15. 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.

### **3.16. Revenue recognition**

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

#### **Sale of goods**

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

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

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

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

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

#### **Rendering of services**

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

### **3.17. Financial result**

#### **Finance costs**

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

#### **Finance income**

Finance income mainly consists of foreign exchange gains.

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

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below.

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

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

#### **Customer contracts**

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

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

#### **Sales estimations**

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

#### **Inventories**

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

## Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

## 5. Segment reporting

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

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

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

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

*Result for the year ended 31 December 2023*

	<i>South, UK &amp; Ireland</i>	<i>Central</i>	<i>North</i>	<i>Total reportable segments</i>	<i>HQ and Interco</i>	<i>Total Group</i>
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue	427'917	504'369	476'289	1'408'575	(20'130)	<b>1'388'445</b>
Revenue net of vending fees	380'403	393'906	450'491	1'224'800	(20'130)	<b>1'204'670</b>
<b>Profit/(loss) before net finance costs, income taxes, depreciation, amortisation and impairment expenses</b>	<b>52'006</b>	<b>84'199</b>	<b>82'414</b>	<b>218'619</b>	<b>(11'749)</b>	<b>206'870</b>
Depreciation, amortisation and impairment expenses	(44'526)	(48'306)	(37'074)	(129'906)	(36'509)	<b>(166'415)</b>
<b>Profit before net finance costs and income tax</b>						<b>40'455</b>
Finance costs, net						<b>(56'190)</b>
<b>Loss before income tax</b>						<b>(15'735)</b>

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

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

Result for the year ended 31 December 2022

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

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

	31 December 2023 € (000's)	31 December 2022 € (000's)
Switzerland	93'741	96'955
France	40'569	52'746
Italy	75'491	81'663
Sweden	21'503	20'068
UK	20'488	27'001
Netherlands	45'520	50'241
All other countries	115'982	124'713
HQ	1'462'602	1'494'160
<b>Total</b>	<b>1'875'896</b>	<b>1'947'547</b>

## 6. Revenue by channel

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

*Result for the year ended 31 December 2023*

	South, UK & Ireland € (000's)	Central € (000's)	North € (000's)	Total reportable segments € (000's)	HQ and Interco € (000's)	Total Group € (000's)
Revenue from contracts with customers	427'917	504'369	460'783	1'393'069	(20'130)	<b>1'372'939</b>
Rental revenue	-	-	15'506	15'506	-	<b>15'506</b>
<b>Total revenue</b>	<b>427'917</b>	<b>504'369</b>	<b>476'289</b>	<b>1'408'575</b>	<b>(20'130)</b>	<b>1'388'445</b>
Revenue from On-the-Go channel	161'557	288'809	84'895	535'261	-	<b>535'261</b>
Third party revenue from Workplace channel	198'833	175'354	215'961	590'148	-	<b>590'148</b>
Intersegment revenue from Workplace channel	-	67	-	67	(67)	-
Third party revenue from Trading channel	67'489	39'980	140'061	247'530	-	<b>247'530</b>
Intersegment revenue from Trading channel	38	159	19'866	20'063	(20'063)	-
<b>Total revenue from contracts with customers</b>	<b>427'917</b>	<b>504'369</b>	<b>460'783</b>	<b>1'393'069</b>	<b>(20'130)</b>	<b>1'372'939</b>

*Result for the year ended 31 December 2022*

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

Revenue by channel:

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

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

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



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

#### **Workplace (private)**

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

#### **Trading**

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

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

No information is provided about remaining performance obligations as of 31 December 2023 that have an original expected duration of one year or less, as allowed by IFRS 15.

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

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

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

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

### **8. Materials and consumables used**

	<i>Year ended 31 December 2023 € (000's)</i>	<i>Year ended 31 December 2022 € (000's)</i>
Cost of materials	(515'301)	(502'668)
Rebates and discounts	22'821	18'245
Other	(2'666)	(1'568)
<b>Total materials and consumables used</b>	<b>(495'146)</b>	<b>(485'991)</b>

## 9. Employee benefits expenses

	<i>Year ended 31 December 2023 € (000's)</i>	<i>Year ended 31 December 2022 € (000's)</i>
Wages and salaries	(278'041)	(302'138)
Social security	(56'929)	(57'543)
Compensation for short-term work	900	9'100
Post-employment benefits:		
Defined contribution plans	(6'498)	(6'415)
Defined benefit plans	(3'967)	(2'767)
<b>Total employee benefits expense</b>	<b>(344'535)</b>	<b>(359'763)</b>

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

## 10. Depreciation, amortisation and impairment expenses

	<i>Notes</i>	<i>Year ended 31 December 2023 € (000's)</i>	<i>Year ended 31 December 2022 € (000's)</i>
Depreciation	15	(122'629)	(134'435)
Impairment tangible assets and other assets		(2'406)	-
Amortisation customer contracts and trademark	18	(28'412)	(44'038)
Amortisation other intangibles	18	(6'898)	(8'151)
Impairment intangible assets	18	(6'070)	(128)
<b>Total depreciation, amortisation and impairment expenses</b>		<b>(166'415)</b>	<b>(186'752)</b>

## 11. Other operating expenses

	<i>Year ended 31 December 2023 € (000's)</i>	<i>Year ended 31 December 2022 € (000's)</i>
Transportation expenses	(47'054)	(51'331)
IT expenses	(34'737)	(35'467)
Maintenance expenses	(32'663)	(32'691)
Administration expenses	(17'315)	(18'635)
Rent	(5'904)	(6'866)
Consulting expenses	(8'977)	(11'767)
Mark-up for services from related parties	(6'899)	(4'631)
Travel and representation expenses	(6'786)	(6'829)
Loss on disposal of tangible assets	(4'649)	(5'405)
Other operating expenses	(2'843)	(8'430)
Change in bad debt allowance	(1'742)	(2'898)
<b>Total other operating expenses</b>	<b>(169'569)</b>	<b>(184'950)</b>

## 12. Other operating income

	<i>Year ended 31 December 2023 € (000's)</i>	<i>Year ended 31 December 2022 € (000's)</i>
Gain on disposal of tangible assets	7'549	7'515
Other operating income	3'292	5'691
Supplier marketing contributions	218	1'057
Capitalised costs	391	968
<b>Total other operating income</b>	<b>11'450</b>	<b>15'231</b>

## 13. Finance costs and finance income

	<i>Year ended 31 December 2023 € (000's)</i>	<i>Year ended 31 December 2022 € (000's)</i>
Interest on debts and borrowings	(102'745)	(92'698)
Lease interest expense	(5'249)	(3'807)
Other interest and finance expense	(3'793)	(2'401)
<b>Total finance costs</b>	<b>(111'787)</b>	<b>(98'906)</b>

Foreign exchange gain	54'328	30'817
Other interest and finance income	1'269	730
<b>Total finance income</b>	<b>55'597</b>	<b>31'547</b>

## 14. Income tax

Income tax benefit comprises:

	<i>Year ended 31 December 2023 € (000's)</i>	<i>Year ended 31 December 2022 € (000's)</i>
Current income tax expense	(4'140)	(4'389)
Deferred income tax benefit	3'513	9'904
<b>Total income tax benefit / (expense)</b>	<b>(627)</b>	<b>5'515</b>

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

	<i>Year ended 31 December 2023 € (000's)</i>	<i>Year ended 31 December 2022 € (000's)</i>
Loss before income tax	(15'735)	(89'069)
Applicable tax rate	29%	24.2 %
Expected tax credit	4'563	21'562
Effect of expenses not deductible for tax purposes	(7'662)	(7'541)
Effect of change in tax rate	(1'595)	(343)
Effect of non-taxable income for tax purposes	5'440	4'545
Effect of taxable losses for the year not recognised as deferred tax assets	(11'781)	(14'725)
Recognition of previously unrecognised tax losses as deferred tax assets	13'783	5'461
Utilisation against current year taxable income of previously unrecognised tax losses	4'103	1'598
Write-off of previously recognised tax losses and deferred tax assets	(11'724)	(2'457)
Income and deferred tax benefit / (expense) of previous years	4'246	(2'585)
<b>Income tax benefit recognised in consolidated statement of profit or loss</b>	<b>(627)</b>	<b>5'515</b>

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

#### **Global minimum tax**

In the recent years, members of the OECD/G20 Inclusive Framework have developed a two-pillar solution to address the tax challenges arising from the digitalisation of the economy. This solution plays an important role to ensure fairness and equity in the international tax systems.

From both pillars, only the second pillar is relevant to Selecta Group as it applies to groups with annual turnover of minimum 750 million Euro. This pillar establishes a floor on corporate tax competition which will ensure a multinational enterprise (MNE) is subject to tax in each jurisdiction at a 15% effective minimum tax rate regardless of where it operates.

This global minimum tax framework is envisaged as per 2024, however, not all Inclusive Framework jurisdictions have implemented it as planned. Management is closely monitoring the progress of the legislative process in each jurisdiction where the Group operates. Given the uncertainty of the political landscape, the Group has decided to benefit from the provisional safe harbours applicable until 2026. Within that period, the Group would be subject to simplified compliance and any impact on the consolidated financial statement could be eliminated, provided the Group fulfills required criteria.

As a result, the Group does not expect material impact from the new legislation on the Group's consolidated financial statements as of 31 December 2023.

## 15. Property, plant and equipment

<b>Cost</b>	<i>Freehold land and buildings</i> € (000's)	<i>Vending equipment</i> € (000's)	<i>Vehicles</i> € (000's)	<i>Other equipment</i> € (000's)	<b>Total</b> € (000's)
<b>Balance at 1 January 2022</b>	<b>163'156</b>	<b>801'755</b>	<b>78'042</b>	<b>83'705</b>	<b>1'126'658</b>
Additions	10'058	70'411	5'101	10'511	<b>96'081</b>
Disposals	(11'009)	(65'727)	(9'817)	(1'569)	<b>(88'122)</b>
Lease modifications	4'439	-	320	-	<b>4'759</b>
Reclassifications*	-	(13'613)	1'136	5'383	<b>(7'094)</b>
Effects of foreign currency exchange differences	1'378	1'113	(746)	(364)	<b>1'381</b>
<b>Balance at 31 December 2022</b>	<b>168'022</b>	<b>793'939</b>	<b>74'036</b>	<b>97'666</b>	<b>1'133'663</b>
Additions	7'287	64'922	11'897	10'114	<b>94'220</b>
Disposals	(13'852)	(110'900)	(17'756)	(8'747)	<b>(151'255)</b>
Lease modifications	680	-	(129)	-	<b>551</b>
Reclassifications*	22	(3'271)	(34)	(5'526)	<b>(8'809)</b>
Effects of foreign currency exchange differences	3'697	11'631	707	1'412	<b>17'447</b>
<b>Balance at 31 December 2023</b>	<b>165'856</b>	<b>756'321</b>	<b>68'721</b>	<b>94'919</b>	<b>1'085'817</b>
<b>Accumulated depreciation and impairment</b>					
<b>Balance at 1 January 2022</b>	<b>(34'212)</b>	<b>(547'720)</b>	<b>(32'109)</b>	<b>(56'929)</b>	<b>(670'970)</b>
Depreciation expense	(16'715)	(89'591)	(16'944)	(11'185)	<b>(134'435)</b>
Disposals	6'457	60'970	7'637	1'438	<b>76'502</b>
Lease Modification	(1'256)	-	(189)	-	<b>(1'445)</b>
Reclassifications*	-	12'456	(1'136)	524	<b>11'844</b>
Effects of foreign currency exchange differences	125	(886)	459	349	<b>47</b>
<b>Balance at 31 December 2022</b>	<b>(45'601)</b>	<b>(564'771)</b>	<b>(42'282)</b>	<b>(65'803)</b>	<b>(718'457)</b>
Depreciation expense	(16'523)	(81'163)	(14'331)	(10'612)	<b>(122'629)</b>
Impairment expense	(154)	(1'591)	-	(334)	<b>(2'079)</b>
Disposals	10'012	105'774	15'672	8'339	<b>139'797</b>
Lease Modification	(271)	-	201	-	<b>(70)</b>
Reclassifications*	-	3'069	39	4'763	<b>7'871</b>
Effects of foreign currency exchange differences	(993)	(9'137)	(448)	(897)	<b>(11'475)</b>
<b>Balance at 31 December 2023</b>	<b>(53'530)</b>	<b>(547'819)</b>	<b>(41'149)</b>	<b>(64'544)</b>	<b>(707'042)</b>
<b>Net Book Value</b>					
<b>At 31 December 2022</b>	<b>122'421</b>	<b>229'168</b>	<b>31'754</b>	<b>31'863</b>	<b>415'206</b>
<b>At 31 December 2023</b>	<b>112'326</b>	<b>208'502</b>	<b>27'572</b>	<b>30'375</b>	<b>378'775</b>

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

As of 31 December 2023, the above table included right-of-use assets in the amount € 159.2 million (31 December 2022: € 173.6 million). Commitments in respect of capital expenditure amounted to € 16.7 million as of 31 December 2023 (31 December 2022: € 4.5 million).

Following the analysis of low performing points of sales, an impairment of vending equipment was recognised in 2023.

## 16. Leases

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

Right-of-use assets € (000's)	Land and Buildings	Vending equipment	Vehicles	Other equipment	Total
<b>Balance at 1 January 2022</b>	<b>120'769</b>	<b>24'440</b>	<b>43'688</b>	<b>1'475</b>	<b>190'372</b>
Depreciation charge for the year	(16'044)	(7'022)	(15'910)	(751)	(39'727)
Additions to right-of-use assets	9'851	12'216	4'331	157	26'555
Disposals of right-of-use assets	(4'196)	(1'937)	(2'277)	(10)	(8'420)
Lease modifications	3'183	-	131	-	3'314
Effects of foreign currency exchange differences	1'504	300	(273)	(1)	1'530
<b>Balance at 31 December 2022</b>	<b>115'067</b>	<b>27'997</b>	<b>29'690</b>	<b>870</b>	<b>173'624</b>
Depreciation charge for the year	(15'787)	(7'411)	(13'519)	(576)	(37'293)
Additions to right-of-use assets	6'741	7'504	10'569	563	25'377
Disposals of right-of-use assets	(3'747)	(1'453)	(1'076)	(153)	(6'429)
Lease modifications	410	-	72	-	482
Effects of foreign currency exchange differences	2'717	434	277	1	3'429
<b>Balance at 31 December 2023</b>	<b>105'401</b>	<b>27'071</b>	<b>26'013</b>	<b>705</b>	<b>159'190</b>

<b>Lease liabilities</b>	31 December 2023 € (000's)	31 December 2022 € (000's)
Current lease liabilities	32'297	37'169
Non-current lease liabilities	123'491	133'474
<b>Total lease liabilities</b>	<b>155'788</b>	<b>170'643</b>

<b>Amounts recognised in profit or loss</b>	Year ended 31 December 2023 € (000's)	Year ended 31 December 2022 € (000's)
Interest on lease liabilities	5'249	3'807
Income from sub-leasing	(136)	(321)
Expenses related to short term leases	1'040	349
Expenses related to leases of low-value assets, excluding short term Leases of low-value assets	712	2'033

<b>Amounts recognised in statement of cash flows</b>	Year ended 31 December 2023 € (000's)	Year ended 31 December 2022 € (000's)
Total cash outflow for leases	46'262	51'743

The Group has various lease contracts that have not yet commenced as of 31 December 2023. Future lease payments for these lease contracts are € 0.3 million.

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

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

## 17. Goodwill

<b>Cost</b>	<b>Goodwill € (000's)</b>
<b>Balance at 1 January 2022</b>	<b>1'047'948</b>
Other changes	83
<b>Balance at 31 December 2022</b>	<b>1'048'031</b>
Other changes	218
<b>Balance at 31 December 2023</b>	<b>1'048'249</b>
<b>Accumulated impairment</b>	
<b>Balance at 1 January 2022</b>	<b>(68'900)</b>
Impairment	-
<b>Balance at 31 December 2022</b>	<b>(68'900)</b>
Impairment	-
<b>Balance at 31 December 2023</b>	<b>(68'900)</b>
<b>At 31 December 2022</b>	<b>979'131</b>
<b>At 31 December 2023</b>	<b>979'349</b>

### 17.1. Impairment testing

During the financial years 2023 and 2022 the carrying values including goodwill of the cash-generating units were compared to their recoverable amounts. The test was conducted on the basis of the carrying values and the recoverable amounts of the Selecta Group's cash generating units.

The goodwill tested as of 31 December 2023 was € 979.3 million, composed of the legacy Selecta, Pelican Rouge and Argenta and several minor acquisitions goodwill. For the year ended 31 December 2023, it was concluded that recoverable amounts exceeded the carrying amounts and therefore no impairment was recorded.

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

## 17.2. Allocation to cash-generating units

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

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

- Segment South, UK & Ireland which includes Italy, Spain and the UK (including Express Vending and Ireland)
- Segment Central which includes Switzerland, Germany, Austria and France
- Segment North which includes Sweden, Norway, Finland, Denmark, Belgium, Netherlands and the Pelican Rouge Roaster in the Netherlands

The amount of goodwill allocated to each cash generating unit as of 31 December 2023 and 31 December 2022 were as follows:

	31 December 2023 € (000's)	31 December 2022 € (000's)
<u>Selecta goodwill</u>		
Region South, UK & Ireland	416'835	416'802
Region Central	188'799	188'615
Region North	373'715	373'714
<b>Total goodwill</b>	<b>979'349</b>	<b>979'131</b>

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

In undertaking the impairment test of the Selecta goodwill, the Group has used post-tax cash flow projections for the computation of value in use based on the 2024 – 2029 business plan of the Group, covering a six-year period. The business plan is approved by management. Cashflow projections covering a six-year period are in line with the Group's internal budgeting process. In year seven the Group assumes further growth of 1.3%.

Cash flows beyond the seven-year period are extrapolated using estimated growth rates as disclosed in the table below. For the year ended 31 December 2023, the growth rates were as follows:

	2023
Region South, UK & Ireland	1.3%
Region Central	1.3%
Region North	1.3%

For the year ended 31 December 2022, the growth rates were as follows:

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



The cash flows are discounted using a post-tax weighted average cost of capital (WACC) for each region. The post-tax WACC applied for each region as of 31 December 2023 and 31 December 2022 were as follows:

	31 December 2023		31 December 2022	
	Post-tax WACC	Equivalent to a pre-tax WACC of	Post-tax WACC	Equivalent to a pre-tax WACC of
Region South, UK & Ireland	8.7%	10.1%	8.9%	10.8%
Region Central	6.9%	7.6%	7.1%	8.1%
Region North	7.8%	9.3%	7.6%	9.4%

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

The headroom arising from the goodwill impairment testing by region as of 31 December 2023 and 31 December 2022 was as follows:

	31 December 2023 € millions	31 December 2022 € millions
Region South, UK & Ireland	698	323
Region Central	1'410	807
Region North	1'247	500

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 2023	
	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	15.4%	-12.4%
Region Central	21.4%	-50.3%
Region North	19.4%	-30.5%

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

## 18. Intangible assets

Intangible assets consist primarily of trademarks and customer contracts.

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

<b>Cost</b>	<i>Software/ other</i> € (000's)	<i>Trademarks</i> € (000's)	<i>Customer Contracts</i> € (000's)	<b>Total</b> € (000's)
<b>Balance at 1 January 2022</b>	<b>96'591</b>	<b>357'051</b>	<b>672'901</b>	<b>1'126'543</b>
Additions	6'730	-	-	<b>6'730</b>
Derecognition	(2'578)	-	(333'123)	<b>(335'701)</b>
Reclassifications	(5'424)	-	-	<b>(5'424)</b>
Effects of foreign currency exchange differences	2'054	-	(494)	<b>1'560</b>
<b>Balance at 31 December 2022</b>	<b>97'373</b>	<b>357'051</b>	<b>339'284</b>	<b>793'708</b>
Additions	4'844	-	-	<b>4'844</b>
Derecognition	(1'665)	-	(26'248)	<b>(27'913)</b>
Reclassifications	4'668	-	-	<b>4'668</b>
Effects of foreign currency exchange differences	3'818	-	388	<b>4'206</b>
<b>Balance at 31 December 2023</b>	<b>109'038</b>	<b>357'051</b>	<b>313'424</b>	<b>779'513</b>
<b>Accumulated amortisation and impairment losses</b>	<i>Software/ other</i> € (000's)	<i>Trademarks</i> € (000's)	<i>Customer Contracts</i> € (000's)	<b>Total</b> € (000's)
<b>Balance at 1 January 2022</b>	<b>(68'389)</b>	<b>(12'427)</b>	<b>(441'980)</b>	<b>(522'796)</b>
Amortisation expenses	(8'151)	(3'291)	(40'747)	<b>(52'189)</b>
Impairment expenses	(128)	-	-	<b>(128)</b>
Derecognition	2'578	-	333'123	<b>335'701</b>
Effects of foreign currency exchange differences	(1'422)	-	336	<b>(1'086)</b>
<b>Balance at 31 December 2022</b>	<b>(75'512)</b>	<b>(15'718)</b>	<b>(149'268)</b>	<b>(240'498)</b>
Amortisation expenses	(6'898)	(3'290)	(25'122)	<b>(35'310)</b>
Impairment expenses	-	-	(6'070)	<b>(6'070)</b>
Derecognition	1'665	-	26'248	<b>27'913</b>
Reclassifications	(4'642)	-	-	<b>(4'642)</b>
Effects of foreign currency exchange differences	(2'974)	-	(161)	<b>(3'135)</b>
<b>Balance at 31 December 2023</b>	<b>(88'361)</b>	<b>(19'008)</b>	<b>(154'373)</b>	<b>(261'742)</b>
<b>At 31 December 2022</b>	<b>21'861</b>	<b>341'333</b>	<b>190'016</b>	<b>553'210</b>
<b>At 31 December 2023</b>	<b>20'677</b>	<b>338'043</b>	<b>159'051</b>	<b>517'771</b>

In 2022, the annual valuation testing of customer contracts didn't result in an impairment.

In 2023, an impairment of € 6.1 million was recognised following the annual valuation testing of customer contracts. Express vending customer contracts recognised in 2018, were fully amortised in 2023 and derecognized from the statement of financial position at 31 December 2023. Selecta Group customer contracts recognised in 2007 were fully amortised over the useful life of 15 years and derecognized from the statement of financial position at 31 December 2022.

At 31 December 2023 and 31 December 2022, the trademark has been allocated as follows:

	<i>31 December 2023</i> € (000's)	<i>31 December 2022</i> € (000's)
Region South, UK & Ireland	44'541	47'831
Region Central	203'475	203'475
Region North	90'027	90'027
<b>Trademark allocated to cash generating units</b>	<b>338'043</b>	<b>341'333</b>

## 19. Non-current financial assets

	<i>31 December 2023</i> € (000's)	<i>31 December 2022</i> € (000's)
<b>Non-current financial assets comprise the following:</b>		
Investments	-	44
Non-trade accounts receivable	10'701	12'008
<b>Total non-current financial assets</b>	<b>10'701</b>	<b>12'052</b>

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

After one year but not more than five years	6'128	8'940
More than five years	4'573	3'112
<b>Total non-current financial assets</b>	<b>10'701</b>	<b>12'052</b>

## 20. Inventories

	<i>31 December 2023</i> € (000's)	<i>31 December 2022</i> € (000's)
Food and beverages	67'536	69'509
Vending equipment and spare parts	42'990	38'221
Goods in transit	1'197	1'244
Raw materials	7'421	7'069
<b>Total inventories</b>	<b>119'144</b>	<b>116'043</b>

During the year ended 31 December 2023, inventories of € 515.3 million (2022: € 502.7 million) were recognised as an expense and included in materials and consumables used.

Inventory allowance of € 7.7 million (2022: € 8.8 million) was recorded for year ended 31 December 2023.

At 31 December 2023 the Group had commitments of € 26.2 million (2022: € 43.9 million) relating to purchase of inventory.

## 21. Trade receivables

	31 December 2023 € (000's)	31 December 2022 € (000's)
Trade receivables - not overdue	100'870	88'482
Trade receivables - overdue 0 - 90 days	16'914	19'686
Trade receivables - overdue 90 - 360 days	5'457	7'678
Trade receivables - overdue > 360 days	7'457	8'672
<b>Total trade receivables, gross</b>	<b>130'698</b>	<b>124'518</b>
Allowance for doubtful accounts	(7'638)	(9'628)
<b>Total trade receivables, net</b>	<b>123'060</b>	<b>114'890</b>

At 31 December 2023, the Group has € 123.1 million (€ 114.9 million at 31 December 2022) of trade receivables which is net of an allowance for expected credit losses of € 7.6 million (€ 9.6 million at 31 December 2022).

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

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

Selecta subsidiaries in Benelux, UK, Switzerland, Germany, and Sweden sell part of their receivables into a non-recourse receivable factoring program with ABNAMRO Commercial Finance B.V. In Norway and Finland, the local subsidiaries have an equally structured program with IKANO Bank AB. In accordance with those agreements, the relevant Selecta's subsidiaries assign eligible receivables to the Factor at an agreed market rate in return for funding. The agreement is subject to terms and conditions customary for such transactions. Selecta non-recourse programs allowed the Group to derecognise trade receivables in the amount of € 38.4 million at 31 December 2023 (€ 34.7 million at 31 December 2022) and improve its net working capital as well as cash flow from operating activities.

## 22. Current financial and other current assets

	31 December 2023 € (000's)	31 December 2022 € (000's)
Accrued income	36'151	31'978
Prepayments	16'185	19'899
Sales tax recoverable	9'930	8'863
Other current financial assets	5'630	8'434
Other current assets	696	538
<b>Total current financial and other current assets</b>	<b>68'592</b>	<b>69'712</b>

## 23. Cash and cash equivalents

	31 December 2023 € (000's)	31 December 2022 € (000's)
Cash at bank	52'077	66'699
Cash in point-of-sale	6'113	6'409
<b>Cash and cash equivalents</b>	<b>58'190</b>	<b>73'108</b>

Balance of cash at bank contains € 12 million of cash in transit between two bank accounts of the Group.

## 24. Borrowings

	31 December 2023 € (000's)	31 December 2022 € (000's)
Borrowings (incl. revolving credit facility)	1'127'359	1'082'722
<b>Total borrowings</b>	<b>1'127'359</b>	<b>1'082'722</b>

### 24.1. Borrowings

	31 December 2023			31 December 2022		
	€ (000's)	in %	Interest rate	€ (000's)	in %	Interest rate
EUR	1'097'774	97.4%	8.5%	1'056'086	97.5%	8.1%
CHF	29'585	2.6%	8.6%	26'636	2.5%	8.5%
<b>Total</b>	<b>1'127'359</b>	<b>100%</b>	<b>8.1%</b>	<b>1'082'722</b>	<b>100%</b>	<b>8.1%</b>

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

### 24.2. Rate structure of borrowings

	31 December 2023 € (000's)	31 December 2022 € (000's)
Total borrowings at variable rates	57'000	59'681
Total borrowings at fixed rates	1'070'359	1'023'041
<b>Total borrowings</b>	<b>1'127'359</b>	<b>1'082'722</b>

The total includes the reduction of net capitalised transaction costs.

### 24.3. Details of borrowing facilities

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

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

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

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

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

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

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

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

#### Interest Rate

- First Lien Notes: Until (but excluding) January 2nd, 2023: 3.500% per annum, payable in cash, plus in kind at a rate of 4.500% per annum by increasing the principal amount of the outstanding Notes or issuing additional Notes in a principal amount equal to such interest. From (and including) January 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 by issuing additional Notes in a principal amount equal to such interest. From (and including) January 2nd, 2023: per Interest Payment Date of January 3rd, 2023, Selecta has taken the decision for 10.000% per annum, payable in kind by issuing additional Notes in a principal amount equal to such interest. For future Interest Payment Dates, Selecta's options to pay interest are as follows: (A) all interest as payment in kind at 10% (by increasing the principal amount of the outstanding Notes or issuing additional Notes in a principal amount equal to such interest), (B) all interest as cash at 9.25% or (C) combination of interest as payment in kind (10%) and Cash (9.25%), whereas Selecta must advise of the split % between payment in kind and cash.

#### Maturity

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

	<i>Interest rate</i> %	<i>31 December</i> 2023 € (000's)
First Lien Notes (EUR)	8.0	739'518
First Lien Notes (CHF)	8.0	21'022
Second Lien Notes (EUR)	10.0	301'256
Second Lien Notes (CHF)	10.0	8'563
Senior revolving credit facility (3M Euribor + 3.75%)	7.7	57'000
<b>Total borrowings at nominal values</b>		<b>1'127'359</b>

3M Euribor has raised in the market, which mainly influenced the higher interest rate of the Senior revolving credit facility vs 31 December 2022.

	<i>Interest rate</i> %	<i>31 December</i> 2022 € (000's)
First Lien Notes (EUR)	8.0	723'156
First Lien Notes (CHF)	8.0	19'331
Second Lien Notes (EUR)	10.0	273'249
Second Lien Notes (CHF)	10.0	7'305
Senior revolving credit facility (3MEuribor + 3.5%)	3.5	59'681
<b>Total borrowings at nominal values</b>		<b>1'082'722</b>

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

	<i>Total borrowings € (000's)</i>	<i>Interest accrual on bonds € (000's)</i>	<i>Other loans, financing facilities € (000's)</i>	<i>Share capital/premium € (000's)</i>	<i>Total € (000's)</i>
<b>Balance at 1 January 2023</b>	<b>1'082'720</b>	<b>43'728</b>	<b>192'851</b>	<b>2'045'051</b>	<b>3'364'350</b>
<b>Changes from financing cash flows</b>					
Proceeds from loans and borrowings	1'761	-	7'408	-	<b>9'169</b>
Repayments of loans and borrowings	(6'161)	-	(1'491)	-	<b>(7'652)</b>
Proceeds/(repayment) of factoring	-	-	(1'400)	-	<b>(1'400)</b>
Interest paid	(8'591)	(43'273)	(11'149)	-	<b>(63'013)</b>
Payment of lease liabilities	-	-	(39'261)	-	<b>(39'261)</b>
<b>Total changes from financing cash flows</b>	<b>(12'991)</b>	<b>(43'273)</b>	<b>(45'893)</b>	<b>-</b>	<b>(102'157)</b>
Capitalised interest	45'558	(45'558)	-	-	-
Net interest expense	8'591	91'015	11'149	-	<b>110'755</b>
Lease additions and modifications	-	-	21'113	-	<b>21'113</b>
Other movement	-	-	727	325	<b>1'052</b>
<b>Total other changes</b>	<b>54'149</b>	<b>45'457</b>	<b>32'989</b>	<b>325</b>	<b>132'920</b>
The effect of changes in foreign exchange rates	3'481	-	3'365	-	<b>6'846</b>
<b>Balance at 31 December 2023</b>	<b>1'127'359</b>	<b>45'912</b>	<b>183'312</b>	<b>2'045'376</b>	<b>3'401'959</b>
	<i>Total borrowings € (000's)</i>	<i>Interest accrual on bonds € (000's)</i>	<i>Other loans, financing facilities € (000's)</i>	<i>Share capital/premium € (000's)</i>	<i>Total € (000's)</i>
<b>Balance at 1 January 2022</b>	<b>1'015'150</b>	<b>41'508</b>	<b>220'320</b>	<b>2'033'658</b>	<b>3'310'636</b>
<b>Changes from financing cash flows</b>					
Proceeds from capital increase	-	-	-	431	<b>431</b>
Proceeds from loans and borrowings	16'946	-	4'717	-	<b>21'663</b>
Repayments of loans and borrowings	-	-	(10'667)	-	<b>(10'667)</b>
Proceeds/(repayment) of factoring	-	-	(587)	-	<b>(587)</b>
Interest paid	(3'742)	(25'378)	(7'698)	-	<b>(36'818)</b>
Payment of lease liabilities	-	-	(45'905)	-	<b>(45'905)</b>
<b>Total changes from financing cash flows</b>	<b>13'204</b>	<b>(25'378)</b>	<b>(60'140)</b>	<b>431</b>	<b>(71'883)</b>
Capitalised interest	57'744	(58'964)	-	-	<b>(1'220)</b>
Net interest expense	3'501	86'562	7'729	-	<b>97'792</b>
Debt to equity conversion	(10'658)	-	-	10'658	-
Lease additions and modifications	-	-	26'248	-	<b>26'248</b>
Other movement	-	-	582	305	<b>887</b>
<b>Total other changes</b>	<b>50'587</b>	<b>27'598</b>	<b>34'559</b>	<b>10'963</b>	<b>123'707</b>
The effect of changes in foreign exchange rates	3'779	-	(1'888)	-	<b>1'891</b>
<b>Balance at 31 December 2022</b>	<b>1'082'720</b>	<b>43'728</b>	<b>192'851</b>	<b>2'045'052</b>	<b>3'364'351</b>

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

## 25. Post-employment benefits

### 25.1. Defined contribution plans

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

### 25.2. Defined benefit plans

#### Description of plans

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

The two main significant plans are in Switzerland and UK, which represent a net asset position of € 18.8 million, the remainder of the countries recorded a net liability position of € 10.5 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 2023. One employee of Selecta AG in Switzerland is at the foundation board of the Valora Pension Fund to ensure representation of Selecta in the wider scheme.

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

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

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

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

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



## UK

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

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

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

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

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

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

### Amounts included in the consolidated financial statements

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

	<i>Year ended 31 December 2023 € (000's)</i>	<i>Year ended 31 December 2022 € (000's)</i>
Current employer service cost	(4'648)	(5'704)
Past service credit on plan curtailment	681	2'937
Net interest income	606	257
<b>Defined benefit expense recognised in statement of profit or loss</b>	<b>(3'361)</b>	<b>(2'510)</b>

Past service credit for the year ended 31 December 2023 relates to the Swiss and French plan curtailments. Past service credit for the year ended 31 December 2022 relates to a Swiss plan amendment. In 2022 the Valora Pensionskasse VPK has announced a reduction of the conversion rates from 5.3% to 5.1% at retirement age 65/64 as well as a 25 basis points increase of the retirement savings for both employer and employees.

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

	<i>31 December 2023</i>	<i>31 December 2022</i>
	€ (000's)	€ (000's)
Fair value of plan assets	410'253	394'311
Present value of defined benefit obligation	(350'996)	(331'652)
<b>Status of plan</b>	<b>59'257</b>	<b>62'659</b>
Effect of asset ceiling	(51'024)	(55'519)
<b>Net asset in the consolidated statement of financial position</b>	<b>8'233</b>	<b>7'140</b>
Net defined benefit asset	18'769	18'289
Net defined benefit liability	(10'536)	(11'149)

The following table shows the change in asset ceiling:

	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
	€ (000's)	€ (000's)
Asset ceiling at end of prior year	(55'519)	(39'150)
Interest cost	(1'295)	(141)
Remeasurements	8'933	(14'059)
Effect of changes in foreign exchange rates	(3'143)	(2'169)
<b>Asset ceiling at end of year</b>	<b>(51'024)</b>	<b>(55'519)</b>

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

	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
	€ (000's)	€ (000's)
Return on plan assets excl. interest income	1'358	(100'808)
Experience losses on defined benefit obligation	5'225	(16'455)
Actuarial gains arising from change in demographic assumptions	337	85'730
Actuarial gains/(losses) arising from change in financial assumptions	(16'407)	42'637
Change in asset ceiling	8'933	(14'059)
<b>Total amount of remeasurement loss on post-employment benefit obligations recognised in other comprehensive income</b>	<b>(554)</b>	<b>(2'955)</b>

## Defined benefit obligation

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

	Year ended 31 December 2023 € (000's)	Year ended 31 December 2022 € (000's)
<b>Present value of obligation at beginning of period</b>	<b>(331'652)</b>	<b>(459'413)</b>
Current employer service cost	(3'808)	(5'018)
Employees' contributions	(3'387)	(3'220)
Interest cost	(11'445)	(5'233)
Past service cost, curtailments, settlements, plan amendments	681	2'937
Benefits paid	23'070	24'230
Actuarial gain/(loss) on defined benefit obligation	(10'845)	111'912
Currency gain/(loss)	(13'610)	2'153
<b>Present value of obligation at end of period</b>	<b>(350'996)</b>	<b>(331'652)</b>

## Plan assets

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

	Year ended 31 December 2023 € (000's)	Year ended 31 December 2022 € (000's)
<b>Fair value of plan assets at beginning of period</b>	<b>394'311</b>	<b>505'820</b>
Interest income on plan assets	13'346	5'631
Employees' contributions	2'547	2'534
Employer's contributions	3'864	4'843
Benefits paid	(22'421)	(23'493)
Return on plan assets excl. interest income	1'358	(100'808)
Currency gain / (loss)	17'248	(216)
<b>Fair value of plan assets at end of period</b>	<b>410'253</b>	<b>394'311</b>

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

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

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	<i>Quoted market prices in active markets</i>	<i>Prices in non- active markets</i>	<i>Quoted market prices in active markets</i>	<i>Prices in non- active markets</i>
Cash	2.9%	0.0%	5.7%	0.0%
Bonds	23.2%	0.0%	20.5%	0.0%
Equities	12.3%	0.0%	14.2%	0.0%
Property	0.0%	18.3%	0.0%	16.2%
Other	38.9%	4.3%	40.2%	3.2%
<b>Total</b>	<b>77.4%</b>	<b>22.6%</b>	<b>80.6%</b>	<b>19.4%</b>

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

## Actuarial assumptions

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

	31 December 2023	31 December 2022
Discount rate	2.9%	3.5%
Expected salary increase	1.7%	1.8%
Expected pension increase	1.4%	1.5%

The estimated duration of the plan liabilities is 12.8 years (31 December 2022: 13.8 years).

## Sensitivity analysis

The valuation of the pension benefit obligations is particularly sensitive with regard to changes to the discount rate and the assumption 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 2023 and 31 December 2022:

	31 December 2023 € (000's)	31 December 2022 € (000's)
Discount rate (+0.50%)	18'104	17'945
Discount rate (-0.50%)	(18'134)	(15'108)
Increase in future pension (+0.25%)	1'047	(3'628)
Decrease in future pension (-0.25%)	10'303	4'951
Mortality assumption -1 year	10'014	11'931
Mortality assumption +1 year	(8'165)	(7'316)
Salary increase rate (-25 basis points)	1'207	2'582
Salary increase rate (+25 basis points)	611	2'102

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

## 26. Provisions and other employee benefits

	Warranty € (000's)	Litigation & tax € (000's)	Restructuring € (000's)	Employee benefits € (000's)	Other € (000's)	Total € (000's)
<b>Balance at 1 January 2023</b>	<b>(265)</b>	<b>(1'865)</b>	<b>(17'864)</b>	<b>(1'064)</b>	<b>(37'473)</b>	<b>(58'531)</b>
Charged to the statement of profit or loss	(31)	(945)	(1'620)	(258)	(541)	<b>(3'395)</b>
Payments in the period	-	592	11'899	217	2'045	<b>14'753</b>
Reversed against the statement of profit or loss	-	635	4'569	-	2'834	<b>8'038</b>
Effect of foreign exchange differences	(9)	(3)	(26)	(71)	(16)	<b>(125)</b>
Reclassification between categories	-	(216)	-	-	216	-
<b>Balance at 31 December 2023</b>	<b>(305)</b>	<b>(1'802)</b>	<b>(3'042)</b>	<b>(1'176)</b>	<b>(32'935)</b>	<b>(39'260)</b>

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

	<i>31 December</i> 2023 € (000's)	<i>31 December</i> 2022 € (000's)
Non-current liabilities	(4'516)	(7'985)
Current liabilities	(34'744)	(50'546)
<b>Total</b>	<b>(39'260)</b>	<b>(58'531)</b>

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

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

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

Employee benefits provision includes the 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.

The 'Other' provision includes a deferred consideration of € 27.0 million related to acquisition of Pelican Rouge.

## 27. Deferred income taxes

### 27.1. Deferred tax balances

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

	<i>31 December</i> 2023 € (000's)	<i>31 December</i> 2022 € (000's)
Deferred income tax assets	23'157	28'841
Deferred income tax liabilities	(146'700)	(156'808)
<b>Total deferred tax liabilities, net</b>	<b>(123'543)</b>	<b>(127'967)</b>

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

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

	31 December 2022 € (000's)	(Charged)/ credited to income statement € (000's)	(Charged)/ credited to OCI € (000's)	Exchange differences € (000's)	31 December 2023 € (000's)
Intangible assets	(141'687)	9'618	-	(78)	(132'147)
Property, plant and equipment (including right-of-use assets) *	(29'601)	4'064	-	(250)	(25'787)
Other non-current assets	(5'548)	(139)	1'480	(140)	(4'347)
Inventories	(1'154)	(160)	-	(55)	(1'369)
Trade receivables	61	(47)	-	(5)	9
Current liabilities (including lease liabilities) *	998	(1'014)	-	(246)	(262)
Provisions	1'219	(1'059)	-	-	160
Other non-current liabilities (including lease liabilities) *	23'289	(899)	(13)	17	22'394
<b>Total deferred tax asset/(liability)</b>	<b>(152'423)</b>	<b>10'364</b>	<b>1'467</b>	<b>(757)</b>	<b>(141'349)</b>
<b>Tax losses</b>					
Unused tax losses	24'456	(6'851)	-	201	17'806
<b>Total deferred tax asset/(liability)</b>	<b>(127'967)</b>	<b>3'513</b>	<b>1'467</b>	<b>(556)</b>	<b>(123'543)</b>

\*The Group applied *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* from 1 January 2023. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. For further discussion about the impact of adopting the amendments, See note 3.2; for accounting policy, see note 3.18.

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

	31 December 2021 € (000's)	(Charged)/ credited to income statement € (000's)	(Charged)/ credited to OCI € (000's)	Exchange differences € (000's)	31 December 2022 € (000's)
Intangible assets	(151'235)	9'579	-	(31)	(141'687)
Property, plant and equipment (including right-of-use assets) *	(34'454)	4'848	-	5	(29'601)
Other non-current assets	(349)	(251)	(5'098)	150	(5'548)
Inventories	(1'115)	(21)	-	(18)	(1'154)
Trade receivables	39	26	-	(4)	61
Current liabilities (including lease liabilities) *	7'162	(6'060)	-	(104)	998
Provisions	83	1'133	-	3	1'219
Other non-current liabilities (including lease liabilities) *	23'382	275	(316)	(52)	23'289
<b>Total deferred tax asset/(liability)</b>	<b>(156'487)</b>	<b>9'529</b>	<b>(5'414)</b>	<b>(51)</b>	<b>(152'423)</b>
<b>Tax losses</b>					
Unused tax losses	23'565	891	-	-	24'456
<b>Total deferred tax asset/(liability)</b>	<b>(132'922)</b>	<b>10'420</b>	<b>(5'414)</b>	<b>(51)</b>	<b>(127'967)</b>

\*The Group applied *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* from 1 January 2023. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. For further discussion about the impact of adopting the amendments, See note 3.2; for accounting policy, see note 3.18.

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

Deferred tax assets and liabilities are attributable to the following:

<i>31 December 2023</i>	<i>Assets</i> € (000's)	<i>Liabilities</i> € (000's)	<i>Net</i> € (000's)
Intangible assets	5	(132'152)	(132'147)
Property, plant and equipment (including right-of-use assets)	4'241	(30'028)	(25'787)
Other non-current assets	-	(4'347)	(4'347)
Inventories	205	(1'574)	(1'369)
Trade receivables	91	(82)	9
Current liabilities (including lease liabilities)	4'607	(4'869)	(262)
Provisions	316	(156)	160
Other non-current liabilities (including lease liabilities)	22'394	-	22'394
<b>Total deferred tax assets/(liabilities) arising on temporary differences</b>	<b>31'859</b>	<b>(173'208)</b>	<b>(141'349)</b>
<b>Tax losses</b>			
Unused tax losses	17'806	-	17'806
Offset deferred tax assets and deferred tax liabilities	(26'508)	26'508	-
<b>Total deferred tax asset/(liability)</b>	<b>23'157</b>	<b>(146'700)</b>	<b>(123'543)</b>

At 31 December 2023 the Group recognised € 23.2 million (31 December 2022: € 28.8 million) of deferred tax assets from which € 17.8 million (31 December 2022: € 24.5 million) related to deferred tax assets for the carry-forward of unused tax losses.

<i>31 December 2022</i>	<i>Assets</i> € (000's)	<i>Liabilities</i> € (000's)	<i>Net</i> € (000's)
Intangible assets	10	(141'697)	(141'687)
Property, plant and equipment (including right-of-use assets) *	3'858	(33'459)	(29'601)
Other non-current assets	-	(5'548)	(5'548)
Inventories	176	(1'330)	(1'154)
Trade receivables	139	(78)	61
Current liabilities (including lease liabilities) *	5'154	(4'156)	998
Provisions	1'257	(38)	1'219
Other non-current liabilities (including lease liabilities) *	23'327	(38)	23'289
<b>Total deferred tax assets/(liabilities) arising on temporary differences</b>	<b>33'921</b>	<b>(186'344)</b>	<b>(152'423)</b>
<b>Tax losses</b>			
Unused tax losses	24'456	-	24'456
Offset deferred tax assets and deferred tax liabilities *	(29'536)	29'536	-
<b>Total deferred tax asset/(liability)</b>	<b>28'841</b>	<b>(156'808)</b>	<b>(127'967)</b>

\*The Group applied *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* from 1 January 2023. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. For further discussion about the impact of adopting the amendments, See note 3.2; for accounting policy, see note 3.18.

#### 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 2023 € (000's)	31 December 2022 € (000's)
One year	70'396	-
Two years	127'036	64'189
Three years	10'741	115'836
Four years	378'256	9'794
Five years	-	344'907
More than five years	115'340	131'458
Unlimited	717'836	734'749
<b>Total unused tax losses carried forward</b>	<b>1'419'605</b>	<b>1'400'933</b>

#### 28. Current financial and other current liabilities

	31 December 2023 € (000's)	31 December 2022 € (000's)
Accrued expenses	105'890	126'637
Interest payable	45'936	43'727
Tax and social security costs	24'890	27'180
Deferred revenue	12'037	9'480
Other current financial liabilities	19'890	14'284
Factoring and reverse factoring liabilities	6'538	7'939
Other current liabilities	2'661	3'166
<b>Total current financial and other current liabilities</b>	<b>217'842</b>	<b>232'413</b>

The balance of other current liabilities represents the sum of pension contribution payable (employer and employee portions).



## 29. Equity

### 29.1. Share capital, share premium

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

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

In 2023, the Group's share premium increased due to the recognition of the share-based payment. Further details are described in note 33.

In 2022, Selecta Group B.V. issued 100 shares with a nominal value of € 1 per share to Selecta Group A.G. The share capital of the Group increased from 343,624 fully paid ordinary shares to 343,724 fully paid ordinary shares with a nominal value of € 1 per share. The new shares were issued at an aggregate issue price of € 11'205'248.95. The amount above the nominal value of € 100, being € 11'205'148.95, increased the share premium of Selecta Group B.V. Part of the issue price, an amount of € 430'783.01, was paid in euro. The remaining part of the issue price, equal to an amount of € 10'774'465.94 was settled by means of a set-off against the Unclaimed Senior Secured Notes owed by Selecta Group B.V. to Selecta Group AG. Further details are described in note 24.3.

### 29.2. Other comprehensive loss

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

<i>For the year ended 31 December 2023</i>	<i>Currency translation reserve € (000's)</i>	<i>Accumulated deficit € (000's)</i>	<i>Total € (000's)</i>
Foreign currency translation differences for foreign operations	(49'151)	-	<b>(49'151)</b>
Re-measurement loss on post-employment benefit obligations, net of tax	-	913	<b>913</b>
<b>Total other comprehensive loss, net of tax</b>	<b>(49'151)</b>	<b>913</b>	<b>(48'238)</b>

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

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

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

## 30. Financial risk management

### 30.1. Risk management framework

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

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

### 30.2. Market risk management

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

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

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

### 30.3. Credit risk management

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

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

		<i>Carrying amount</i>	
	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
		<i>€ (000's)</i>	<i>€ (000's)</i>
Trade receivables	21	123'060	114'890
Cash and cash equivalents	23	58'190	73'108
Accrued income (excl. uncollected cash in POS and cash with external cash collecting firms)		28'616	24'347
Other current financial assets	22	5'630	8'434
Non-current financial assets	19	10'701	12'052
<b>Total exposure to credit risk</b>		<b>226'197</b>	<b>232'831</b>

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

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

The Group is not exposed to significant credit risk on its cash and cash equivalents of € 58.2 million at 31 December 2023 (31 December 2022: € 73.1 million) as these are spread over several institutions which are rated A+ to BB, based on S&P ratings.

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

### 30.4. Liquidity risk management

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

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

## Liquidity available through financing facilities

The amounts drawn under the senior revolving credit facility were € 57.0 million on 31 December 2023 (31 December 2022: € 59.7 million). The interest rate on this senior revolving credit facility is based on the relevant rate of the currency drawn EURIBOR plus 3.75% (31 December 2022: 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 1 year € (000's)	1-5 years € (000's)	More than 5 years € (000's)	Total € (000's)
<i>At 31 December 2023</i>					
Revolving credit facility	57'000	-	57'534	-	<b>57'534</b>
Other non-current and current financial liabilities	29'727	20'858	11'369	-	<b>32'227</b>
Secured loan notes	1'070'359	60'895	1'297'342	-	<b>1'358'237</b>
Lease liabilities	155'788	41'161	87'308	54'940	<b>183'409</b>
Factoring and reverse factoring liabilities	6'538	6'538	-	-	<b>6'538</b>
Accrued expenses*	77'154	77'154	-	-	<b>77'154</b>
Interest payable	45'936	45'936	-	-	<b>45'936</b>
Trade payables	194'383	194'383	-	-	<b>194'383</b>
<b>Total non-derivative financial liabilities</b>	<b>1'636'885</b>	<b>446'925</b>	<b>1'453'553</b>	<b>54'940</b>	<b>1'955'418</b>

	Carrying amount € (000's)	Less than 1 year € (000's)	1-5 years € (000's)	More than 5 years € (000's)	Total € (000's)
<i>At 31 December 2022</i>					
Revolving credit facility	59'681	-	59'952	-	<b>59'952</b>
Other non-current and current financial liabilities	22'461	15'375	8'295	-	<b>23'670</b>
Secured loan notes	1'023'041	43'223	1'361'008	-	<b>1'404'231</b>
Lease liabilities	170'643	42'664	88'397	58'136	<b>189'197</b>
Factoring and reverse factoring liabilities	7'939	7'939	-	-	<b>7'939</b>
Accrued expenses*	96'075	96'075	-	-	<b>96'075</b>
Interest payable	43'727	43'727	-	-	<b>43'727</b>
Trade payables	196'556	196'556	-	-	<b>196'556</b>
<b>Total non-derivative financial liabilities</b>	<b>1'620'123</b>	<b>445'559</b>	<b>1'517'652</b>	<b>58'136</b>	<b>2'021'347</b>

\*Accrued expenses exclude accrued expenses in scope of IAS 19 'Employee Benefits'.

### 30.5. Capital management

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

The capital structure of the Group consists of net debt (borrowings as disclosed in note 24 offset by cash and bank balances. 31 December 2023: € 1'069.2 million, 31 December 2022: € 1'009.6 million) and equity of the Group (comprising share capital, share premium, currency translation reserves, and accumulated deficit. 31 December 2023: € 380.5 million, 31 December 2022: € 444.8 million).

### 30.6. Interest rate risk management

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

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

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

	Notes	31 December 2023 € (000's)	31 December 2022 € (000's)
Financial liabilities		(1'253'671)	(1'215'890)
<b>Total fixed-rate instruments</b>		<b>(1'253'671)</b>	<b>(1'215'890)</b>
Financial assets	23	52'077	66'699
Financial liabilities	24	(57'000)	(59'681)
<b>Total variable-rate instruments</b>		<b>(4'923)</b>	<b>7'018</b>

#### Interest rate risk sensitivity

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

At 31 December 2023 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 € 0.04 million (€ 0.05 million respectively for the year ended 31 December 2022).

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

### 30.7. Foreign currency risk management

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

#### Exposure to currency risk

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

## 31. Financial instruments

### 31.1. Accounting classifications and fair values

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

31 December 2023	Notes	Carrying amount			Fair Value	
		Financial assets at amortised cost € (000's)	Other financial liabilities € (000's)	Total € (000's)	Level 2 € (000's)	Total € (000's)
<b>Financial assets not measured at fair value</b>						
Non-current financial assets	19	10'701	-	<b>10'701</b>		
Trade receivables	21	123'060	-	<b>123'060</b>		
Cash and cash equivalents	23	58'190	-	<b>58'190</b>		
Accrued income	22	36'151	-	<b>36'151</b>		
Other current financial assets	22	5'630	-	<b>5'630</b>	5'630	5'630
		<b>233'732</b>	-	<b>233'732</b>		
<b>Financial liabilities not measured at fair value</b>						
Secured loan notes	24	-	(1'070'359)	<b>(1'070'359)</b>	(1'210'135)	(1'210'135)
Revolving credit facility	24	-	(57'000)	<b>(57'000)</b>	(57'000)	(57'000)
Lease liabilities	16	-	(155'788)	<b>(155'788)</b>	(155'788)	(155'788)
Other non-current financial liabilities		-	(9'837)	<b>(9'837)</b>	(9'837)	(9'837)
Trade payables		-	(194'383)	<b>(194'383)</b>		
Interest payable	28	-	(45'936)	<b>(45'936)</b>		
Accrued Expenses*		-	(77'154)	<b>(77'154)</b>		
Factoring and reverse factoring liabilities	28	-	(6'538)	<b>(6'538)</b>	(6'538)	(6'538)
Other current financial liabilities	28	-	(19'890)	<b>(19'890)</b>	(19'890)	(19'890)
		-	<b>(1'636'885)</b>	<b>(1'636'885)</b>		

\*Accrued expenses exclude accrued expenses in scope of IAS 19 'Employee Benefits'.

31 December 2022	Notes	Carrying amount			Fair Value	
		Financial assets at amortised cost € (000's)	Other financial liabilities € (000's)	Total € (000's)	Level 2 € (000's)	Total € (000's)
<b>Financial assets not measured at fair value</b>						
Non-current financial assets	19	12'052	-	<b>12'052</b>		
Trade receivables	21	114'890	-	<b>114'890</b>		
Cash and cash equivalents	23	73'108	-	<b>73'108</b>		
Accrued income	22	31'978	-	<b>31'978</b>		
Other current financial assets	22	8'434	-	<b>8'434</b>	8'434	8'434
		<b>240'462</b>	-	<b>240'462</b>		
<b>Financial liabilities not measured at fair value</b>						
Secured loan notes	24	-	(1'023'041)	<b>(1'023'041)</b>	(1'153'047)	(1'153'047)
Revolving credit facility	24	-	(59'681)	<b>(59'681)</b>	(59'681)	(59'681)
Lease liabilities	16	-	(170'643)	<b>(170'643)</b>	(170'643)	(170'643)
Other non-current financial liabilities		-	(8'177)	<b>(8'177)</b>	(8'177)	(8'177)
Trade payables		-	(196'556)	<b>(196'556)</b>		
Interest payable	28	-	(43'727)	<b>(43'727)</b>		
Accrued Expenses*		-	(96'075)	<b>(96'075)</b>		
Factoring and reverse factoring liabilities	28	-	(7'939)	<b>(7'939)</b>	(7'939)	(7'939)
Other current financial liabilities	28	-	(14'284)	<b>(14'284)</b>	(14'284)	(14'284)
		-	<b>(1'620'123)</b>	<b>(1'620'123)</b>		

\*Accrued expenses exclude accrued expenses in scope of IAS 19 'Employee Benefits'.

### 31.2. Valuation techniques

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

#### Financial instruments not measured at fair value

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

### 32. Contingent liabilities

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

### 33. Share-based payments

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

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

The MEP had no significant impact on the Group's consolidated financial statements for year ended 31 December 2023 and 31 December 2022.

### 34. Related parties

#### 34.1. Ultimate controlling parties

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

#### 34.2. Compensation of key management personnel

No remuneration is paid by the Group to any of the Members of the Board of Directors of Selecta Group B.V. in their capacity as Members of the Board of Directors of Selecta Group B.V. for the year ended 31 December 2023 (2022: nil). Selecta AG is the main operating entity of the Group. Selecta AG is managed by its Board of Directors and an Executive Committee.

No remuneration is paid by the Group to any of the Directors of Selecta AG by the Group in their capacity as Members of the Board of Directors for the year ended 31 December 2023 (2022: nil).

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

	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
	<i>€ (000's)</i>	<i>€ (000's)</i>
Short term benefits	7'400	6'200

There were no other material transactions or outstanding balances between the Group and its key management personnel or members of their close family for the year ended 31 December 2023 (2022: nil).

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

The ultimate controlling parties of the Group are funds and accounts managed or advised by affiliates of KKR & Co. Inc., which is publicly traded on the New York Stock Exchange (NYSE: KKR). The direct parent company of Selecta Group B.V. is Selecta Group AG. KKR & Co. Inc. is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate and credit strategies and has \$ 553 billion assets under management at 31 December 2023 (31 December 2022: \$ 504 billion).

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

<i>Related party</i>	<i>Nature of the transaction</i>	<i>Amount of transaction € (000's)</i>	<i>Outstanding liability balance € (000's)</i>
<b>2023</b>			
KKR Capstone America LLC	Support in the execution of restructuring plan	(185)	492
Selecta Group AG	Mark-up for services	6'899	6'899
Selecta Group AG	Related party loan	4'556	29'038
<b>2022</b>			
KKR Capstone America LLC	Support in the execution of restructuring plan	91	697
Selecta Group AG	Mark-up for services	4'631	4'631
Selecta Group AG	Related party loan	8'740	22'812

There were no other material transactions or outstanding balances between the Group and other related parties for the year ended 31 December 2023 (2022: nil).

### 35. Events after the balance sheet date

No events have occurred between 31 December 2023 and the date of authorisation of the issue of these consolidated financial statements by the Board of Directors of the Company on 13 March 2024 that could have a material impact on the consolidated financial statements.



## 36. Subsidiaries

The company's subsidiaries at 31 December 2023 and 31 December 2022 were as follows:

Legal Name of Subsidiary	Place of Incorporation or registration	Ownership % 31 Dec 2023	Ownership % 31 Dec 2022	Principal Activities	Change	Change btw 31 Dec 2023 and 31 Dec 2022
Selecta Betriebsverpflegungs GmbH	Austria	100	100	Vending	-	
Selecta Belgium N.V.	Belgium	100	100	Vending	-	
Selecta NV	Belgium	100	100	Dormant	-	
Selecta A/S	Denmark	100	100	Vending	-	
Selecta Finland OY	Finland	100	100	Vending	-	
Selecta Holding SAS	France	100	100	Holding	-	
Selecta SAS	France	100	100	Vending	-	
Selecta Deutschland GmbH	Germany	100	100	Vending	-	
W Selecta GmbH	Germany	100	100	Holding	-	
Selecta Ireland Vending Solutions Ltd	Ireland	100	100	Vending	-	
Selecta Refreshments LTD	Ireland	100	100	Dormant	-	
Gruppo Argenta S.P.A.	Italy	100	100	Vending	-	
Selecta Luxembourg SARL	Luxembourg	100	100	Vending	-	
Pelican Rouge B.V.	Netherlands	100	100	Holding	-	
Pelican Rouge Coffee Roasters B.V.	Netherlands	100	100	Vending	-	
Pelican Rouge Group B.V.	Netherlands	100	100	Holding	-	
Selecta AF B.V.	Netherlands	100	100	SPE	-	
Selecta Financing B.V.	Netherlands	100	100	Holding	-	
Selecta Netherlands B.V.	Netherlands	100	100	Vending	-	
Selecta Norway AS	Norway	100	100	Vending	-	
AB Servicios Selecta Espana SLU	Spain	100	100	Vending	-	
Nordis Social Coffee SLU	Spain	100	100	Vending	-	
Servecave SLU	Spain	100	100	Holding	-	
Selecta AB	Sweden	100	100	Vending	-	
Selecta Nordic Holding AB	Sweden	100	100	Holding	-	
Selecta AG	Switzerland	100	100	Vending	-	
Selecta Group Management AG	Switzerland	100	100	Holding	-	
Selecta Trading s.r.o	Slovakia	100	100	Dormant	-	In process of voluntary strike off
Allen Vending Services Limited	United Kingdom	0	100	Dissolved	D	Dissolved
Express Vending Group Limited	United Kingdom	0	100	Dissolved	D	Dissolved
Express Vending Limited	United Kingdom	100	100	Vending	-	In process of liquidation
GEM Vending Limited	United Kingdom	100	100	Dormant	-	In process of voluntary strike off
Select Drinks Limited	United Kingdom	0	100	Dissolved	D	Dissolved
Selecta Finance UK Limited	United Kingdom	100	100	Holding	-	
Selecta Refreshments LTD	United Kingdom	100	100	Dormant	-	In process of voluntary strike off
Selecta U.K. Limited	United Kingdom	100	100	Vending	-	
Selecta UK Holding Ltd	United Kingdom	100	100	Holding	-	

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

## **APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements for the year ended 31 December 2023 have been authorised by the Board of Directors on 13 March 2024.

Amsterdam, 13 March 2024

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

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

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

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

## **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 2023 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 material accounting policy information.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 those of the International Ethics Standards Board for Accountants 'International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Matter**

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

### **Board of Directors' Responsibilities 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 Accounting Standards 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 ISA 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 ISA 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.



**Selecta Group B.V., Amsterdam**  
Independent Auditor's Report  
to the Board of Directors  
on the Consolidated Financial Statements

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. [Click or tap here to enter text.](#)

KPMG AG

Marc Ziegler  
Licensed Audit Expert  
Auditor in Charge

Stefan Widmer  
Licensed Audit Expert

Zurich, 13 March 2024