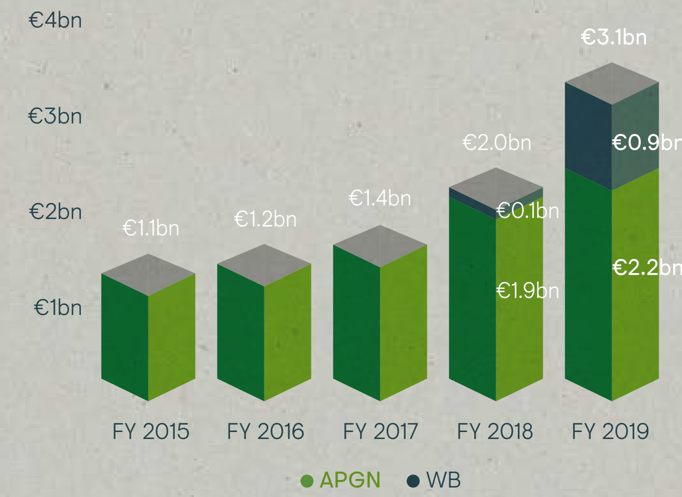
APPLEGREEN PLC
2019 ANNUAL REPORT + FINANCIAL STATEMENTS

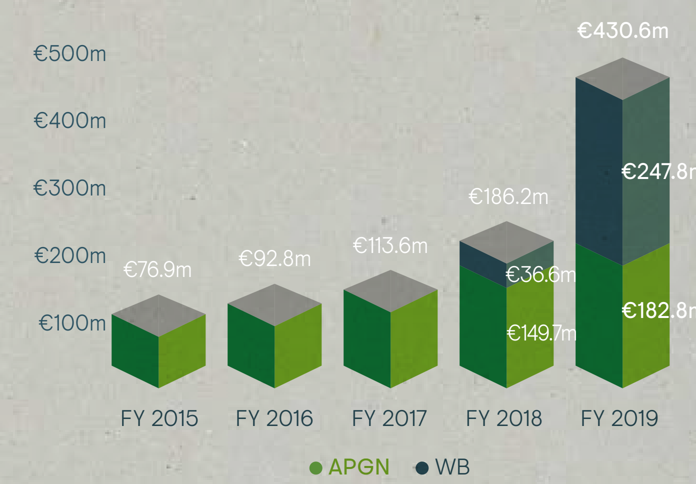
Applegreen Spalding, UK

A YEAR OF GROWTH

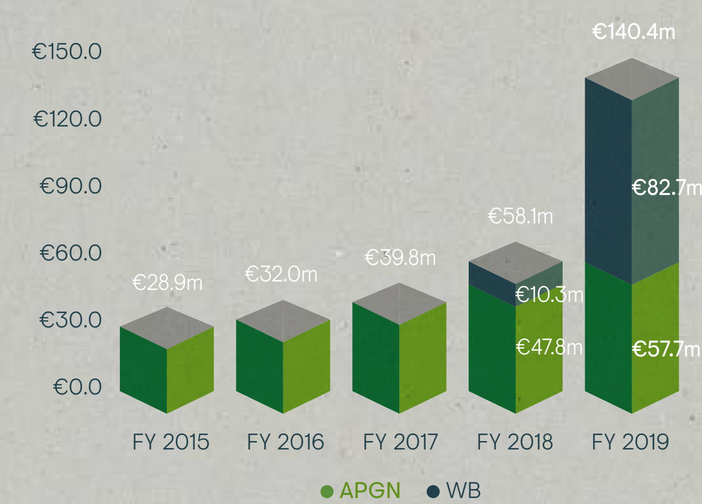
Revenue



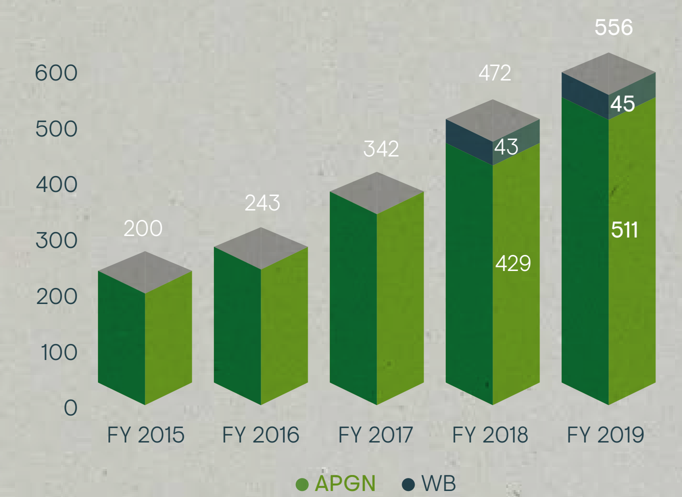
Non-Fuel Gross Profit



Adjusted EBITDA
(pre-IFRS 16)



Site Numbers



Welcome Break refers to the assets acquired as part of the Welcome Break transaction in 2018

OVERVIEW

Applegreen plc is a high growth roadside convenience retail business operating in Ireland, the United Kingdom and North America

Since the company's foundation in 1992 with one site in Dublin, we have always aimed to provide a superior customer experience and value for money.

Applegreen is the number one Motorway Service Area (MSA) operator in the Republic of Ireland and the number two Motorway Service Area Operator in the United Kingdom. MSA sites are strategic infrastructure assets that have high barriers to entry due to long development lead times and government legislation. There will be increased focus on larger service area growth in these regions.

We have now established a large Petrol Filling Station (PFS) footprint in the US and our aim is to expand our presence as a recognised operator of large Service Area sites on strategic road networks in that market.

Applegreen Barrington, USA

556 SITES/ 660 QUALITY BRAND OFFERINGS/ 11,500+ EMPLOYEES/ 109 SERVICE AREA SITES/ 2,090 HOTEL BEDROOMS

Applegreen Spaldwick, UK

CONTENTS

STRATEGIC REPORT

OUR STORY

The Group was founded in 1992 by Bob Etchingham (Chief Executive Officer) following the acquisition of its first site in Dublin and he was joined in the business a year later by Joe Barrett (Chief Operating Officer).

Together they have led the growth and development of the business in the intervening period. While the initial years of the Group saw gradual growth (with the number of sites increasing to 24 by the end of 2005), from the outset the focus was always on the development of the retail proposition and the establishment of a quality food offering on its forecourt sites.

Applegreen Santry, Ireland

Applegreen considers economic, environmental and social responsibility as an integral part of its corporate philosophy and understand the contribution Applegreen can make to a more sustainable development

Growth Highlights

The Applegreen brand was successfully launched in 2005 and the Group has subsequently expanded at a rapid rate.

The acquisition of a controlling interest in Welcome Break in 2018 provided a step change in the growth and development of the Group, enlarging its footprint in the United Kingdom, increasing its food and beverage business and brand portfolio, and further reducing the Group's reliance on fuel dependent revenue streams.

Site numbers reached 75 by the end of 2010 and 556 by 31 December 2019.

- ROI & UK – There were 14 sites added to the ROI and UK estate in 2019 (4 PFS, 2 MSA, 7 Dealer and 1 Hotel)
- US – The group also added 70 sites in the US which comprised 46 sites in the US Mid-West in September 2019; the acquisition of a 40% minority stake in 23 Service Areas in Connecticut in October and a further three new openings in the North-East. We also exited from two stores in the US which we had leased under flexible terms from CrossAmerica Partners LP ("CAP")

1992
1 Site
- Applegreen opens first site in Dublin, Ireland

2005
24 Sites
- Petrogas launches the Applegreen brand

2008
53 Sites
- Applegreen expands into the UK

2009
64 Sites
- Distribution Centre opens
- The Applegreen Charitable Fund launches

2010
75 Sites
- First 6 Motorway Service Areas open in Ireland
- Applegreen partners with new brands:

2011
81 Sites
- Loyalty card programme launches in Ireland

2013
119 Sites
- 4 Motorway Service Areas open in Northern Ireland
- Applegreen launches own brand food offer, The Bakewell

2014
152 Sites
- Applegreen expands into the US
- Fuel card & Dealer offers launch

2015
200 Sites
- Applegreen completes successful IPO & launches on the Irish & London Stock Exchanges
- Applegreen partners with new brands:

2016
243 Sites
- Applegreen extends brand partnerships
- Award winning Lisburn site opens

2017
342 Sites
- Applegreen acquires:
  - Joint Fuel Terminal, Dublin Port
  - Brandi Group, South Carolina
  - Carsley Group, UK

2018
472 Sites
- Applegreen acquires **WELCOME BREAK** including 37 sites and 29 hotels

2019
500 Sites
- 500th site opens
- Launch of airline refuelling business in Ireland
- 10th anniversary of the Irish Charitable Fund which has raised €3.3million throughout the years

283 FAST

50kWh–150kWh

CHARGING BAYS

OUR LOCATIONS

The Group's site categories can be described as follows:

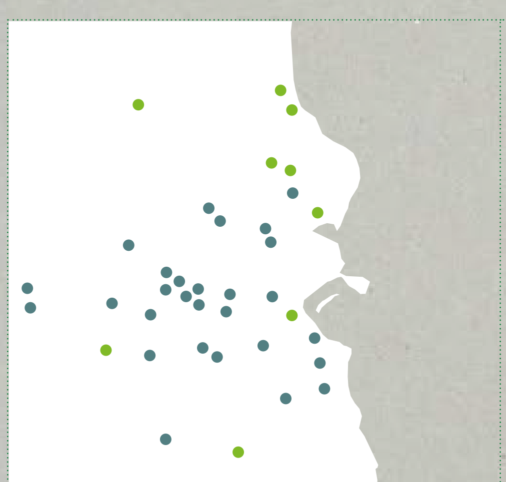
Service Area Sites ('SA')

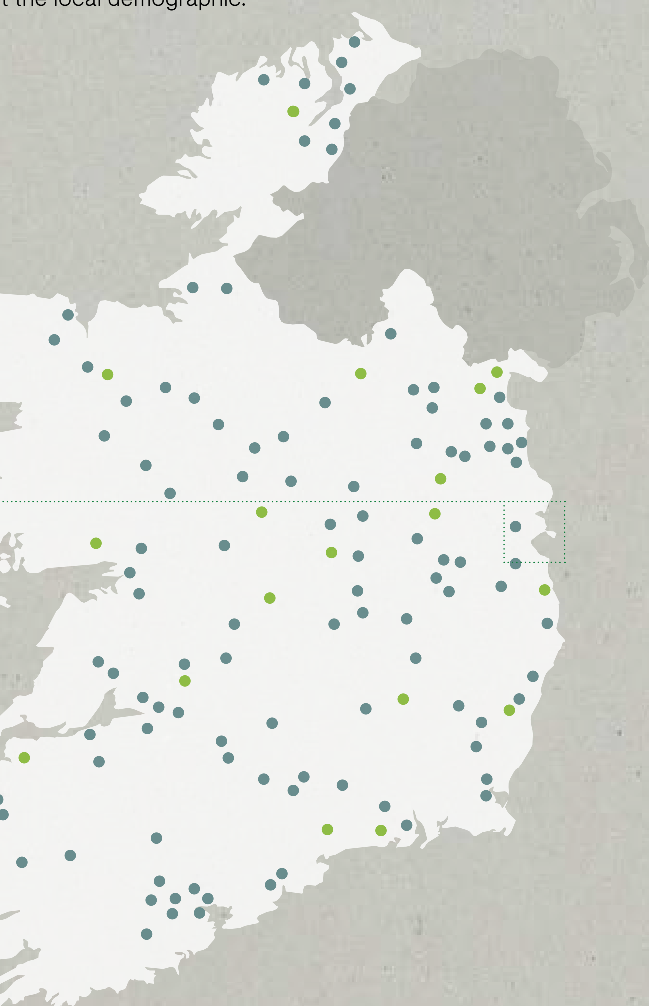
The Group operates two types of Service Area Sites – Motorway Service Areas and Trunk Road Service Areas. Motorway Service Areas ('MSA') are the Group's largest sites situated on motorways that, alongside a retail proposition, operate three or more food and beverage offerings from a combination of its own food brand, Bakewell, and international brands including Burger King, Starbucks, KFC, Subway, Waitrose, WH Smith, Costa Coffee, Chopstix, Pizza Express, Harry Ramsden and Greggs. In addition, the Group operates Trunk Road Service Areas ('TRSA'), which are located on major roads. These are large sites close to heavily trafficked or urban routes that have a big plot size and ample parking and toilets. The sites contain high end stores with an attractive ambience. They have a relevant retail offering with Applegreen brand produce and a limited chilled/ambient grocery offering alongside a cafe environment with one to three food and beverage offerings. As of 31 December 2019, the Group operated a total of 109 Service Area sites (including 69 MSA sites), of which 23 were located in the United States, 36 were located in the Republic of Ireland and 50 in the United Kingdom. Six of our MSA sites in the Republic of Ireland are operated under 25 year licences from Transport Infrastructure Ireland ('TII').

Petrol Filling Stations ('PFS')

The Group operates both company-owned and dealer PFS sites. As of 31 December 2019, the Group operated 440 sites categorised as Petrol Filling Stations of which 166 were located in the Republic of Ireland (90 company owned PFS sites and 76 dealer PFS sites), 106 in the United Kingdom and 168 in the United States. Almost half of the Group's current company-owned PFS estate is operated under the Applegreen brand name. Applegreen branded sites have received significant investment, in particular where there is a high quality food proposition based around its own food brand, Bakewell, and/or an international brand such as Subway. The retail proposition is built to reflect the local demographic.

Ireland

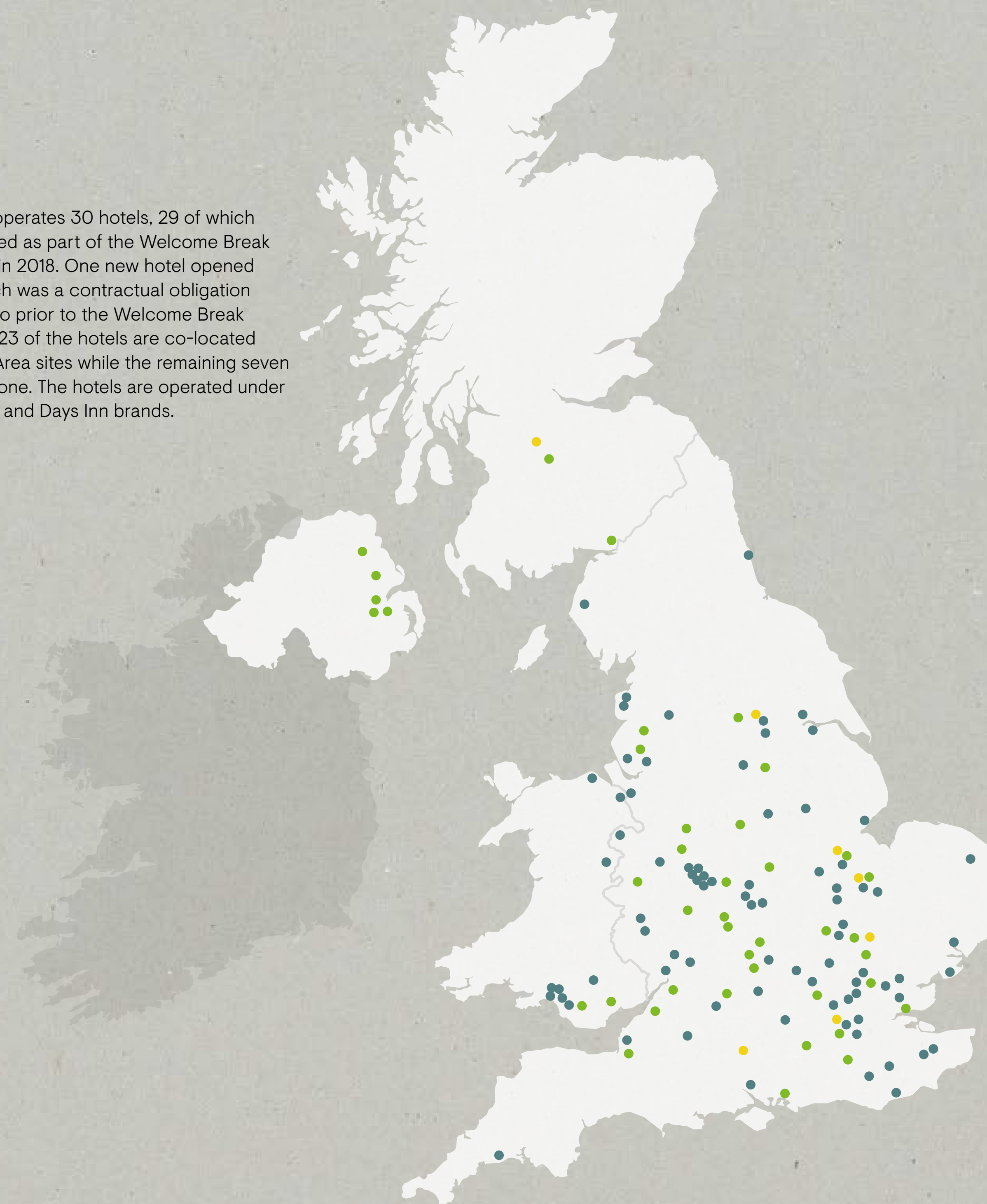




Hotels

The Group operates 30 hotels, 29 of which were acquired as part of the Welcome Break transaction in 2018. One new hotel opened in 2019 which was a contractual obligation committed to prior to the Welcome Break acquisition. 23 of the hotels are co-located on Service Area sites while the remaining seven are stand-alone. The hotels are operated under the Ramada and Days Inn brands.

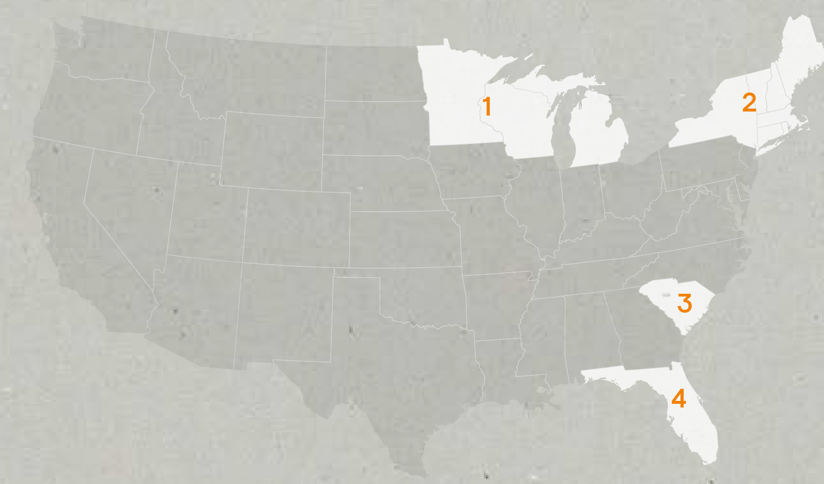
UK



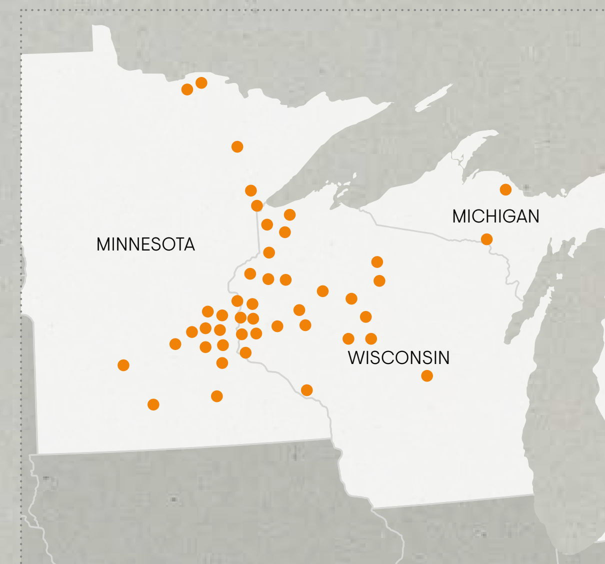
- Service Area Sites as at 31 December 2019
- PFS sites as at 31 December 2019
- Stand Alone Hotels at 31 December 2019

46 NEW SITES IN MID-WEST USA COMPLETED SEPTEMBER 2019

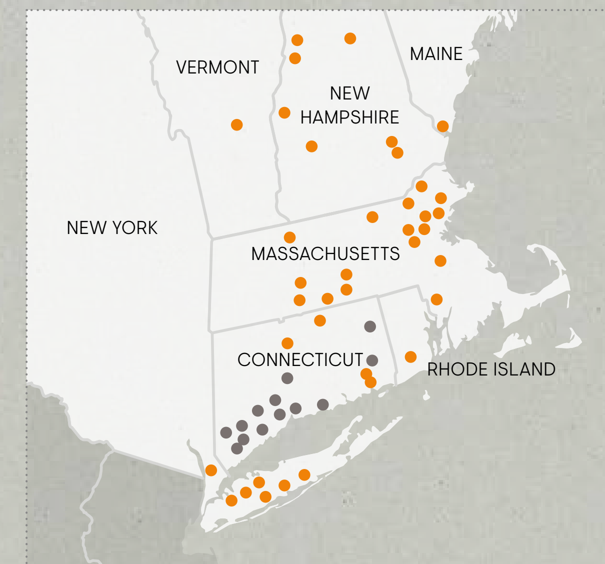
USA



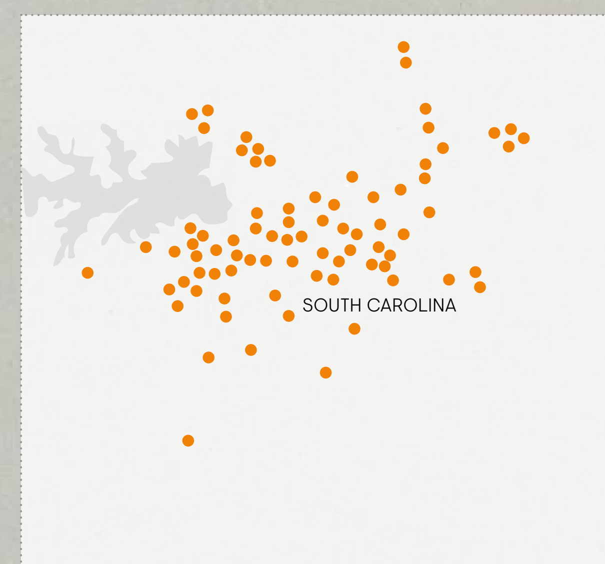
1. Mid West



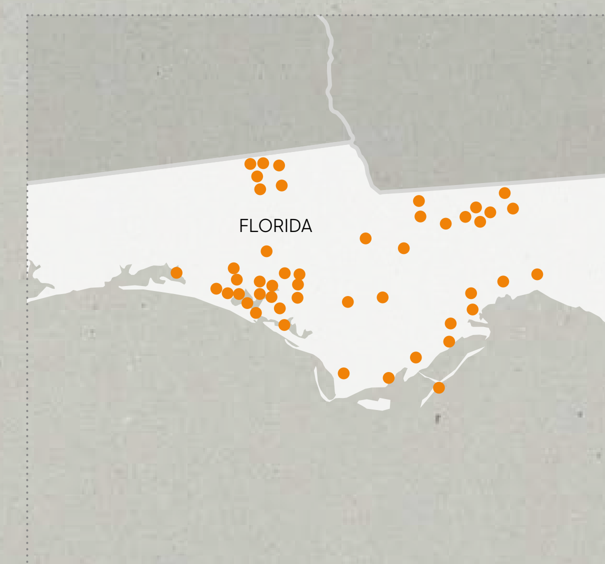
2. North East



3. Central South Carolina



4. North West Florida



● PFS sites as at 31 December 2019
● MSA Service Plaza sites as at December 2019

> In addition to the 23 Connecticut Service Plaza sites, we added a group of 46 PFS leasehold sites located in Minnesota, Wisconsin and Michigan

Applegreen Barrington, USA

OUR BUSINESS MODEL

Applegreen plc is a high growth roadside convenience retail business operating in Ireland, the United Kingdom and North America. The growth pillars of the business are based on growing food to become the dominant profit stream and therefore reducing the dependency on fuel, partnering with premium food-to-go brands and focusing on value accretive acquisitions.

The Applegreen brand is based on competitive fuel pricing that drives in-store footfall with an innovative food and beverage offer focussed on our customers' needs. Improving the customer journey to inspire loyalty is central to what we do, ensuring we provide a smooth and enjoyable experience.

We are committed to driving shareholder value by deploying the best operational practices, a cost optimisation focus, along with disciplined capital allocation.

Combined with organic growth from existing sites, our growth strategy is focused on establishing a presence in new markets by developing traditional fuel forecourts with a branded food offer and, when significant scale has been achieved, entering the larger service areas on strategic road networks and enhancing the more attractive non-fuel contribution. The final stage involves vertical integration of the supply chain or fuel distribution. Applegreen is at different stages of this lifecycle in its three markets.

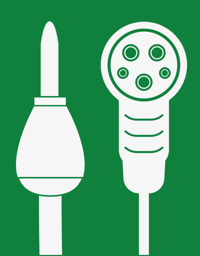
Applegreen is the number one Motorway Service Area Operator (MSA) in the Republic of Ireland and the number two Motorway Service Area Operator in the United Kingdom. MSA sites are strategic infrastructure assets that have high barriers to entry due to long development lead times and government legislation. There will be increased focus on larger service area growth in these regions.

We have now established a large Petrol Filling Station (PFS) footprint in the US and our aim is to expand our presence as a recognised operator of large Service Area sites on strategic road networks in that market.

The management team has a strong track record of delivery and the talent pipeline will underpin our expansion in the three markets.

As at December 2019, the business operated 556 forecourt sites and employed c.11,798 people.

Our Business Model – Key Pillars of the Applegreen Branded Offer



Low Fuel Prices Always
- Local price promise
- Encouraging increased footfall to our shops

Better Value Always
- Tailored retail offer
- Impulse/ultra-convenience focus

Food & Beverage Focus
- Mix of own and international brands
- Tailored offer to each location

We operate different site categories:

Service Area (SA) Sites

Motorway 'MSA'
- MSAs are located on motorways with large facilities, extensive parking and at least three food offers
- MSAs have a range of internationally recognised food brands
- Typically brown/green field developments

Trunk road 'TRSA'
- TRSAs are mid-size sites on trunk or 'A' roads with seating areas and one to three food and beverage offerings
- High end stores with attractive ambience
- Typically brown/green field developments

Petrol Filling Stations (PFS)

Company Owned
- Traditional forecourt, store offer and food-to-go either own brand or Subway/Costa Coffee
- Relevant retail proposition built to reflect local demographic
- Value offer in store built on own brand and promotion
- Ongoing rebrand/facility development opportunities

Dealer
- PFS owned by operator, 5 year fuel supply agreement
- Fixed margin per litre to dealer

Hotels

- Two types of brand offer:
  - Ramada
  - Day's Inn
- Mix of hotels co-located at Motorway Service Area sites and stand alone hotels

We create value for all our stakeholders:

Revenue
€3.1bn ^53%
INC. WB
€2.2bn ^18%
EX. WB

Gross Profit
€572.1m ^103%
INC. WB
€292.6m ^21%
EX. WB

Adjusted EBITDA
€140.4m ^142%
INC. WB
€57.7m ^21%
EX. WB

New Sites
84 ^18%
(556)

Capital Expenditure & Acquisitions
€114.1m
Includes €35.8m in relation to CT Services Plaza acquisition

Adjusted Diluted EPS
33.8c ^26%

Brand Partners

Welcome Break Fleet, UK

CHAIRMAN'S STATEMENT

Daniel Kitchen

It is my pleasure to introduce the annual report and financial statements of Applegreen plc for the financial year ended 31 December 2019, a year which saw substantial growth and development within the Group.

Delivering Our Strategy

2019 was a significant year for the business with the full integration of Welcome Break transforming the shape of the Group as well as significant expansion in the US where we added 70 sites during the year including 23 Service Area sites located in Connecticut, USA through the acquisition of 40% interest in Connecticut Service Plazas in October 2019. This further establishes our footprint in this region and is another step forward in our aim to increase our presence in the service area sector and thereby increasing the proportion of earnings coming from catering and retail operations.

In addition to the 23 Connecticut Service Plaza sites, we added a group of 46 PFS leasehold sites located in Minnesota, Wisconsin and Michigan and 17 single site acquisitions across the Republic of Ireland, the UK and the US bring the total site additions to 84 for the year.

The core Applegreen estate (excluding the Welcome Break acquired assets) achieved strong EBITDA growth of 21% year on year, benefiting from a positive like-for-like performance and prior year acquisitions. Welcome Break also demonstrated good growth, particularly through its core catering brands, driven by the roll-out of self-service kiosks and new drive-thru services that improve the customer journey. The results we've reported could not have been achieved without the dedication of our staff or the focus of the management team on the execution of our growth strategy.

Board and Corporate Governance

The Board of Applegreen comprises of four non-executive directors and three executive directors. Board members meet formally at regular Board meetings and in Board committees and also less formally, to discuss issues affecting the business of the Group.

During the year, the Board devoted considerable time to our strategic objectives for the business going forward, succession planning and the Group's acquisition activities. Full details of our approach are set out in the Corporate Governance Statement on pages 96 to 101.

I would like to thank each member of the Board for their hard work and commitment during the year and I look forward to continuing to work with them for the benefit of the Group in the coming year.

Management and Employees

Our people are key to our success. On behalf of the Board, I would like to commend them for their tireless efforts as they "go the extra mile" every day for our customers and help us to deliver another year of exceptional progress in the business. The Group now employs almost 12,000 people. The future success of Applegreen relies strongly on the passion, energy and commitment shown by all our employees and I look forward to their ongoing contribution.

COVID-19, Current Trading and Outlook

2019 was a busy year for Applegreen as we continued to grow our business and we entered 2020 with strong trading volumes. However, from mid-March, we experienced the impact of COVID-19 on footfall and volumes as governments and customers started to take measures to contain the spread of the virus. The Group's priorities in these unprecedented times are the health and safety of our colleagues and customers, maintaining essential services and protecting our business. While the performance outlook for 2020 is uncertain, the Board remains confident in the strategy over the longer term and believes the Group has sufficient liquidity to maintain operations during this challenging time and will be well positioned to benefit from the normalisation in trade in the longer term.

Daniel Kitchen
Chairman
17 July 2020

CHIEF EXECUTIVE'S REVIEW

Robert Etchingham

2019 was a year of strong growth as we continued to deliver on our growth strategy with the successful integration of Welcome Break, expansion of our footprint in the US and the reduction of our reliance on fuel by continuing a shift in focus to convenience retail and food on the go.

The performance was driven by strong organic like for like growth and the full year impact of prior year acquisitions as well as good growth in the Welcome Break business. We have also built an increased presence in strategic service areas and successfully completed a large-scale ERP transformation.

Our absolute focus at present is navigating the various issues associated with COVID-19 and to ensure we are looking after our people whilst continuing to deliver the essential service we provide to our customers. The ultimate impact of the pandemic is unclear at this stage but we are taking definitive steps to follow the relevant guidance from the authorities whilst ensuring we are also taking the right actions to ensure the Group remains as resilient as possible to the challenges, and is well positioned for when normal conditions resume.

Financial Highlights

- Group Revenue of €3.1bn, 53% growth on 2018
- Group adjusted EBITDA (pre-IFRS 16) of €140.4m, 142% growth on 2018, and adjusted EBITDA excluding the Welcome Break acquired assets (pre-IFRS 16) of €57.7m, representing 21% growth year on year
- Like-for-like (LFL) growth in fuel revenue of 10.8% and fuel gross profit 7.4% (constant currency)
- LFL growth in non-fuel (food and store) revenue of 4.9% and non-fuel gross profit of 5.7% (constant currency)
- Adjusted diluted EPS increased 26% to 33.8 cent
- Consolidated net external debt of €525.5m (€505.3m in constant currency) representing leverage of 3.7x Group adjusted EBITDA (pre-IFRS 16). Applegreen plc stand-alone leverage is 1.9x adjusted EBITDA (pre-IFRS 16)
- Capital expenditure of €114.1m including maintenance capital expenditure of €13.1m and ERP transformation costs of €11.3m

Operational Highlights

We continued to grow our operations during 2019 under the leadership of Chief Operating Officer, Joe Barrett. We continued to expand our estate with 556 sites trading at the end of December 2019. This included the addition in the US Mid-West of 46 sites completed in September 2019 and the addition of a 40% interest in Connecticut Service Plazas acquired in October 2019.

2019 also saw the delivery of significant additional synergies from the Welcome Break acquisition. £2.5m synergies were delivered in 2019, primarily through a reorganisation of back office administration and forecourt labour and we expect to deliver at least £13m p.a. synergies by end 2021 (under normalised conditions), over twice our original expectation. Key initiatives include:

- Further administration and site labour efficiencies
- Enhanced fuel margin from new fuel supply arrangement
- Hotels and procurement savings

We have also invested in the organisational structure of our business to give us a platform for future growth:

- Enterprise Resource Planning transformation project went live in July 2019
- Established a new national management structure in the US in early 2020 with a centralised shared service centre due to the scale of the US business growth

COVID-19 Overview, Current Trading and Outlook

Applegreen traded strongly and in line with management expectations for the first 10 weeks of 2020. However, footfall and volumes have been impacted since mid-March as governments and customers take increasing measures to contain the spread of the COVID-19 virus.

Applegreen has a resilient business model, providing an essential service and our stores remained opened throughout the period of the lockdown, albeit some with significantly reduced food franchise offerings. Our first priority since the emergence of the virus has been the wellbeing of our people and we are continuing to follow the health and safety recommendations of the local and national authorities in the regions in which we operate.

As expected, we saw significant volume reductions in all of our regions through April and May. At the time of writing, we have experienced recovery in those volumes in June as the travel restrictions have gradually been lifted in our core markets, though they remain some way off our normal levels of activity.

At a very early stage in this crisis, the Group took extensive action to reduce costs, protect profitability and conserve cash. In particular, we put in place a number of important initiatives to manage our working capital as volumes decreased before working capital gradually started to rebuild again from the end of May as the recovery commenced.

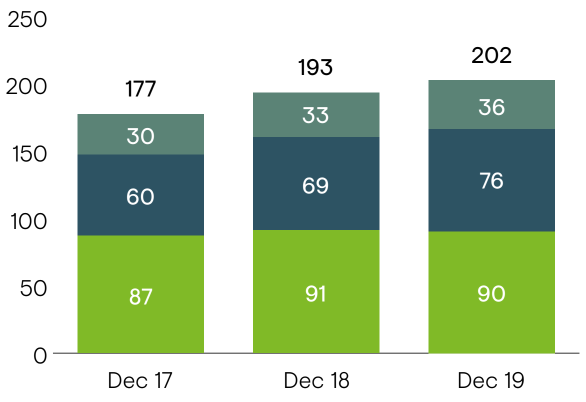
Further to this, we have also engaged with our lenders to obtain the necessary covenant flexibility from both the Applegreen plc banking group and the Welcome Break banking group.

Whilst we are confident that the Group has adequate cash reserves to get through this cycle, we have also negotiated with our finance providers to convert existing accordion facilities and capital expenditure facilities of €52.5m and €27.5m, respectively, into revolving credit facilities to allow us maximum flexibility to navigate through this uncertain period.

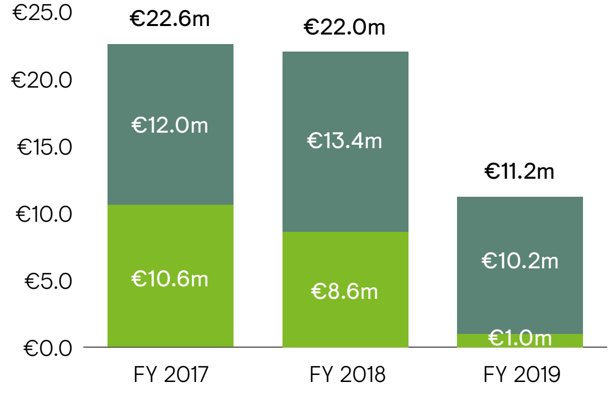
We are highly conscious of the considerable uncertainty created by the current COVID-19 crisis but are confident in the defensiveness of our business model and the strength of our balance sheet and liquidity. Therefore, we are positive about navigating the company through this crisis and building our business for the long term.

Republic of Ireland ('ROI')

ROI Sites



ROI CAP EX



● PFS Company Owned ● PFS Dealer Owned ● SA

Republic of Ireland (ROI)	FY2019	Growth
Revenue (€m)	942.0	8.4%
Gross Profit (€m)	144.7	6.6%
Network (sites)	202	+9

ROI accounted for 25% of our gross profit in 2019 (2018: 48%). Revenue in ROI has increased by 8.4% to €942m. This has been driven primarily by growth in LFL revenue with growth in fuel of 17.8%, growth in food of 4.5% and growth in store of 3.5%.

Gross profit has increased by 6.6% which is also driven by growth in the LFL estate with fuel gross profit increasing by 2.2%, food gross profit increasing by 5.4% and store gross profit increasing by 8.9%

Applegreen's premium fuel initiative, 'Fuelgood', contributed to strong fuel LFL growth as the take-up of this product continues to rise. Total fuel volume pumped in 2019 increased by 1.1%, slightly ahead of the overall market, and the pricing environment was positive in the year.

A solid food performance was enhanced by investment in the estate with self-service kiosks installed, home delivery options provided and continued product innovation, such as the successful vegan range, which includes vegan sausage rolls, ready-made meals, sandwiches and croissants.

The ROI store performance was strong, driven by improved buying, return on investment in car wash upgrades and redevelopments of key sites.

We continue to improve our operating model and cost efficiency with the deployment of a new ERP project which went live on 1 July 2019.

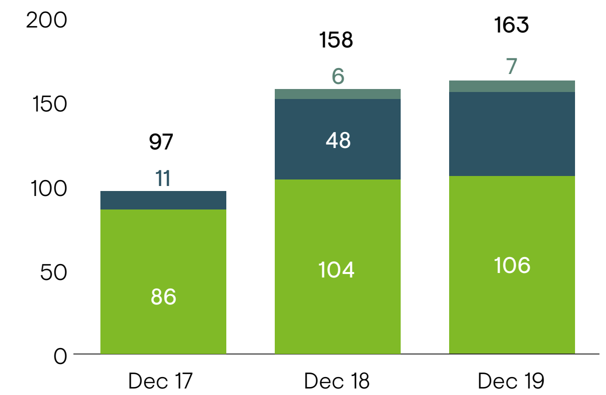
We are actively monitoring the growth and adoption of Electric Vehicles in the market and in September 2019 started operating branded Electric Vehicle charging bays.


BEST
COFFEE
ON THE
ROAD

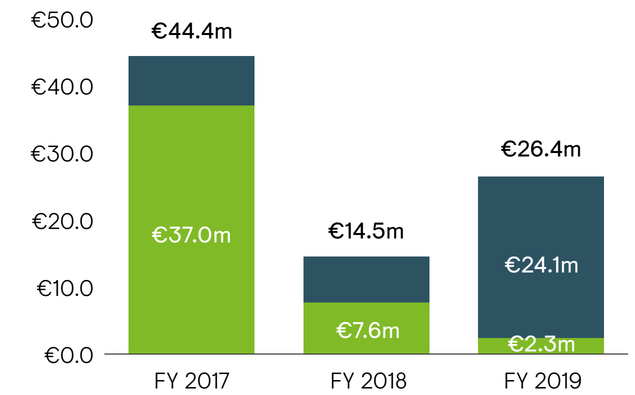
Food gross profit has increased by 130.5% and 8.6% ex Welcome Break reflecting the growth in the estate and continued focus on improving our food offering

United Kingdom ('UK')

UK Site Numbers



UK CAP EX



● PFS Company Owned ● SA ● Stand Alone Hotel

United Kingdom (UK)	FY2019	Growth
Revenue (€m)	1,687.8	91.1%
Gross Profit (€m)	349.2	242.1%
Network (sites)	163	+5

The UK business accounted for 61% of total gross profit in 2019, increasing from 36% in 2018 due to the full year impact of Welcome Break.

Revenue in the UK business has increased by 91%, principally driven by the Welcome Break acquisition in Q4 2018. LFL growth (at constant currency) in fuel of 4.9%, food of 1.7% and store of 0.3% (all excluding the acquired Welcome Break assets) has also contributed to this growth.

The related gross profit has increased by 242%, reflecting a change in the mix following the Welcome Break acquisition with more of a weighting towards higher margin food sales. LFL gross profit growth (at constant currency) has increased by 18.9% in fuel and 3.2% in store, with food LFL gross profit down 1.2% (all excluding the acquired Welcome Break assets).

The results for 2019 incorporate the Welcome Break acquisition which has driven significant growth on 2018. Integration is proceeding as planned, with in-year synergy delivery of £2.5m in 2019, with synergies of at least £13m p.a. to be delivered by the end of 2021 (assuming normalised market conditions).

In the UK business, favourable fuel operating contracts have been negotiated for the PFS estate and Welcome Break which took effect in February 2020. These will provide enhanced margins as well as working capital benefits of approx. £34m when we return to more normalised trading conditions. The forecourts will be rebranded from the fuel providers to 'Welcome Break' as part of these new operating contracts. The UK PFS estate like-for-like performance was strong, driven by improved fuel margins.

UK REVENUE INCREASED BY 91% PRINCIPALLY DRIVEN BY THE WELCOME BREAK ACQUISITION

A strong Food performance in Welcome Break was driven by speed of service initiatives with self-service Burger King and KFC ordering kiosks introduced and the opening of two additional Starbucks drive thru facilities. There was also a positive year on year trading benefit in KFC due to supply disruption issues in 2018.

Welcome Break delivered a robust performance in the Store category and the UK PFS estate increased the average transaction value in store through upselling and increasing the average basket size.

Parking and Gaming revenue, which are included in the 'Other' category were ahead of expectations with strong underlying growth.

The Hotel business, (which is also included in the 'Other' category) appointed a new management team which is making good progress. A margin optimisation programme has been established to drive top line growth by increasing food and beverage penetration, coupled with structured room rate management.

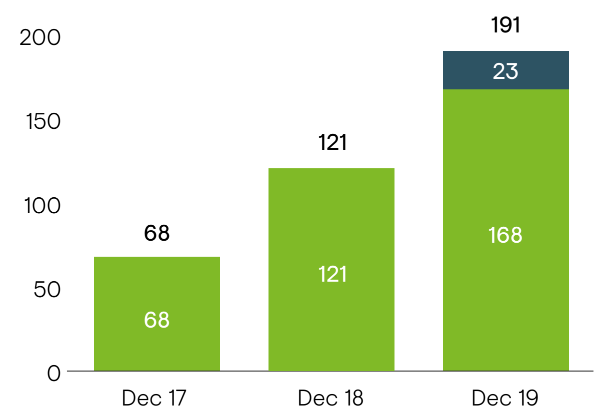
There are currently 283 Electric Vehicle charging bays in our UK estate with plans to provide a further 65 'open access' charges within the existing network.

> **The results for 2019 incorporate the Welcome Break acquisition which has driven significant growth on 2018**

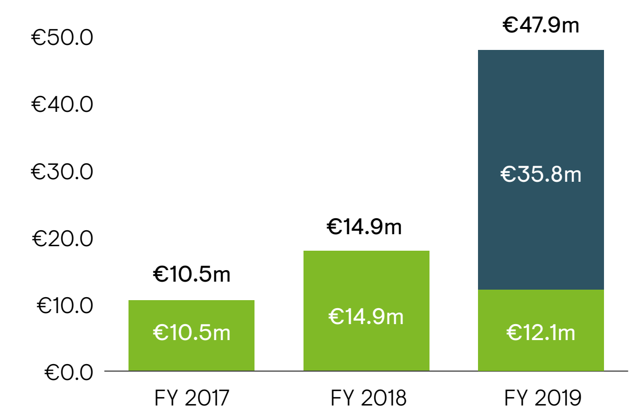
Applegreen Sturbridge, USA

USA

USA Site Numbers



USA CAP EX



● PFS Company Owned ● PFS Dealer Owned

United States (US)	FY2019	Growth
Revenue (€m)	442.8	70.1%
Gross Profit (€m)	78.1	75.8%
Network (sites)	191	+70

The US business accounted for 14% of total gross profit in 2019 (2018:16%).

US revenue has increase by 70% which was driven by acquisitions, alongside LFL revenue growth (at constant currency) in fuel of 8.7% and store of 26.7% with food revenue decreasing by 1.2%

US gross profit has increased by 76% which is also primarily driven by acquisitions. LFL gross profit has shown growth (at constant currency) in Fuel of 2.3% and Store of 16.7% with food gross profit declining by 0.6%.

As noted above, growth in the US business has been driven by the addition of 46 PFS leasehold sites in September 2019, as well the full year impact of the acquisitions in Florida and South Carolina during 2018.

The North American market has stronger fuel margins compared to Europe, particularly in the North East.

The scale of the US business has now grown to a sufficient level such that Applegreen has established a new national management structure with a centralised shared service centre.

The year also saw the continued expansion of the relationship with 7-Eleven convenience stores, through rebranding and new openings on our sites. This has driven the non-fuel gross profit increase of 83.9% on 2018.

Applegreen is developing its first TRSA in Sturbridge Massachusetts which will include food offers such as Burger King and Dunkin. In December 2019 we opened a flagship store in Barrington with an Applegreen store and our first newly built Burger King in the US estate.

The US business is performing well and is benefitting from the strong local management team as the business continues to scale.

Applegreen Hempstead, USA

Network Development

The Network Development division is led by Eugene Moore with local teams based in each region and comprises two main areas of activity. Firstly there is a team involved in identifying, appraising and acquiring new outlets, whether existing stations or green field opportunities. The other element of the team is involved in the project management of new builds on greenfield sites and the redevelopment of existing sites.

Single Site Acquisitions

During 2019 we acquired 17 sites - nine sites in Republic of Ireland, five sites in the UK and three sites in the US. As we partner with established brands in the US, we continue to invest in the US estate and establish our presence in the service area sector. As part of our continuous review of the estate in the US, we have elected to exit from two PFS sites.

Multiple Site Acquisitions

In September, we agreed to acquire 46 PFS leasehold sites located in Minnesota, Wisconsin and Michigan, centred in the large metropolitan area of Minneapolis-St. Paul (US Mid-West). The sites are operated under the BP, Holiday, Freedom and Speedway fuel brands, with an opportunity to bring our experience in food and convenience retailing to complement the existing fuel offer. The agreement is a lease with CrossAmerica Partners LP ("CAP"), with an initial lease term of 10 years and 4 five-year tenant-only renewal options. The sites were taken over and commenced trading in Q3. They have been integrated into the US business unit structure.

We also acquired a 40% interest in Connecticut Service Plazas, 23 service areas located in Connecticut, USA, which is on a strategic road network between New York City and Boston. The concession agreement with the Connecticut Department of Transport has 25 years remaining with the potential for a further 10-year extension. The concession structure offers a stable and growing income stream generated mainly from long-term contracted, multinational branded anchor tenants. This relationship offers an additional 91 branded food outlets including McDonalds (10 outlets), Dunkin Donuts (23 outlets), Subway (20 outlets) and Taco Bell (2 outlets). There is an option to acquire a further 20% interest after five years.

Redevelopments

In the Republic of Ireland, Midway on the M7 has been upgraded to a Motor Service Area (MSA) with a forecourt convenience store and four food offers, and Santry which is strategically located beside Dublin airport has been upgraded to a trunk road service area (TRSA) with three food offers.

In the UK, one PFS site at Whitley has been upgraded to a TRSA with two food offers.

Within the US estate we have converted six convenience stores to the 7 Eleven brand with four in South Carolina and two in the North East, further strengthening our relationship and bringing our total 7 Eleven stores to 15 at the year end.

Our People

Our talented, passionate and experienced people are key to our success along with the strength of our management team. I am very grateful for their commitment which has contributed to another successful year of growth in the business. I would like to take this opportunity to thank all our employees for their hard work and dedication to the Group.

Central to the delivery of our long-term strategy is the Group's culture, underpinned by the values and behaviours expected of our employees. The Board is cognisant of its role in supporting employee welfare and in seeking evidence that the right culture is being fostered. In 2019 we completed a values and culture project to refresh our core values as our business grows and we will be relaunching our core values across the group in 2020.

Summary

We are highly conscious of the considerable uncertainty created by the current COVID-19 crisis and its impact on the business, and we are closely monitoring the situation but are confident in the defensiveness of our business model and the strength of our balance sheet and liquidity. We remain committed to our strategy and we are confident in the robustness of our business model. Therefore, we remain positive on the long-term prospects for the business.

Robert Etchingham
Chief Executive Officer

17 July 2020

> Welcome Break delivered a robust performance in the Store category and the UK PFS estate increased the average transaction value in store through upselling and increasing the average basket size

Welcome Break Warwick, UK

CORPORATE AND SOCIAL RESPONSIBILITY

We share success with the people around us

We want our business to have a positive impact on people's, lives our teams, customers, suppliers and local communities.

We take pride in our commitment to making a meaningful and long-term impact in our local community by leveraging our position as one of the biggest corporate philanthropists in the country. We do this in close collaboration with our charity partners and with the support and involvement of our people through our volunteering and fundraising efforts. We strive to have our charitable fund programme align our targets with the United Nations Sustainable Development Goals, helping to influence and drive change on the biggest challenges facing society today.

2019 has been a significant milestone for the charitable fund and we are delighted to be celebrating 10 years supporting all our charity partners along this incredible journey. We are immensely proud of raising over €3million during this time, which allows Applegreen to make a real difference to many people's lives and support all the great work being achieved by our charity partners. We are always so grateful to our employees, suppliers and customers for always getting behind the fund and going the extra mile to support our charitable fund, and we are excited to see how the fund will grow into the future.

In 2018, Applegreen acquired a controlling interest in the UK motorway services business Welcome Break, which like Applegreen, has a strong association with charitable activities, also placing children as a core focus. Over the past 10 years, the customers and staff of Welcome Break have raised over £5million for BBC Children in Need. We are pleased that this association will continue in 2019 and is a welcome addition to the Group's charitable activities.

> Applegreen's 'You Buy, We Give' initiative continues to grow every year and has contributed over €1.6m to the Charitable Fund

Overview

The Charitable Fund was set up in December 2009 with the aim to give back to the communities in which Applegreen operates throughout Ireland. The Fund has supported a number of charity partners, many with children at the centre, and with the aim to deliver tangible and visible benefit to the communities that both Applegreen and its charity partners serve. The Charitable Fund Committee takes its CSR role very seriously and because of this, have developed a balance between supporting local and national community requirements through fundraising, volunteering and spreading awareness of our charity partnerships and to engage with Applegreen staff, suppliers and customers with a bespoke fundraising and communications plan.

The charitable fund will reward customer loyalty by:

- Supporting very worthwhile charities and engaging with our staff through team building initiatives.
- Promoting awareness in growing less well-known charities.
- Giving back to the local communities.
- Sharing Applegreen's success to those that need it most.

Every two years the process to nominate new charity partners is based on an employee survey to help the committee understand the causes that will motivate and inspire colleagues. Over the past 10 years, over €3m has been raised for our chosen causes as a result of the support and engagement shown by our customers, suppliers and employees.

Throughout the year employees from head office and stores across Ireland arrange events to raise awareness and stimulate engagement with our charity partners. In the past year, volunteer days and events have included Static Cycles, Bake Sales, Marathons, Mountain Climbs, Skydives and Pub Quizzes

Applegreen's 'You Buy, We Give' initiative continues to grow every year and has contributed over €1.6m to the Charitable Fund. Every time a customer makes a shop and fuel or a shop only purchase in an Applegreen store in Ireland, the company donates 1c/1p to the Applegreen Charitable Fund at no extra cost to the customer. Funds are also donated through coin collection boxes placed in all Applegreen Service Stations, and Barcode Campaigns whereby the customer is given the option to donate €1/£1 in store once every quarter.

Awards 2019

The Applegreen Blossom Fund won Best CSR Community Programme in the 2020 All Ireland Community & Council Awards held in February in Croke Park.

Applegreen in partnership with the Irish Youth Foundation provides funding to support projects working with children in disadvantaged circumstances. The focus is to support the health and wellbeing of children. The Blossom Fund is a unique community initiative and it allows Applegreen to make a difference at a local level.

Irish Youth Foundation

The Applegreen Charitable Fund were delighted to choose the Irish Youth Foundation as one of our preferred charity partners for 2018/19 in support of 62 community and voluntary youth projects across Ireland which were chosen from over 300 applicants to receive a total of €124,000 from the fund. The fund invited applications from projects working with children and young people aged between 4 and 12 living in disadvantaged circumstances under the theme of health and wellbeing. All of the projects receiving grants were within 10km of an Applegreen store, in line with our approach of engaging with and supporting the communities we serve.

DEBRA Ireland

Following the success achieved with DEBRA Ireland, which resonated strongly with our staff, Applegreen decided to extend its support to this partnership beyond the usual two year term. DEBRA Ireland provides support services to patients and families living with the debilitating skin condition Epidermolysis Bullosa (EB). The EB Community Care programme provides valuable support for children and families in Ireland impacted by EB. By delivering the highest level of support in their homes and communities, the programme helps improve the quality of life for those affected. In addition, Applegreen's support of EB Awareness Week means families throughout Ireland are no longer living with the staring and stigma of this rare disease. The HSE has seen such immediate benefit that they will now take over the funding of an EB Nurse, freeing Debra Ireland up to put the next phase into play; a further expansion of EB Community Care which means an additional family support worker, an additional EB outreach nurse as well as increased respite funding for families living with EB.

Focus Ireland

Focus Ireland is driven by the fundamental belief that homelessness is wrong. No young person should have to live in emergency accommodation or worse. Focus Ireland provides innovative programmes for young adults, many of whom have no means of support after leaving children's homes or foster care. Programmes may involve housing, work placements and other basic support designed to make sure they stay off the streets. Applegreen is proud to support Focus Ireland as one of its charity partners. This partnership will enable Focus Ireland to work with more young people to provide a safe environment, opportunity, and help them reach their full potential.

Friends of the Cancer Centre

Friends of the Cancer Centre is dedicated to making a real and meaningful difference to cancer patients and their families across Northern Ireland. Through our partnership with the charity and with the support of staff and customers, we are able to make a positive impact on the charity's vital work with young people and families affected by cancer. No young person or family should ever have to face cancer, but Friends of the Cancer Centre is committed to ensuring that these young people have access to the expert and age-appropriate care they need, when they need it. Working together, we are providing support to teenagers and young adults with cancer, helping the charity fund vital hours of specialist nursing care and much more.

FoodCloud

Applegreen is delighted to be able to support FoodCloud with the funding of three distribution vans to help ensure food arrives fresh and safely. Applegreen is pleased to play its part in reducing food waste in the interests of a more sustainable environment, and at the same time help FoodCloud reach those in need.

BBC Children in Need

BBC Children in Need has been the chosen charity partner of the Welcome Break business in the UK for 10 years and has been strongly supported by Welcome Break customers via donations made at its motorway service areas and staff hold various fundraising events throughout the year. We support BBC Children in Need as it exists to change the lives of disadvantaged children and young people in the UK. Their vision is that every child in the UK has a safe, happy and secure childhood and chance to reach their potential.

Children in Need is local to people in all corners of the UK and provide grants to small and large organisations which empower children and extend their life choices. They support over 2,500 active projects that are working with children facing a range of challenges including: poverty and deprivation, children who have been the victims of abuse or neglect and disabled young people. Last year the customers and staff of Welcome Break raised a new record of over £750,000 for BBC Children in Need.

Changing Places

The Group collaborates with the Changing Places consortium in the UK, with Welcome Break recently installing state of the art assisted changing and toilet facilities for disabled people at nine of its major motorway service areas, with further facilities planned at other sites. The Changing Places Consortium is a group of organisations working to support the rights of people with profound and multiple learning disabilities and/or other physical disabilities. Established in 2005, the Consortium campaigns for Changing Places to be installed in all big public spaces so that disabled people can have greater access to their communities.

FuelSevice App

Applegreen joined forces with fuelService and the Disabled Drivers Association of Ireland (DDAI) to help disabled drivers receive assistance whilst refuelling at Applegreen stations across the country. Refuelling a car is one of the biggest challenges faced by disabled drivers, and Applegreen is proud to be the first Irish forecourt retailer to roll out this app service and go some way towards making refuelling easier and more accessible for disabled drivers. The app offers a two-step process to take the uncertainty and stress out of refuelling for disabled drivers.

Partners for 2020 and beyond

The new charities that have been selected to partner with the Applegreen Charitable Fund over the next two years are Pieta House, Enable Ireland, Food cloud and Ireland Youth Centre, and Welcome Break will continue to work with BBC Children in Need and Changing Places. Together we will make a difference and support the people and community most in need.

INVESTING IN OUR CUSTOMERS & COMMUNITIES/ ENABLING A LOW CARBON FUTURE/ NURTURING OUR PEOPLE/ EMBRACING CLEANER ENERGY

SUSTAINABILITY REVIEW

We will leave a positive legacy for future generations

Applegreen considers economic, environmental and social responsibility as an integral part of its corporate philosophy and understand the contribution Applegreen can make to a more sustainable development. Today, we are deeply committed to leaving a positive and lasting legacy for future generations, with a clear and committed approach to sustainability in every area of our business, and by bringing our partners on this journey with us.

We have made significant progress on several initiatives across the business such as charity and community, environment, healthy food alternatives, and transition to cleaner energy, to name but a few. We will announce a sustainability programme where progress will be formally measured and reported upon.

We have recently invested significantly in the process of defining our sustainability goals and creating a sustainability strategy. This strategy will be the roadmap for our sustainability journey over the next few years.

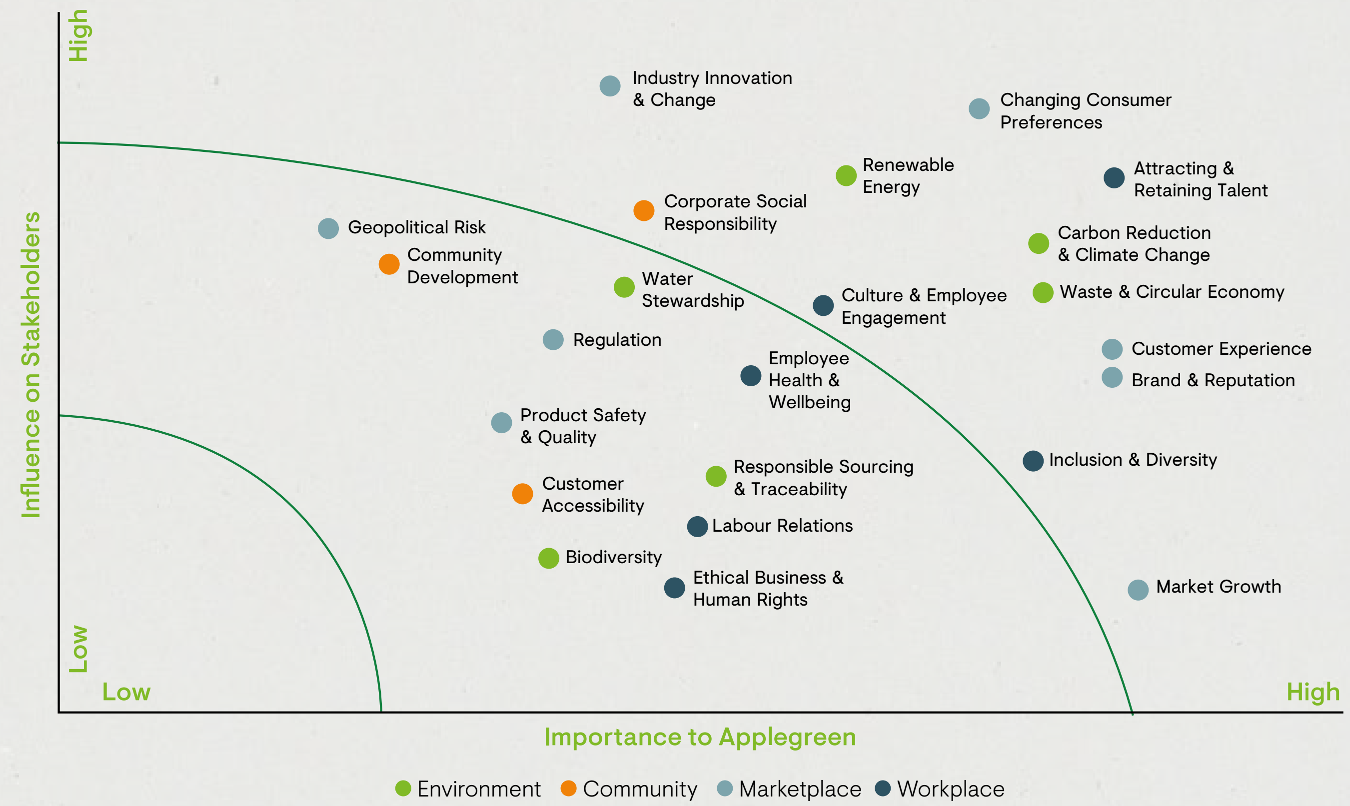
To help identify the material issues for Applegreen and our stakeholders, we have engaged with a wide range of stakeholders through a number of channels, including in-depth interviews and surveys. This process led to the identification and prioritisation of material issues for Applegreen. These are illustrated in the figure opposite. We will continue to keep these topics under review, particularly with respect to emerging themes.

Materiality

Our approach to sustainability is centred on addressing and reporting on the most material issues for Applegreen and its stakeholders.
In 2019, we undertook a comprehensive review of material topics to reaffirm that our Sustainability Programme will be adequately positioned to address the most significant sustainability issues.

As part of the revised materiality assessment, we engaged with a wide range of stakeholders through a number of channels. In-depth interviews with key internal and external stakeholders were critical in confirming priority areas and for better understanding our stakeholders' expectations. The outputs from these interviews were supported by a survey of a broader stakeholder group. The survey findings helped to validate the information received through the interview process and provided an opportunity for input from a larger and more diverse stakeholder group.

Sustainability Materiality Matrix



The outcome of the assessment has confirmed good alignment among internal and external stakeholders across a range of sustainability topics and confirmed that the Programme will be well placed to address our most material issues.
The assessment also supported feedback received through ongoing engagement with stakeholders, particularly with regard to the evolution in some topic areas, for example, fast charging for electric vehicles, recycled rainwater in car washes and ethically sourced coffee beans.

The topics to be covered in the sustainability report are designed to reflect the outputs of this materiality assessment. All of these topics are reviewed as part of the broader risk assessment process, however, at this point not all are considered to be principal risks for the Group. We will continue to keep these topics under review, particularly with respect to organisational changes and emerging themes. The assessment will also be central to the development of our Sustainability Programme as we seek to ensure continued alignment with business and stakeholder needs.

This prioritisation of material issues were used to develop the pillars and focus areas for our sustainability strategy.

As a result of above, the strategy is structured around four pillars:

- Enabling a Low Carbon Future
- Embracing Cleaner Energy
- Nurturing our People
- Investing in our Customers and Communities

We will continue to be successful, while playing a positive role in the broader sustainable development agenda

Sustainability and the UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) provide a globally accepted roadmap for addressing many of the most urgent global economic, environmental and social challenges. Although the seventeen goals were agreed at international level, the challenges we face require broad participation and there is a crucial need for the private sector to play its part. As a leader in the roadside retailing industry, our most significant contribution to the SDGs will come through enabling our customers reduce their fuel emissions and improve the nutritional value of products consumed and doing so in a way that does not compromise the environment, the rights of others or the long term effectiveness of our business.

We will continue to be successful, while playing a positive role in the broader sustainable development agenda. We highlight the SDGs we impact on under each pillar. While we touch on a number of the goals, we identify below the SDGs that have greater strategic relevance for our business and we see the greatest potential for impact and opportunity in SDGs 7, 8, 11 and 13 – Affordable & Clean Energy (SDG 7), Decent Work & Economic Growth (SDG 8), Sustainable Cities & Communities (SDG 11) and Climate Action (SDG 13).

Sustainability Strategy Pillars and Alignment to UN SDGs

Our strategy aims to protect the natural environment, enhance the lives of our employees and the people who avail of our products and services, and connect us with the communities in which we operate.

The pace of change and the scale of the challenges within our industry require that we work collaboratively to develop shared understanding and common solutions for many of the issues identified.

Stakeholder Engagement

We are committed to ongoing and constructive engagement with our key internal and external stakeholders and through a process of two-way engagement, we incorporate their views into our business activities. We are engaged in partnerships with key stakeholder groups and relevant third parties to help achieve our goals. Applegreen is also a member of a number of trade organisations and multi-stakeholder initiatives, through which we seek to advance fuel and food initiatives. Before undertaking the materiality assessment in 2019, we revisited the process for stakeholder analysis to ensure we continue to interact appropriately with various stakeholder groups. Having clearly identified those who we impact, and those groups that can influence and impact Applegreen, we tailored our materiality assessment to ensure input from diverse stakeholder groups. Among our key stakeholders are employees, shareholders, communities, customers, consumers, government and suppliers including farmers. We understand that among and within these groups, there can be different and sometimes conflicting views. As part of our engagement we seek to balance these competing stakeholder interests and respond in a way that maximises the value for all those connected with the organisation.

Stakeholder Groups

We use a variety of channels to support the engagement process, many of which are tailored for specific stakeholder groups. Our ability to demonstrate a robust engagement process is a core part of the process and previously we have mentioned how we engage and work with the various stakeholders.

Governance

Accountability for implementing our sustainability strategy and our sustainability performance sits at the highest level of governance within our organisation. Our Board of Directors are committed to effective governance and sustainable growth, and have made the further evolution, development and execution of our sustainability agenda a priority for the organisation. To this end we have established a governance structure to ensure our sustainability strategy is fully embedded and implemented across the wider business. Our governance structure is shown below.

Board of Directors
Ultimate responsibility for sustainability

Executive Leadership Team
Executive responsibility

Head of Sustainability
Responsible for leading and implementing the sustainable strategy

Sustainability Working Group
Cross divisional/cross-regional representatives with responsibility to collaborate on implementing programmes/initiatives within the business to deliver on strategic objectives

Proud of Our Achievements to Date

Sustainability is not new for us. We have already made significant progress on several initiatives across the business and we are now stepping up our efforts. Below are some of our key achievements over the past period.

€3.9 million
donated to charity through Applegreen Charitable Fund

Accessibility
focus with FuelService App and disability parking, toilets and facilities

Zero Waste
goes to landfill across our Ireland operations

Water Harvesting
& recycling at car washes in Ireland

100% Green
Electricity in Ireland operations

Low Energy
lighting and LED used on canopy and external forecourt displays

FoodCloud Partnership
to facilitate redistribution of surplus food, reducing food waste

100% Certified
Rainforest Alliance Coffee in Ireland

Sustainable
Commitment to 100% RSPO certified Palm Oil

100% Recyclable
coffee cups and discount for reusable cups

Largest Grid
of EV fast charging points on UK motorway network across the Welcome Break estate

Over 30% Female
representation on senior leadership team

Fuelgood Fuel
contains additives to make our petrol and diesel better for your engine and the environment

Inclusion & Diversity
strategy developed

Culture & Values
programme now underway

Graduates
and intern programmes launched

Fuel Initiatives

We utilise full-stage two vapour recovery pumps, which collect the vapours from the nozzle and vacuum them back into the tank, minimising vapour release into the atmosphere. We also employ a system on all sites which monitors fuel stock at all times ensuring any risk of contamination is minimised.

Water Initiatives

There are several initiatives we engage in while developing our sites to help significantly reduce our water consumption and energy usage including the harvesting of rainwater from our forecourt canopy which is used in car washes. This used water is then cleaned via the water recycling centre and reused. We continue on the journey to roll out this initiative to further sites across the estate.

Suppliers

Applegreen aim to use environmentally friendly suppliers. For example, Applegreen only uses Tierra Lavazza in all our coffee machines. This is 100% Rainforest Alliance coffee, which is both environmentally friendly and practices non-exploitation of the workforce. In addition to this, we aim to source much of our food produce within the respective region to reduce its carbon footprint.

The Next Chapter in Our Sustainability Journey

Whilst we can reflect on these achievements, we recognise that much more needs to be done. To us, it's about evolving our business whilst reducing our environmental impacts. We will continue to be successful while playing a positive and proactive role in the broader sustainable development agenda.

The sustainability strategy continues to come to life and is having a real impact across the business, and this is evident in some of the new initiatives being undertaken at present.

We will endeavour to communicate more transparently to all our stakeholders as we progress on our sustainability journey. This will include sharing information on both our achievements and the challenges we face along the way.

Applegreen is committed to creating sustained long-term growth and stakeholder value whilst managing the business to ensure an inclusive and sustainable future for our stakeholders, including employees, customers and local communities. Together we can bring about real change and leave a lasting legacy for future generations.

TOGETHER WE CAN BRING ABOUT REAL CHANGE AND LEAVE A LASTING LEGACY FOR FUTURE GENERATIONS

OUR PEOPLE AND CULTURE

At Applegreen, it's our people that make us a success

We collaborate as a growing international business, while ensuring locally-led high performing teams in each of our regions. Each region has distinct elements in its culture while operating within a Group culture that is built around a clear employee proposition and being attentive to the needs of our customers.

There is a strong entrepreneurial culture in the business which is driven by the founders who started the business more than 25 years ago and are still closely involved with the business today. We leverage the diverse talents and expertise of our people to innovate and lead to better value for our customers, our shareholders, our people, our communities and our environment.

Our vision statement 'To be the leading roadside retailer serving the needs of consumers in transit in each of our national markets'.

Our values are core to our culture and exist in all of the regions we operate. In 2019 we completed a values and culture project to refresh our core values as our business grows. Our new core values will launch in 2020 and will guide our attitudes, behaviours and actions to our people, our customers, our suppliers, and our broader stakeholders. They are the qualities that we see alive and at work in our business today, and which will help us achieve our vision for the future.

Through these core values and our culture we are committed to fostering a great place to work, where our people can be at their best and are able to contribute fully to our shared success.

Staff Development and Engagement

Attracting and retaining great people is critical to the growth and success of our business. We recently set up a Group HR division in Applegreen to actively lead more strategic organisational development initiatives and to really accelerate our people agenda. In 2019 we delivered a significant number of new programmes for our people including:

- New culture and engagement projects including the development of our core values across the Group and launch of new engagement and recognition programmes
- A new performance and rewards framework to ensure a market competitive proposition for our staff in each region, and a culture of development and progression
- New leadership development and training initiatives
- Enhancing our policies to create a more progressive work environment for our people
- Internal progression and career path development
- Talent and succession planning

Health and Wellbeing

We are committed to our employees and their health and wellbeing is paramount to us in Applegreen. We encourage everyone to prioritise their wellbeing, both inside and outside work. We provide a number of initiatives including Flexitime, Bike to Work Scheme, Tax Saver travel tickets, Wellness Events and programmes and our Employee Assistance Programme to support our staff's wellbeing and help them be at their best.

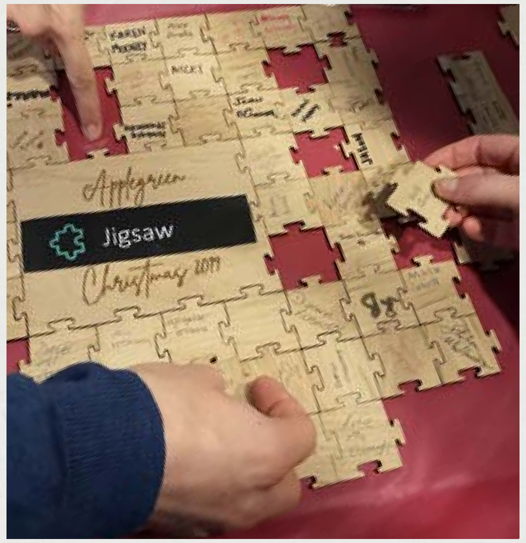
In 2019 we also set up a new Sports and Social Committee in Applegreen. The aim of this initiative was to provide our employees with some exciting new opportunities to engage and collaborate with one another, away from their everyday interactions. Exciting events have been arranged to suit all needs such as bake offs, sporting activities like running, golf events, yoga and pilates, cinema and theatre outings and the first Applegreen book club. We also celebrated our first 12 Days of Christmas event in Applegreen with a wonderful daily campaign of internal events to celebrate the end of a successful year.

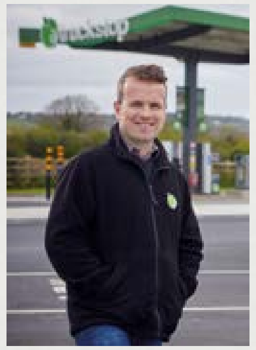
Training and Development

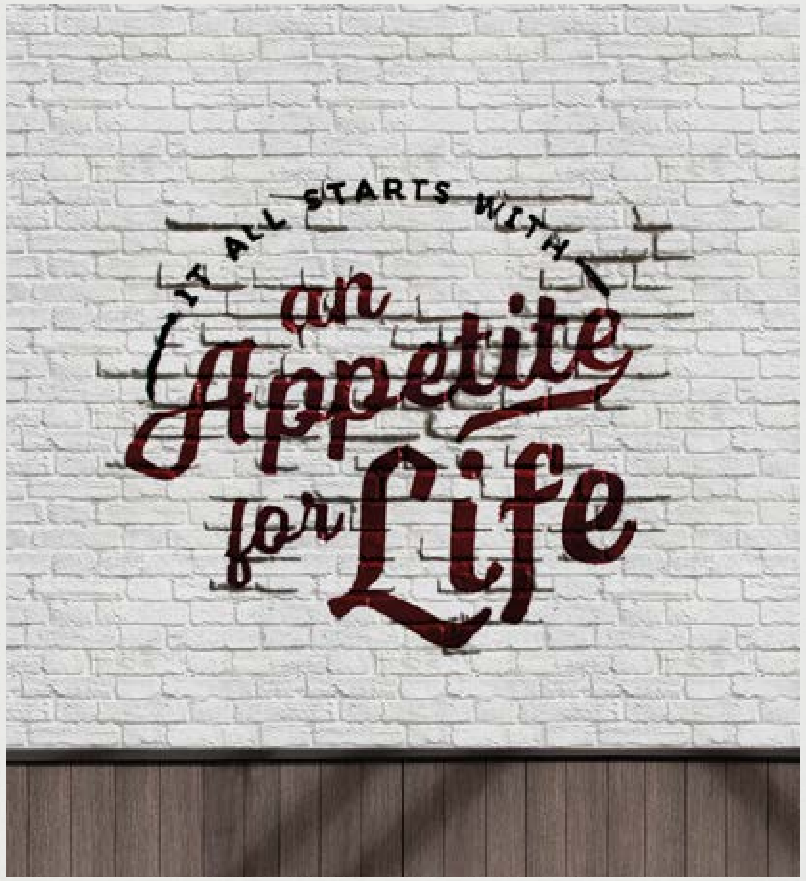
We invest in our employees through training and development initiatives to ensure we provide opportunities for personal growth and career development. In 2019 we launched a number of new training, development and mentoring initiatives across all regions.

Our Retail Management Development Programme is a 9-month site manager development programme that enables participants to gain experience across all areas of the business from customer service, food & retail, site operations, people management and leadership accreditation. In 2019 we conducted a group wide refresh of this programme to add new modules to the course and we rolled out this programme in both our Irish and UK businesses with plans to extend it into US for 2020.

In 2019 we also launched a number of new people development training courses for our head office staff across ROI, UK and USA as part of a new approach to leadership development and the competencies we wish to build for the future. These programmes have received fantastic feedback form our teams which we plan to build on for 2020 and beyond.







We invest in our employees through training and development initiatives to ensure we provide opportunities for personal growth and career development

Launch of Applegreen Graduate Programme

2019 saw the launch of Applegreens first Graduate programme. This is an exciting new venture for Applegreen, which will allow us to tap into a new and critical pipeline of talent and skills to continue our future growth and development. The programme is a 3-year programme, that will involve graduates experiencing all aspects of Applegreen, supporting both our retail sites and our head office functions, including international placement and transfers.

Inclusion and Diversity

At Applegreen we believe in the transformative potential of a truly diverse and inclusive workforce and in 2019 we launched a large-scale inclusion and diversity strategy across seven core pillars.

Each region has different initiatives underway depending on the needs of the particular region from an inclusion and diversity perspective. Across the company we have also developed new inclusion and diversity policies and training. We expect everyone in our business - no matter what our level, role or function is – to play an active role in creating environments where people of diverse backgrounds can bring their full selves to work, and who can thrive in an open and inclusive environment.

Our CSR programmes in each region also support a number of these pillars through their events and programmes.

Some highlights from 2019 include:

- Launch of a new partnership with the 30% Club and access to female mentoring and development programmes through a number of women in business programmes.
- Partnership with the DCU ability programme offering work placements to individuals with intellectual disabilities. We have also launched FuelService & JAM (Just a Minute) support services for people with disabilities.
- South Dublin partnership supporting young adults with mental health challenges and disabilities to reach their potential by providing work experience placements.
- Enhancing our policies in each region related to working mums and dads, and family needs.
- Cross cultural and broader inclusion and diversity awareness built into our performance management and people management training programmes.

Through actively engaging different perspectives, and ensuring inclusion and diversity is embraced, we can challenge and enrich our thinking, and empower our people and business to achieve more.

BUSINESS ETHICS REVIEW

Our people will live the values of integrity, inclusiveness and enterprising spirit

At Applegreen, doing business with integrity is fundamental to the way we operate and the foundation of our long term success. Business results must always be achieved ethically and legally, and the Group's Code of Conduct clearly defines the standards and expectations set for all Applegreen colleagues. It sets out how we respect each other, live our Values, protect our assets and obey the law. The policies behind the code provide clear guidance for our daily interactions and are reviewed annually. The ongoing responsibility for their implementation rests with Group management, supported by relevant functions including HR and Internal Audit. The obligation to do the right thing is underpinned by one of our core values whereby colleagues are supported to "...to do what is right for our customer, our business and the world".

11,500+
EMPLOYEES

Anti-Bribery and Corruption

As part of the Group Code of Conduct, Applegreen's Anti-Bribery Policy describes our zero-tolerance approach and provides guidelines to all employees regarding potential situations involving bribery.

Applegreen has implemented an Anti-Bribery and Corruption policy which states that no employees or representatives of the Group is to offer or accept any bribe or engage in any acts which constitute abuse of entrusted power or position for private gain. The policy is designed to ensure that each employee and representative of the Group business within the Group understands their responsibilities and the actions they need to take to comply with the policy so that the Group and our employees are protected from any penalties, fines and/or reputational damage. A copy of the policy is available on the Group's intranet page.

Whistleblowing

The Board has approved a Whistleblowing Policy which is reviewed annually. The procedure allows for concerns to be raised by employees and ensures that they are addressed through a transparent and confidential process. A copy of the policy is available on the Group's intranet page.

Human Rights

We are committed to acting ethically and with integrity in all our business dealings. We aim to have a workplace free of modern slavery and will not knowingly engage with any organisation involved in such activities. While we recognise the risk associated with having a large workforce in multiple countries and a significant number of suppliers, our processes and procedures are designed to be in compliance with applicable human rights legislation in the countries in which we operate.

Promoting Wellbeing

Given the time employees spend in the workplace, we know that as an employer we can play an important role in personal wellbeing beyond health and safety. At Applegreen, we want to support our colleagues in leading healthier, more active lives and have begun to expand a number of locally relevant initiatives and promote a greater awareness around the concept of wellbeing.

Applegreen Rathcoole, Ireland

> Revenue for the year of €3.1 billion was 52.7% ahead of 2018 (50.9% on a constant currency basis). The upside in performance was driven by UK €804.7m, US €182.5m and ROI €72.8m

FINANCIAL REVIEW

Continued consistent delivery with strong growth

The Group is delighted to report another very strong performance for the 2019 financial year. We expanded our portfolio of world class brand partnerships, generated very good levels of organic like-for-like growth, built an increased presence in strategic service areas and successfully completed a large-scale ERP transformation.

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2019 and the Group's financial position at that date.

The Key Financial Performance Indicators outlined here are used to track business and operational performance and help the Group to drive value creation. The Group has a disciplined financial approach to target continued growth while meeting its return on investment objectives. This combination of growth and return help ensure the Group's financial objective of maximising shareholder return is achieved.

Growth

Revenue

+52.7%

€3.1bn Revenue

Adjusted EBITDA

+141.7%

€140.4m EBITDA

Network

+84

556 sites

Return

ROCE

10.6%

Reflecting strategic acquisitions and investments

Cash Conversion

107.2%

Cash €138.7m

Adjusted diluted EPS

+25.8%

33.8 cent per share

Summary Profit and Loss

This is prepared on a pre-IFRS 16 basis

	FY 2019 €m	FY 2018 €m	% Growth
Revenue	3,072.60	2,012.60	52.7%
Gross Profit	572.1	282.3	102.7%
Selling & Distribution Costs	(302.2)	(156.8)	
Administrative Expenses *	(71.4)	(39.9)	
Other income	11.2	5.0	
Adjusted EBITDAR *	209.5	90.6	131.2%
Rent	(69.1)	(32.5)	
Adjusted EBITDA *	140.4	58.1	141.7%
Depreciation & Amortisation *	(43.8)	(22.1)	
Finance Costs, net *	(26.1)	(6.4)	
Adjusted PBT *	70.5	29.6	138.2%
Tax *	(9.9)	(3.3)	
Adjusted PAT *	60.6	26.3	130.4%
Non-controlling interests *	(19.4)	0.1	
Adjusted PAT attributable to Applegreen plc *	41.2	26.4	56.1%
Adjusted Diluted EPS (cents) *	33.80	26.86	25.8%

* Adjusted for share based payments, non-recurring operating charges, interest on shareholder loans, non-recurring interest charges, acquisition related intangible asset amortisation charges and the related minority interest and tax impact on these items.

See note 8 in the financial statements for further detail on adjusting items.

Revenue

Revenue for the year of €3.1 billion was 52.7% ahead of 2018 (50.9% on a constant currency basis). The upside in performance was driven by UK €804.7m, US €182.5m and ROI €72.8m. Excluding the Welcome Break acquisition, Applegreen's revenue increased by 18.0% driven by good underlying growth and the full year impact of 2018 acquisition activity.

Gross Profit

Gross Profit increased by 102.7% over the prior year to €572.1 million. (100.3% on a constant currency basis). The strong performance was driven by UK €247.0m, US €33.8m and ROI €8.9m.

The results for 2019 incorporate a full 12 months of the Welcome Break acquisition which has aided significant growth on 2018. US business growth has been driven by the addition of 46 PFS leasehold sites in September 2019 and the full year impact of the 2018 acquisitions in Florida and South Carolina.

Excluding the Welcome Break acquisition, Applegreen's gross profit increased by 21.5% driven by revenue growth and good underlying like for like growth at a gross profit level.

Selling, Distribution and Administration Costs

Selling and Distribution Expenses

Selling and distribution costs (excluding rent, depreciation and net impairments charges) for the Group grew by 92.7%. When excluding Welcome Break, these costs grew by 22.6%. Group selling and distribution costs as a percentage of gross profit decreased to 53.0% in 2019 (2018: 55.5%).

Administration Expenses

Administration expenses (excluding share-based payment expense, non-recurring costs and depreciation) grew by 78.9%. When excluding Welcome Break, the increase was 21.6%. This increase is due to business expansion and investment in management resources to support the Group's growth trajectory. Group administration expenses as a percentage of gross profit decreased to 12.5% in 2019 (2018: 14.1%).

Other Costs

Depreciation, amortisation and impairments grew by €21.7 million which reflects the full year impact of Welcome Break to the Group as well as the increased level of capital expenditure in recent years.

Interest costs have increased given the higher debt levels utilised to finance the acquisition of Welcome Break and as a result of the Welcome Break debt consolidated in the Group.

Adjusted Diluted EPS

Adjusted diluted EPS is 33.8 cent per share which is an increase on 2018 of 25.8%.

Adjusted Profit Attributable to the Group Reconciliation

	FY 2019 €m	FY 2018 €m	% Growth
Adjusted PAT attributable to Group	41.20	26.40	56.1%
Share based payments	(1.0)	(1.1)	
Non-recurring charges	(2.8)	(8.5)	
Acquisition related intangible assets amortisation	(3.8)	(1.1)	
Interest on Eurobonds (shareholder loans)	(7.5)	(1.2)	
Non-recurring finance cost	(2.6)	(1.0)	
Acquisition related rental adjustments	(2.4)	0.0	
Impairment	(2.3)	(1.3)	
IFRS 16 adjustment	(11.0)	0.0	
Tax	3.7	0.1	
Minority interest	10.0	1.0	
Reported PAT attributable to Group	21.50	13.30	61.7%

Non-Recurring Charges

Non recurring charges primarily relate to the restructuring of recent business acquisitions, business combination acquisition costs and costs incurred in the year in relation to the upgrade of the ERP system.

Reported PAT attributable to the Group

Reported PAT attributable to the Group has increased by 61.6% on 2018.

Analysis by Product and Geography Segment

	2019 €m	2018 €m	% Growth	% L4L Growth
Fuel Revenue	2,196.8	1,572.1	39.7%	10.8%
Food Revenue	344.2	162.0	112.4%	3.0%
Store Revenue	466.6	268.9	73.5%	6.0%
Other Revenue	64.9	9.5	581.9%	0.0%
Total Revenue	**3,072.5**	**2,012.5**	**52.7%**	**9.6%**
Fuel Gross Profit	141.5	96.0	47.3%	7.4%
Food Gross Profit	221.8	96.3	130.5%	3.2%
Store Gross Profit	158.4	82.5	92.0%	8.6%
Other Gross Profit	50.3	7.5	573.0%	0.0%
Total Gross Profit	**572.0**	**282.3**	**102.7%**	**6.3%**
Non-Fuel Total				
Revenue	875.7	440.4	98.8%	4.9%
Gross Profit	430.5	186.2	131.2%	5.7%

* Like for Like (LFL) measures the performance of stores that were open at 1 January 2018 and excludes any stores that were closed or divested since that date and constant currency eliminates the effects of exchange rate fluctuations that occur when calculating financial performance numbers

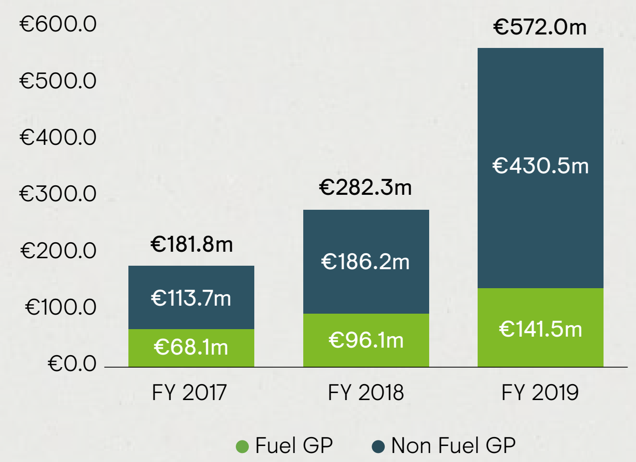
Gross profit is an important financial metric for the Group as fuel price fluctuations can have a disproportionate impact on revenue movements.

Gross profit from fuel increased by 47.3% during the year and 20.6% excluding Welcome Break. This was primarily driven by the full year impact of 2018 acquisitions as well as solid like for like fuel margin growth.

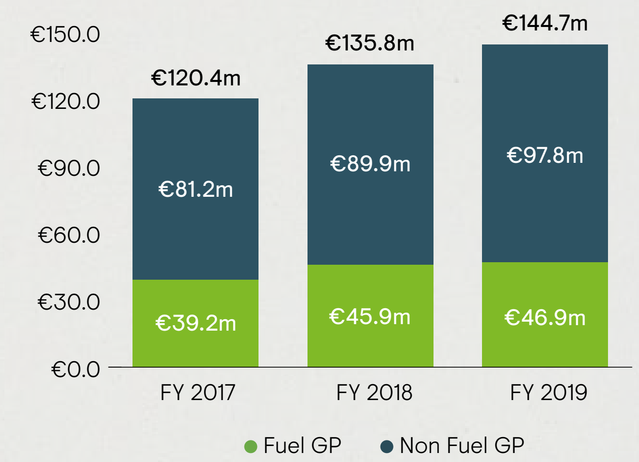
Food gross profit has increased by 130.5% and 8.6% ex Welcome Break reflecting the growth in the estate and continued focus on improving our food offering. Store gross profit has increased by 92.0% and 36.9% ex Welcome Break reflecting estate growth and strong growth in impulse categories during the summer months.

Other gross profit which includes hotels, gaming and parking has increased by 573.0% which results from the full year impact of the Welcome Break acquisition. The Hotel business appointed a new management team which is making good progress. A performance improvement programme has been established to drive top line growth by increasing food and beverage penetration, coupled with structured room rate management.

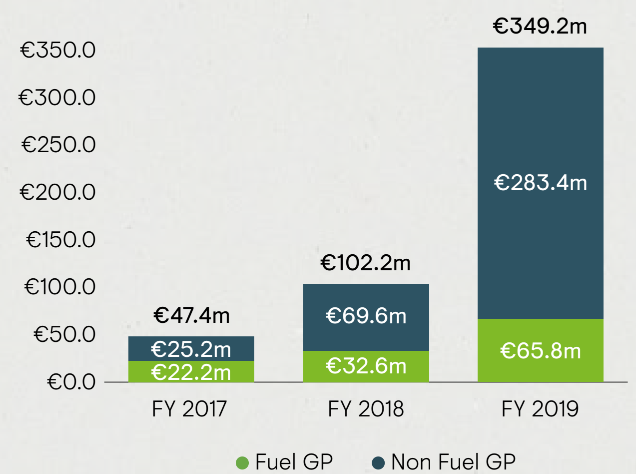
Group – Gross Profit by Segment



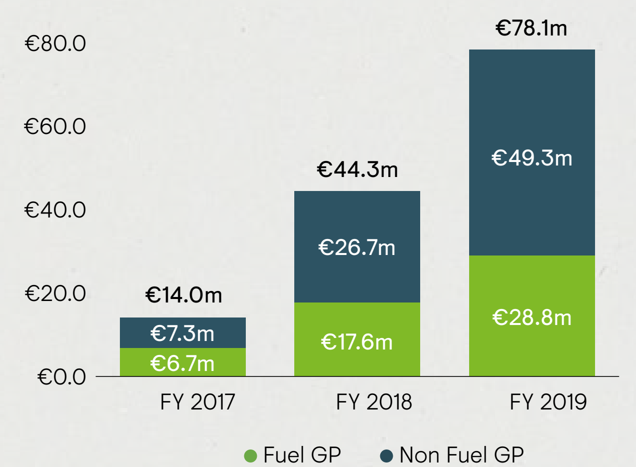
ROI – GP by Segment



UK – GP by Segment



USA – GP by Segment



The graphs above indicate the proportion of gross profit that we derive from the different product segments across each of our markets in the Republic of Ireland, the UK and the USA.

The contribution to overall gross profit coming from non-fuel continues to increase with 75% of gross profit now coming from non-fuel revenue streams which is up from 66% in the prior year. A key strategic growth priority of the business is to increase gross margin contribution from the higher margin non-fuel sector.

Summary Cash Flow

This is prepared on a pre-IFRS 16 basis

	€m	€m
Profit Before Tax	49.90	15.40
Non-cash Adjustments	85.1	33.2
Working Capital Movement	10.2	29.8
Taxes Paid	(5.8)	(3.1)
Cash flows from Operating Activities	139.40	75.30
Routine Capex	73.7	(66.2)
Acquisitions	(36.6)	(158.8)
Additional contribution from minority shareholder	19.0	0.0
Cash flows from Investing Activities	(91.3)	(225.0)
Proceeds from Share Issue	0.1	169.9
Dividends Paid	(13.4)	(1.3)
Long-Term Borrowings	15.8	63.4
Payment of Eurobonds	(4.1)	(11.4)
Net Finance Leasing	(2.3)	(1.3)
Net Interest Paid	(32.0)	(5.3)
Cash Flows from Financing Activities	(35.9)	214.0
Net increase in cash and cash equivalents	12.2	64.3
Opening Cash & Cash Equivalents	121.5	57.5
Exchange gains/(losses)	5.0	(0.3)
Closing Cash & Cash Equivalents	138.7	121.50
Cash Conversion	107.2%	151.2%

The current year cash conversion has been driven by increased fuel volume performance in 2019, while 2018 cash conversion was enhanced by improved credit terms from fuel suppliers.

€139.4m of cash was generated from operating activities and was available to be utilised for debt repayment and re-investment in the business.

Capital expenditure includes €36.6m ($40.0m) in relation to the acquisition of a minority stake in the Connecticut Service Plazas.

Equity proceeds in 2019 represents the funding injected by AIP into Welcome Break in order to complete the repayment in full of the junior loan facility in that entity as originally planned as part of the acquisition.

Long term borrowings relate to the additional drawdown to fund the Connecticut Service Plazas acquisition in September 2019 offset by repayment of the junior loan facility in Welcome Break.

Profit before tax is higher than 2018 due to inclusion of full year trading performance of Welcome Break.

Summary Balance Sheet

This is prepared on a pre-IFRS 16 basis

	FY 2019 €m	FY 2018 €m
Intangible Assets	525.2	492.8
Tangible and Other Non-Current Assets	667.4	602.1
Non-Current Assets	1,192.6	1,094.9
Non-Current Liabilities	(46.2)	(53.4)
Current Assets	140.2	115.6
Current Liabilities	(338.6)	(289.5)
Working Capital	(198.4)	(173.9)
Cash and Cash Equivalents	138.7	122.0
Total External Debt	(664.2)	(628.9)
Net External Debt	(525.5)	(506.9)
Shareholders Loans (Eurobonds)	(90.6)	(79.5)
Net Debt	(616.1)	(586.4)
Net Assets	331.9	281.2
Equity attributable to owners	397.5	361.3
Non-controlling interests	(65.6)	(80.1)
Total equity	331.9	281.2
Return on Capital Employed (2)	10.6%	6.5%

Non-Current Assets and Working Capital

Non-Current assets and working capital movement is stable after the inclusion of the full year impact of the Welcome Break acquisition in the prior year.

Total External Debt

In November 2019, the Group completed a refinance of loans in its Welcome Break business. The Group obtained new long-term borrowings comprising of a £165 million 7 year senior bank loan and a £165 million 10 year institutional term loan. The new senior facilities also include a £30 million capital facility and a £10 million revolving credit facility, both of which were undrawn at 31 December 2019. The previous senior bank loan of £300 million and £24 million capital facility were repaid on the same date. These loans are non-recourse to the parent company, Applegreen plc.

Net Debt

Net external debt (excluding shareholder loans and IFRS 16 lease liabilities) was €525.5m at 31 December 2019 (2018: €506.9m). On a constant currency basis, net external debt was €505.3m. Both Group leverage and Applegreen plc standalone leverage were impacted by the significant strengthening of Sterling in late 2019 as almost 80% of Group external debt is denominated in Sterling.

The Group had total external debt of €664.2m (pre-IFRS 16) and total cash of €138.7m at the balance sheet date. Net external debt including IFRS 16 lease liabilities was €1.2bn at 31 December 2019.

The pro forma adjusted leverage for the Group at 31 December 2019 was 3.7 times and the pro forma adjusted basis for Applegreen plc on a standalone basis and excluding Welcome Break was 1.9 times.

Key Financial Covenants

The Group's balance sheet is in a strong position with a net debt to EBITDA ratio of 1.9 times for the Applegreen banking group and 4.5 times for the Welcome Break banking group. At 31 December 2019 the Group had significant liquidity headroom to support future growth plans.

Group Treasury monitors compliance with all financial covenants and at 31 December the key covenants are as follows:

		Covenant	2019 Times	Headroom
Applegreen Banking Group	Net Debt/EBITDA	Maximum 3.0	1.9	59%
Welcome Break Banking group	Net Debt/EBITDA	Maximum 6.5	4.5	45%

Return on Capital Employed

Return on average capital employed amounted to 10.6% (2018: 6.5%).

This has increased due to a full year of trading results of Welcome Break being included in the results.

IFRS 16 Impact

Summary Profit and Loss

	Pre IFRS 16 €m	IFRS 16 adj €m	Post IFRS 16 €m
Revenue	**3,072.6**	**0.0**	**3,072.6**
Gross Profit	**572.1**	**0.0**	**572.1**
Adjusted EBITDAR *	**209.5**	**0.0**	**209.5**
Rent	(69.1)	69.1	0.0
Adjusted EBITDA *	**140.4**	**69.1**	**209.5**
Depreciation & Amortisation *	(43.8)	(33.1)	(76.9)
Finance Costs, net *	(26.1)	(49.3)	(75.4)
Adjusted PBT *	**70.5**	**(13.3)**	**57.2**
Tax *	(9.9)	0.0	(9.9)
Adjusted PAT *	**60.6**	**(13.3)**	**47.3**
Non-controlling interests *	(19.4)	1.4	(18.0)
Adjusted PAT attributable to Applegreen plc *	**41.2**	**(11.9)**	**29.3**
Adjusted Diluted EPS (cents) *	**33.8**	**(9.8)**	**24.0**

*Adjusted for share based payments, non-recurring operating charges, interest on shareholder loans, non-recurring interest charges, acquisition related intangible asset amortisation charges and the related minority interest and tax impact on these items.

There has been a change in the accounting treatment of lease rentals from 1 January 2019 but no impact on cash flow, strategic development decisions or bank covenant tests.

Applegreen have elected to apply the modified retrospective approach in applying IFRS 16 (not fully retrospective which resulted in the recognition of right-of-use assets of €485.9m and lease liabilities of €685.0m).

Lease rental expense was removed from the Profit and Loss Account and replaced with depreciation on the right-of-use asset and an imputed interest charge on the lease liability.

Adjusted EBITDA has increased from €140.4m to €209.5m following the elimination of the rental cost.

Depreciation cost has increased from €43.8m to €76.9m due to the depreciation of the right of use asset.

Finance costs have increased from €26.1m to €75.4m due to the imputed interest calculated on the lease liability.

Adjusted Diluted EPS has decreased from 33.8 cent to 24.0 cent due to the net decrease in profit after tax.

Summary Balance Sheet

	Pre IFRS 16 €m	IFRS 16 adj €m	Post IFRS 16 €m
Intangible Assets	525.2	0.0	525.2
Tangible and Other Non-Current Assets	667.4	23.4	690.8
IFRS 16 Right-of-Use Asset	0.0	485.9	485.9
Non-Current Assets	**1,192.6**	**509.3**	**1,701.9**
Non-Current Liabilities	(46.2)	3.1	(43.1)
Current Assets	140.2	(11.6)	128.6
Current Liabilities	(338.6)	5.7	(332.9)
Working Capital	**(198.4)**	**(5.9)**	**(204.3)**
Cash and Cash Equivalents	138.7	0.0	138.7
Total External Debt	(664.2)	0.0	(664.2)
Net External Debt	**(525.5)**	**0.0**	**(525.5)**
IFRS 16 lease liabilities	0.0	(685.0)	(685.0)
Net Debt	**(525.5)**	**(685.0)**	**(1,210.5)**
Shareholders Loans (Eurobonds)	(90.6)	0.0	(90.6)
Total Net Debt	**(616.1)**	**(685.0)**	**(1,301.1)**
Net Assets	**331.9**	**(178.5)**	**153.4**
Equity attributable to owners	397.5	(111.5)	286.0
Non-controlling interests	(65.6)	(67.0)	(132.6)
Total equity	**331.9**	**(178.5)**	**153.4**
Leverage	**3.7x**		**5.8x**

In applying IFRS 16, the Group elected to use the modified retrospective approach. This allowed the Group to reduce the right-of-use asset's carrying value for depreciation from the commencement of the lease to the date of adoption. This depreciation was taken to the opening reserves at 1 January 2019.

Group leverage has increased from 3.7x to 5.8x following the application of IFRS 16.

Non current assets have increased due to the recognition of a right-of-use asset of €474.0m.

Net debt has increased due to the recognition of lease liabilities of €685.0m.

When measuring lease liabilities, lease payments were discounted using the incremental borrowing rate at 1 January 2019. The weighted average rate applied was 8%.

Applegreen Navan, Ireland

COVID-19 Impact

COVID-19 has presented an unprecedented challenge for our business and the wider economies in which we operate. The scale of the financial impact on Applegreen in the 2020 financial year is difficult to quantify given the uncertainty created by the virus. We have taken strong measures to secure additional liquidity, manage our working capital and reduce our cost base.

We engaged with our finance providers in both the Applegreen plc banking group and the Welcome Break banking group at an early stage of the crisis to seek additional flexibility. They subsequently agreed to the removal or relaxation of covenant conditions up to and including June 2021 and also to convert existing accordion facilities and capital expenditure facilities of €52.5m and GBP25m, respectively, into revolving credit facilities which now gives us significant additional flexibility to navigate through this period of uncertainty. This represents a strong vote of confidence in our business and in our retail model by our lending partners.

Notwithstanding Welcome Break has been the most heavily impacted by COVID-19, traffic volumes on the UK motorway road network are continuing to recover and the UK government's recent announcement which will see further substantial lifting of restrictions from 4 July 2020 which we expect to drive further traffic increases on the road network. The Welcome Break business has substantial liquidity available and is well positioned ahead of the important summer season. We are very pleased with how the remainder of the Applegreen business traded through Q2 2020 aided by strong store sales in the local petrol filling station sites, good fuel margins and extensive cost saving measures.

Our absolute focus at present is navigating the various challenges associated with COVID-19 and to ensure we are looking after our people whilst continuing to deliver the essential service we provide to our customers. The ultimate course of the pandemic remains unclear at this stage, but we are following the relevant guidance from the authorities and taking definitive steps to ensure the Group remains well positioned as market conditions recover.

Niall Dolan
Chief Financial Officer

17 July 2020

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

	Independent Non-Executive Chairman	Executive Directors			NON-Executive Directors		
							
	Daniel Kitchen (68) Non-Executive Director	**Robert Etchingham (66)** Chief Executive Officer	**Joseph Barrett (53)** Chief Operating Officer	**Niall Dolan (46)** Chief Financial Officer	**Howard Millar (58)** Independent Non-Executive Director	**Martin Southgate (65)** Independent Non-Executive Director	**Brian Geraghty (54)** Independent Non-Executive Director
Nationality	Irish	Irish	Irish	Irish	Irish	Irish	Irish
Date of Appointment	27 May 2015	19 November 2010	19 November 2010	6 March 2018	27 May 2015	11 February 2014	19 August 2014
Committee Membership	Remuneration Committee Nomination Committee (Chairman)				Remuneration Committee Nomination Committee Audit Committee (Chairman)	Remuneration Committee Nomination Committee Audit Committee	Remuneration Committee (Chairman) Nomination Committee
Skills and Experience	Previously, he was finance director of Green Property plc from 1994 to 2002, Deputy CEO of Heron International from 2003 to 2008 and the Irish Government-appointed chairman of Irish Nationwide Building Society from 2009 to 2011.	Founded the Group in 1992 after working for Esso in the Republic of Ireland and the UK for over 10 years. Mr. Etchingham has over 30 years' experience in the retail fuel market and founded the Group with a clear strategic vision of the Group's position in the market. He has led the rapid growth in the Group's site numbers in recent years, capitalising on the opportunities presented during the recession in Ireland and GB. He has a Master's Degree in Economics from University College Dublin.	Joined the Group in its second year of operation with a strong background in retail and fast moving consumer goods having worked for Tesco and John West Foods. Mr. Barrett has 30 years' experience in the retail industry and has a key responsibility for the management and development of the Group's retail and food offerings. Mr. Barrett has been instrumental in developing the Group's partnerships with its international food brand partners. He has a B.Comm and MBA from University College Dublin.	Appointed Chief Financial Officer and Company Secretary of the Group in July 2017. Mr. Dolan joined the Company prior to the IPO in 2015 as Head of Corporate Finance and Treasury. Before joining the Company, Mr. Dolan was CFO of ISS Ireland Limited for five years having previously held a senior finance role with One51 plc. Mr. Dolan qualified as a chartered accountant with PwC in 1998 and also holds a Bachelor of Commerce Degree and a Masters of Accounting degree from University College Dublin.	Served in several senior financial roles in Ryanair over a 23 year period between 1992 and 2014, and was Deputy Chief Executive and Chief Financial Officer from 1 January 2003 to 31 December 2014. He graduated from Trinity College, Dublin and was awarded a B.Sc Mgmt (Hons) and is a Fellow of the Institute of Chartered Certified Accountants.	Graduate in Economics & Business Studies and holds a post Graduate Diploma in Marketing Studies. He has spent over 35 years in the consumer goods sector and has a wealth of international business experience having held numerous General Management positions worldwide. Prior to his retirement in 2013, Mr. Southgate was Managing Director of JTI UK from 2011 to 2013. Currently mentors businesses in strategy and commercial development	Chartered accountant (fellow of Chartered Accountants Ireland) and senior partner in Crowe, a long established global accounting firm.
Other Current Directorships	Non-executive chairman of Workspace Group plc (due to retire in July 2020), Hibernia REIT plc and Sirius Real Estate Limited.				Non-Executive Director of Ryanair and serves as Chairman of the Remuneration Committee. Chief Executive Officer and Executive Director of Sirius Aviation Capital Holdings Ltd. Member of the advisory Board of Irelandia Aviation, and serves as a Director on Viva Latinamerica S.A. and FAST Colombia S.A.S.	Board Director and trustee of Gallaher Pensions Limited and a member of the Advisory Counsel of the London Philharmonic Orchestra.	Founding Director of The Little Museum of Dublin.

Board Diversity by tenure (years): Less than 3 years (1) 3–8 years (4) 8 years or more (2)

DIRECTORS' REPORT

The directors present their annual report together with the audited group financial statements of Applegreen plc for the year ended 31 December 2019.

Principal Activities and Business Review

Established in 1992, Applegreen is a roadside convenience food and beverage retailer, operating from motorway service areas and petrol forecourts with a major presence in the Republic of Ireland, the United Kingdom and the USA. The Group is focused on acquiring and developing new Service Area and Petrol Filling Station sites in each of the three markets in which it operates. As at 31 December 2019, the business operated 556 forecourt sites and employed c11,798 people.

The directors are pleased with the performance of the Group during the year and a comprehensive review of the performance of the Group is included in the Chief Executive's Review and the Financial Review presented by the Chief Financial Officer.

Subsidiary and Associated Undertakings

A list of the Company's principal subsidiaries and associates is set out in note 31 of the financial statements.

Principal Risks and Uncertainties

The Board has ultimate responsibility for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

Risk Management Framework

The Group's risk management framework is designed to be embedded within our organisational structure. Operational management have responsibility for identifying, managing and mitigating risk within their operations on a day-to-day basis. Senior management are responsible for oversight and monitoring. Internal Audit acts as an independent assurance provider.

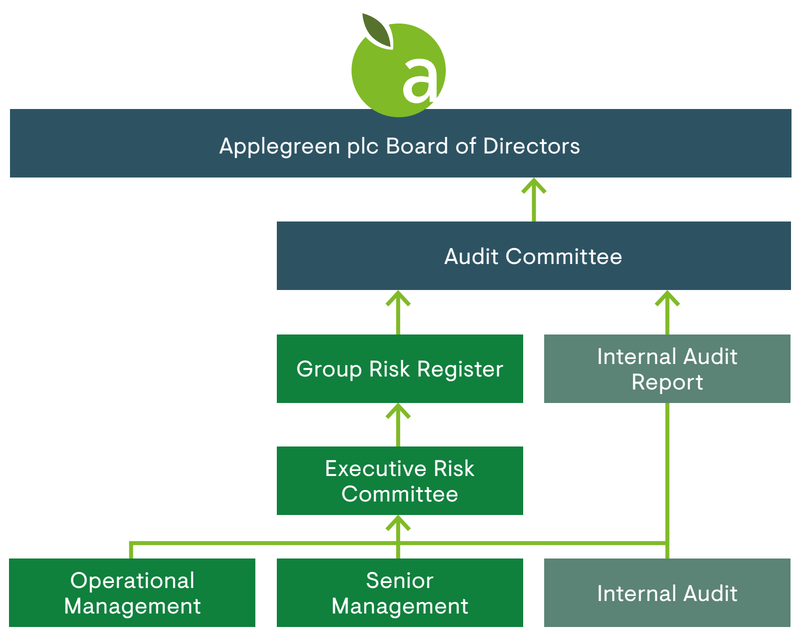
Executive Risk Committee

The executive risk committee comprises the Group's executive directors and members of the senior management team. It is responsible for assessing the Group's principal risks and uncertainties, the controls in place to manage and mitigate those risks and related monitoring and oversight procedures.

The executive risk committee reviews and maintains the Group's Risk Register and reports on changes to the Audit Committee.

Group Risk Register Process

The Group's Risk Register comprises a comprehensive list of risks and is based upon a standardised approach to risk identification, assessment and review with a focus on mitigation and the assignment of risk owners. Each risk identified is subject to an assessment incorporating likelihood of occurrence and potential impact criteria which ultimately leads to the identification of the Group's principal risks and uncertainties. The Group has defined risk categories as; strategic/commercial, operational, economic, legal, technological and financial risks.



↑ = Increase
↔ = No change
↓ = Decrease

Risk	Impact	Mitigation	Trend
Culture and Governance	The Group may face a challenge in achieving the right balance in respect of culture and governance structures arising from accelerated growth. An inappropriate culture at various levels of the organisation could negatively impact current performance and future growth of the business.	· The Group has adopted the Quoted Companies Alliance Corporate Governance Code (the 'Code') in line with AIM rules. The Group completes an annual review of the Code's requirements and has a 'Statement of Compliance' disclosure on their website. · The Group HR Department is focused on strategic talent management and succession planning initiatives to proactively manage and mitigate this risk. · The Group completed a cultural assessment and has defined core values and practices which will be communicated and embedded across the Group.	↑
Economic	Uncertainties and challenging conditions in the economies in which the Group conducts business, may adversely affect the Group's business, results of operations and financial position. Specifically, the COVID-19 global pandemic and resulting adverse economic conditions have impacted the Group's business and could have a more adverse impact on the Group's business, results of operations and financial position. The pandemic has created significant volatility, uncertainty and economic disruption, which will adversely affect the Group's business operations, cash flows and financial position. The severity of the pandemic's impact on economies around the world and the potential length of the economic recovery continues to extend. The current outbreak and continued spread of COVID-19 could cause a global recession, which would have a further adverse impact on the Group's financial condition and operations.	· The Group monitors these risks and actively manages its business to ensure minimal disruption to its operations. · The Group is closely monitoring the impact of the COVID-19 global pandemic on all aspects of its business and geographies, including how it may impact customers, employees, suppliers, business partners and distribution channels. · The Group has a resilient business model, providing an essential service and its stores remain open, albeit some with significantly reduced food franchise offerings. · The Group significantly curtailed expenditure and has taken cost cutting measures within a relatively short period of time. · The Group secured access to additional facilities to strengthen its liquidity position.	↑

Group Risk Register Process (continued)

Risk	Impact	Mitigation	Trend
Brexit	The UK's decision to leave the EU is likely to result in a short to medium term period of economic and political uncertainty and complexity. There is a risk that this uncertainty could reduce demand in the Group's UK market, particularly in our motorway sites in the UK and could adversely impact the financial performance of the Group. Macro-economic conditions, particularly higher unemployment levels could lead to a reduction in traffic volumes which would also impact the performance of the Group's UK based sites. In addition, the Group generates a significant portion of its earnings in the UK market, and any significant decline in the value of sterling will impact the Group's translation of its sterling earnings with consequential impacts on the reported performance and results of the Group.	· The Group is closely monitoring this risk and there is an on-going review of any new information and policy indications from the UK Government and the EU in relation to Brexit. · The Group has a Brexit project team in place. The cross-functional team assess Brexit-related risks that face the Group, build mitigation strategies and test alternative scenarios.	↓
Technological Changes	The Group may not keep at pace with technological changes such as engine enhancements, alternative fuels and new delivery channels, which may result in a negative impact on the Group's operating model, results of operations and financial position.	· The Group is diversifying its business with a move towards non-fuel dependent revenue streams. · The Group installed electric vehicle charging points on some of the motorway service area sites. · The Group is completing a sustainability review of its business and operations.	↑
Business Interruption	If the Group's operations were interrupted as a result of a significant event for a prolonged period of time, which led to a delay or inability to restore the organisation to its normal operations, it could adversely affect the Group's financial position and results of operations.	· The Group has operational contingency plans in place which are reviewed and tested regularly. · The Group has business continuity plans in place and are continually assessing these plans to ensure the processes are sufficient to meet the current and future needs of the business. · The Group ensures that an adequate insurance programme in place.	↑
Acquisitions and Integration	The Group may not select suitable targets in line with the Group's growth strategy and at the appropriate rate of return and the anticipated benefits of acquisitions (and/or significant upgrades) may not be realised if the Group is unable to conduct full due diligence, raise the required funds, complete the transaction or properly integrate the operations of material acquisitions. Or that risks embedded in a newly acquired business are not fully understood and managed. This may result in a failure or a delay in the expected return on investment and a subsequent impact on the strategic development of the Group.	· All acquisitions must be approved by the Investment Committee ('IC') and, for significant acquisitions, by the Board. · The IC has a clearly defined process to ensure that an evaluation of potential acquisitions is comprehensive and that the execution of acquisitions is effective. · Regular updates are presented to the Board on potential significant acquisitions including strategic and financial evaluations of any proposed significant investments. · The Group has put in place a formal integration structure which is tailored to each specific project including a project specific steering committee for oversight and project management of integration.	↓

Risk	Impact	Mitigation	Trend
Acquisitions and Integration (continued)		· Post-acquisition reviews are conducted by senior management and the results are presented to the IC and the Board. · The Group appointed key personnel to manage significant acquisitions and have set up an integration project team with members from key business streams to ensure the integration is managed appropriately.	↓
Legislation and Regulation	The Group is subject to an increasing number of laws and regulations and the cost of compliance or the failure to comply with current and future regulatory obligations may negatively affect the Group's business. Environmental laws may expose the Group to the risk of substantial costs and liabilities, in particular in relation to the Group's storage and dispensing of hydrocarbon fuels.	· The Group closely monitors all changes to regulation and legislation. · The Group's operations ensure that appropriate training programmes are in place for employees with regards to any relevant laws/regulations applicable to their business. · The Group has operational controls in place at a head office and site level. It also operates a system on all sites which monitors fuel stock at all times. · The Group appointed a General Counsel during 2019.	↑
IT systems and Change Management	The anticipated benefits of new systems once implemented may not be realised or achieved.	· The Group has put in place a formal project governance structure and project management office for all IT projects. · There is regular reporting to the Board regarding major system roll outs and change management projects.	↔
Key people and Organisational Structure	The Group may not be able to attract and retain suitable personnel with the requisite skills and experience, as necessary, which may harm the Group's ability to implement its growth strategy and compete within the industry.	· The Board is focused on succession planning as the Group expands. · The Nomination Committee regularly reviews Board and senior management succession planning to ensure that there is a robust succession plan for senior management positions and that the Group has the appropriate level of skills and diversity across the business. · Development of our talent recruitment strategy (intern, graduate programmes etc) to attract talented people with the potential to be future leaders of the Group. · Continuous focus on leadership training for our people managers. · Employee survey undertaken to measure engagement and set future priorities as well as initiatives and programmes to increase engagement.	↓

Group Risk Register Process (continued)

Risk	Impact	Mitigation	Trend
Cyber and Information Security	The Group, similar to other companies, is susceptible to cyber-attacks with the threat to the confidentiality, integrity and availability of data in its systems across the business.	· The Group continually monitors the performance and robustness of its IT systems and that of its IT vendors to ensure business critical processes are safeguarded as far as practicably possible. · The Group have an arrangement in place with a specialist third party provider to monitor network activity and early warning reporting to report unusual activity to central IT. · Ongoing communication and training programmes are in place to ensure appropriate focus is maintained in respect of IT security requirements including data protection. · The Group has business continuity plans in place and are continually assessing these plans to ensure the processes are sufficient to meet the current and future needs of the business. · Dedicated IT personnel with appropriate expertise are in place to oversee IT security. · Formally documented information security policies and procedures are in place and third-party cyber security risk assessments are in place.	⟷

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 70 to 81. In addition, note 23 in the Consolidated Financial Statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit, currency and liquidity risks.

Results for the year

The highlights of the Group's financial statements include:

	2019 €m	2018 €m
Revenue	3,072.6	2,012.6
Profit for the year attributable to the Group	21.5	13.3
Gross assets	1,969.2	1,332.5
Equity	286.0	361.3

The Consolidated Financial Statements for the financial year ended 31 December 2019 are set out in detail on pages 129 to 205 including the results for the year which are set out in the Consolidated Income Statement on page 129.

Dividends

The uncertainty posed by the COVID-19 outbreak means that we are focused on minimising cash outflows and strengthening our financial position in the short term. As a result, the directors are not proposing the payment of a final dividend for 2019. An interim dividend of €0.66 cent per share was paid in October 2019 (2018 total dividend: 1.54 cent per share).

Events Since the Year End and Future Developments

The impact of COVID-19 is discussed in further detail in the Chief Executive's Review, the Chief Financial Officer's Review and in note 35 to the Consolidated Financial Statements - Post Balance Sheet Events. The Group remains committed to driving shareholder value through a combination of organic growth, acquisitions and development opportunities.

Directors

The names of the current directors and brief biographies are set out on pages 84 to 85.

Audit Committee

In accordance with Section 167 of the Companies Act 2014, Applegreen plc has an Audit Committee, which meets the requirements of the Companies Act.

Directors' Remuneration

The remuneration paid to the directors in their capacity as directors of Applegreen plc for the year ended 31 December 2019 is set out in the Remuneration Committee Report on page 110.

Interests of the Directors/ Secretary in the Group

The Group's majority shareholder is B&J Holdings Limited (incorporated in Malta), which owns 41.3% of the Company's shares. Joseph Barrett and Robert Etchingham are the ultimate controlling parties of B&J Holdings Limited and own 100% of the shares.

The directors and secretary who held office at 31 December 2019 had the following interests in the shares of the majority shareholder:

B&J Holdings Limited

	2019 Number of shares of €1 each		2018 Number of shares of €1 each	
	Ordinary	Redeemable	Ordinary	Redeemable
Robert Etchingham	71,625	3,375	71,625	3,375
Joseph Barrett	23,875	1,125	23,875	1,125
	95,500	4,500	95,500	4,500

The directors and secretary who held office at 31 December 2019 had the following interests in shares of Applegreen plc:

Applegreen plc

	2019 Ordinary Shares of €0.01 each	2018 Ordinary Shares of €0.01 each
Non-Executive Directors		
Daniel Kitchen	40,132	40,132
Brian Geraghty	16,447	16,447
Howard Millar	42,763	42,763
Martin Southgate	46,316	46,316
	145,658	145,658

Directors' Interests in Share Options

Information on directors' share options to subscribe for ordinary shares of the Company are set out below:

	Options held at 31 December 2018	Granted during 2019	Exercised during 2019	Options held at 31 December 2019
Joe Barrett	100,000	300,000	0	400,000
Niall Dolan	550,000	300,000	0	850,000

Substantial Holdings

The table below shows all notified shareholdings in excess of 3% of the issued ordinary share capital of the Company as at 31 December 2019 and 17 July 2020:

	31 Dec 2019		17 July 2020 (date of signing)	
	Number of shares	% of issued ordinary share capital	Number of shares	% of issued ordinary share capital
B&J Holdings	49,781,579	41%	49,781,579	41%
Royal London Mutual Assurance Society	7,248,951	6%	7,408,738	6%
AXA SA	7,159,180	6%	5,419,306	4%
12 West Capital Management LP	6,317,677	5%	6,317,677	5%
Allianz SE	5,245,190	4%	5,357,119	4%
Canaccord Genuity Group Inc	4,627,450	4%	4,627,450	4%
UBS Group AG	4,576,725	4%	4,754,646	4%
Power Corporation of Canada	4,537,545	4%	4,282,456	4%
Octopus Investments Limited	4,407,771	4%	4,687,895	4%

Political Donations

No political donations were made during the current or prior year.

Directors Compliance Statement

The directors acknowledge that they are responsible for securing compliance by the Company of its relevant obligations as set out in the Companies Act (the 'Relevant Obligations'). The directors further confirm that there is a Compliance Policy Statement in place setting out the Company's policies which, in the directors' opinion, are appropriate to ensure compliance with the Company's Relevant Obligations.

The directors also confirm that appropriate arrangements and structures are in place which, in the directors' opinion, are designed to secure material compliance with the Company's Relevant Obligations. For the year ended 31 December 2019, the directors, with the assistance of the Audit Committee, have conducted a review of the arrangements and structures in place. In discharging their responsibilities under Section 225 of the Companies Act, the directors relied on the advice of persons who the directors believe have the requisite knowledge and experience to advise the Company on compliance with its Relevant Obligations.

Disclosure of Information to Auditors

The directors in office at the date of this report have each confirmed that:

- as far as he is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Accounting Records

The directors are responsible for ensuring that adequate accounting records, as outlined in Section 281-286 of the Companies Act 2014, are kept by the Company. The directors are also responsible for the preparation of the Annual Report. The directors have appointed professionally qualified accounting personnel with appropriate expertise and have provided adequate resources to the finance function in order to ensure that those requirements are met. The accounting records of the Company are maintained at the Group's principal executive offices located at Block 17, Joyce Way, Parkwest, Dublin 12, and at various subsidiary offices.

Non-Financial Reporting Statement

The Group aims to comply with the European Union (Disclosure of Non-Financial and Diversity Information by Certain Large Undertakings and Groups) Regulations 2017, S.I. No. 360 of 2017 as amended by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (Amendment) Regulations 2018, S.I. N. 410 of 2018. The Group has adopted the UN Sustainability Goals, such that they now form part of the policy of the Group. We have set out the most relevant information and page references on these topics below:

- Employee matters – see Applegreen People and Culture Review, page 60 and the Succession Planning section of the Nomination Committee Report, page 106;
- Respect for human rights – diversity and equality remain key values of the Group – see Applegreen People and Culture section of the Strategic Report, page 60;
- Environmental matters – see Sustainability Review, page 52;
- Social matters – see Corporate Social Responsibility section, pages 46;
- Anti-corruption and bribery – it is the policy of the Company to comply with the provisions of the Criminal Justice (Corruption Offences) Act 2018 – see Business Ethics Review, page 66;
- Diversity – the gender breakdown of the workforce is 53% female and 47% male; and
- Supply chains – see Business Model section, page 22, Director's Report, page 86.

Going Concern

The Directors have performed an assessment of going concern, including a review of the Group's current cash position, available banking facilities and financial forecasts for 2020 and 2021, including the ability to adhere to banking covenants. In doing so the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends in our three markets and extensive actions already undertaken to protect profitability and conserve cash.

Further information in relation to the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Chairman's Letter, the Chief Executive's Review, the Finance Director's Review and the Principal Risks and Uncertainties which are summarised on pages 86 to 90.

The Group has two separate banking arrangements in its overall financing structure. This comprises a facility provided to Applegreen plc ("Applegreen facilities") which is utilised for the purposes of financing the Group's activities other than its UK motorway service area operations and a separate loan facility provided directly to its Welcome Break subsidiary ("Welcome Break facilities") which is ring-fenced to that group of companies and is non-recourse to the wider Applegreen group. Full details of those borrowings and facilities are included in Note 20.

At 30 June 2020, the Group's net debt position was €550m approx. comprising €110m approx. in cash and €660m approx. of external debt. In addition, the Group had access to undrawn committed facilities of €92m.

Going Concern (continued)

Applegreen Facilities

The Group announced on 18 May 2020 that it had successfully completed a process with the Applegreen lenders to access an additional €52.5m revolving credit facility and had also agreed to substantially relax or remove covenant conditions for the tests arising in each quarter up to and including June 2021. This facility has historically been subject to two covenants, which are tested quarterly: net debt to pre-IFRS 16 EBITDA (leverage) and a fixed charge cover test. In recognition of the current macroeconomic uncertainty, the lenders have amended the covenant test structure, replacing the existing leverage test with a minimum rolling 12-month pre-IFRS 16 EBITDA test and substantially relaxing the fixed charge cover limits, both of which are tested on a quarterly basis for the period to June 2021. After June 2021, the facility reverts to the original covenant tests.

At 30 June 2020, the Applegreen banking group's net debt position was €190m approx. comprising €70m approx. of cash and €260m approx. of external debt and had access to undrawn committed facilities of €64m.

Welcome Break Facilities

The Group further announced on 1 July 2020 that it had successfully repurposed a £25m dedicated capital expenditure facility in the existing Welcome Break banking facilities into a revolving credit facility which is available to draw down for any purpose. The lenders to Welcome Break also agreed to relax or remove covenant conditions for tests up to and including June 2021. This facility has historically been subject to two covenants, which are tested quarterly: net debt to EBITDA (leverage) and EBITDA to net finance charges. In both cases, EBITDA is calculated using FRS102 accounting principles. The lenders have amended the covenant test structure, replacing the existing tests with minimum rolling quarterly EBITDA and minimum available liquidity tests which will be tested on a monthly basis for the period to June 2021. After June 2021, the facility reverts to the original covenant tests.

At 30 June 2020, the Welcome Break banking group's net debt position was €360m approx. comprising €40m approx. of cash and €400m approx. of external debt and had access to undrawn committed facilities of €28m.

Financial Forecasts

Two scenarios were considered for the Group in preparing our going concern assessment being a management case and another scenario using a set of severe but plausible downside assumptions to that management case.

The management case which is built up from detailed projections for each of the Group's businesses and markets includes the following key assumptions:

- Fuel volumes were significantly impacted in April and May with total volumes across the group falling to less than half of normalised levels. We projected a gradual recovery commencing in June as restrictions were eased which is expected to continue through the second half of 2020 with December 2020 volumes estimated to be 10%-20% below normalised monthly levels. This recovery is forecast to continue in 2021 before normalising to pre-COVID-19 levels by the end of 2021;
- Food volumes were also impacted with total volumes less than a quarter of normalised levels in April and May, driven primarily by the closure of a number of food offers across the Group. Similar to fuel, we have assumed a gradual recovery of food volumes through the second half of 2020 and into 2021 with December 2020 volumes estimated to be 15%-20% below normalised monthly levels;
- Given their local nature, store volumes in the PFS estate traded strongly during the lockdown in April and May with sites trading at or slightly above normalised levels. Following the lifting of restrictions we anticipate that store volumes would be somewhat subdued for the remainder of 2020 and into 2021;
- Reduction in variable costs to align the costs with the lower volumes including furloughing staff as part of government support schemes and reducing repairs and maintenance costs as well as obtaining rent reductions from landlords;
- Reductions in support costs to reflect the impact of the extensive cost reduction initiatives implemented by the Group including the implementation of a recruitment freeze, deferral of executive bonuses and graduated salary reductions for support staff across the business

The downside case included further reductions in the range of 10-15% in fuel and food volumes in the second half of 2020 and into 2021 to reflect a scenario of a deeper economic impact, region specific lockdowns in the UK and a slower recovery over the course of next year. Those projections showed that the Group will continue to operate viably over that period.

Outcome of assessment

Overall the Group traded ahead of the management case for the second quarter of 2020 and has remained profitable at an EBITDA level which further underlines the resilience and adaptability of our business during this difficult time. The Welcome Break business, which we anticipated would be the most heavily impacted part of the estate because of its dependence on motorway volumes, traded in line with the management case for the second quarter of 2020 and trading continues to improve. The remainder of the Applegreen estate traded ahead of the management case expectations, aided by strong store sales in the local PFS sites, good fuel margins and extensive cost saving measures. The Group's cash position is more positive than the management case due to the stronger than expected performance. The management case indicated that, as anticipated, there will be no requirement for drawdown of the existing overdraft facilities or the additional Revolving Credit Facilities provided by Applegreen lenders during the period. Further, the management case projects comfortable headroom over the new covenants in both the Applegreen and Welcome Break facilities.

With respect to the Welcome Break subsidiary specifically, notwithstanding the business has sufficient liquidity for the next 12 months, in the event of a much more severe downside circumstance where there is a further prolonged national lockdown across the UK caused by a second wave of COVID-19, this would likely result in a breach of the revised EBITDA banking covenant. One of the options available to lenders following a covenant breach, would be to trigger a repayment of outstanding debt. In such a circumstance and without the Board taking further mitigating actions or re-negotiating with lenders then Welcome Break might be unable to realise its assets and discharge its liabilities in the normal course of business. This could result in a substantial impairment or derecognition of the investment in Welcome Break both in the Group and Company. The Directors are satisfied that such an occurrence would not impact on the group's ability to continue as a going concern given the non-recourse nature of the Welcome Break facilities to the wider Applegreen group.

The Directors are confident that the Group is now well positioned to manage its business risks and have considered a number of factors including current trading performance, the outcomes of comprehensive forecasting, a range of possible future trading impacts, existing liquidity, amended covenant structures and the non-recourse nature of the Welcome Break facilities. The Directors are of the view that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months following the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

Statutory Auditor

The statutory auditors, PricewaterhouseCoopers ("PwC"), have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the directors

Robert Etchingham	Niall Dolan
17 July 2020	17 July 2020

Applegreen Ludlow, UK

CORPORATE GOVERNANCE STATEMENT

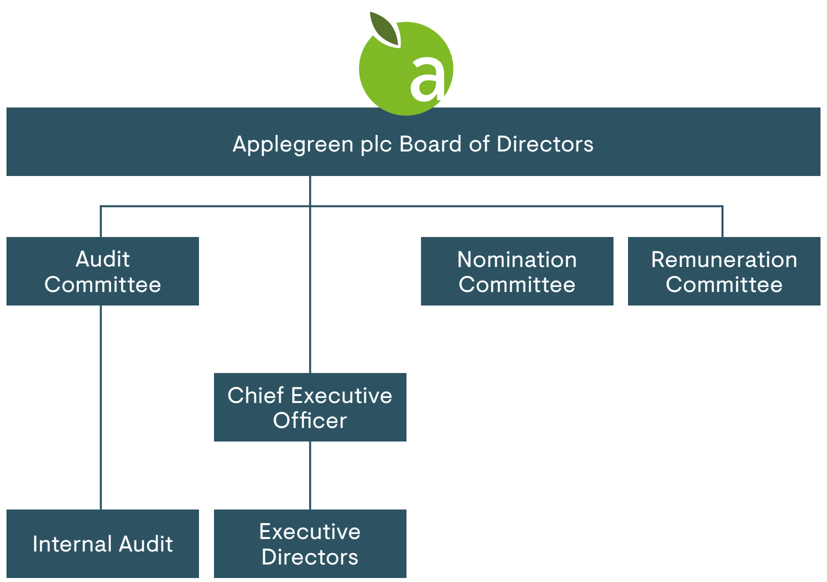
Responsibility for good governance lies with the Board. The Board is responsible for leading the Company, for overseeing the governance of the Group, and for setting the tone for the Group's culture, values and standards.

The Board recognises the importance of maintaining high standards of corporate governance and is firmly committed to business integrity, high ethical values and professionalism in all of its activities and operations.

The Board has adopted the principles of the Quoted Companies Alliance (QCA) Corporate Governance Code. Full details of our approach to governance are set out below and, as a Board, we continue to be committed to good standards in governance practices and will continue to review the governance structures in place, to ensure that the current practices are appropriate for our current shareholder base and that, where necessary, changes are made.

The key governance principles and practices are described in the statement below, together with the Audit, Nomination and Remuneration Committees' reports on pages 102 to 114.

Corporate Governance Framework



Board of Directors

The Board comprises a Non-Executive Chairman, three Non-Executive Directors and three Executive Directors (Chief Executive Officer, Chief Operating Officer and Chief Financial Officer). Brief biographies of all the Directors are set out on pages 84 to 85.

The Board considers that there is an appropriate balance between Executive and Non-Executive Directors for governing the business effectively and promoting shareholder interests. The Board considers that between them, the Directors have the range of knowledge, skills and experience necessary to address the various challenges facing the Group. The composition of the Board is reviewed annually by the Nomination Committee to ensure that there is an effective balance of skills, experience and knowledge. See Nomination Committee Report on page 106 for details on Board evaluation.

Division of Responsibilities

The roles of the Chairman and the Chief Executive Officer are separately held and the division of their responsibilities is clearly established.

Chairman

The Chairman's primary responsibility is to lead the Board and to ensure it is effective in carrying out all aspects of its duties and responsibilities. He sets the Board's agenda, ensures that adequate time is available for discussion and that the Directors receive accurate, timely and clear information. In particular, he ensures that the Board reviews and approves management's plans for the Group.

The Chairman is the link between the Board and the Group. He is specifically responsible for establishing and maintaining an effective working relationship with the Chief Executive Officer, and promoting a culture of open dialogue between the Executive and Non-Executive Directors. He has the responsibility to ensure that there is ongoing and effective communication with shareholders and to ensure that members of the Board develop and maintain an understanding of the views of the shareholders.

Chief Executive Officer

The Chief Executive Officer ("CEO") is responsible for the day to day management of the Group's operations and for the implementation of Group strategy and policies agreed by the Board. The CEO also has a key role in the process of setting and reviewing strategy. The CEO instils the Group's culture and standards which includes appropriate corporate governance throughout the Group.

In executing his responsibilities, the CEO is supported by the Chief Operating Officer ("COO") and the Chief Financial Officer ("CFO"), who together with the CEO, are responsible for ensuring that high quality information is provided to the Board on the Group's financial and strategic performance.

Non-Executive Directors

The Non-Executive Directors' main responsibilities are to review the performance of management and the Group's financial information, assist in strategy development, and ensure appropriate and effective systems of internal control and risk management are in place. The Non-Executive Directors review the relationship with external auditors through the Audit Committee, monitor the remuneration structures and policy through the Remuneration Committee and consider the Board composition and succession planning through the Nomination Committee.

The Non-Executive Directors provide a valuable breadth of experience and independent judgement to Board discussions.

Schedule of Matters Reserved for the Board

Specific responsibilities reserved for the Board include:

- setting the strategic direction of the Group which is set out in the Business Model on pages 22 to 23;
- appointment or removal of the Chief Executive Officer and recommendation for appointment or removal of any member of the Board;
- Director and senior management succession planning;
- approving an annual budget;
- reviewing operational and financial performance;
- approving major capital expenditure;
- reviewing the Group's systems of financial control and risk management;
- approval of borrowing facilities;
- setting dividend policy.

Appointment of Directors

The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any new appointments of Directors.

Re-election of Directors

All Directors are required to retire by rotation in accordance with the Group's Constitution. At every Annual General Meeting of the Group as near as possible to one-third of the Directors will retire by rotation in accordance with the Company Constitution. The Nomination Committee recommended a change to its re-election policy during 2019, in that all Directors shall retire annually and offer themselves for re-election at the AGM. The Notice of AGM will provide further details.

Independence

The Board has carried out its annual evaluation of the independence of each of its Non-Executive Directors. Non-Executive Directors should be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgement.

Since their appointment, all current Non-Executive Directors, including the Chairman, have been considered by the Board to be independent and free from any business or other relationship which could materially affect their judgement.

The highest standards in governance require that at least half of the Board should comprise Non-Executive Directors and this standard has been fully met since 27 May 2015.

Howard Millar has been appointed as senior independent director of the Group.

Time Commitment

Meetings of directors are held regularly. Before the beginning of each financial year, the Board sets a schedule of Board and Committee meetings to be held in the following year. A list of the Directors' attendance at scheduled meetings throughout the year can be found on page 99. Additional Board meetings are held on an ad hoc basis as required throughout the year. During 2019, there were nine scheduled meetings.

Prior to each meeting, the directors receive a comprehensive board pack to facilitate meaningful discussion and decision making in relation to the Group's business at each meeting. If a Director is unable to attend a Board meeting, either in person or by telephone, they will receive meeting papers in advance and can communicate their views on the issues to be discussed to the other directors in advance of the meeting. These views are then communicated at the Board meeting on behalf of the absent Director. There is regular contact between meetings in order to progress the Group's business.

Board Committees

The Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee. Each committee has written terms of reference which sets out how it should operate including its role, membership, authority and duties. Reports on the activities of the individual committees are presented to the Board by the respective Committee Chairman.

Audit Committee

Further details on the duties, operation and activities of the Audit Committee can be found in the Audit Committee Report on page 102.

Remuneration Committee

Further details on the duties, operation and activities of the Remuneration Committee can be found in the Remuneration Committee Report on page 110.

Nomination Committee

Further details on the duties, operation and activities of the Nomination Committee can be found in the Nomination Committee Report on page 106.

Board and Committee Meetings

Details of the meetings held during the year, both of the Board and of the Board Committees are contained in the schedule below, which also contains information on individual attendance.

	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Number of scheduled meetings	9	5	3	2
Daniel Kitchen	9	-	3	2
Robert Etchingham	9	-	3*	2*
Joseph Barrett	9	-	-	-
Martin Southgate	9	5	3	2
Brian Geraghty	9	-	3	2
Howard Millar	7	5	3	2
Niall Dolan	9	5	-	-

*in attendance only

Communication with Shareholders

The Board recognises the importance of engaging with all shareholders on a regular basis to ensure that our obligations to shareholders and other stakeholders are met. There are regular meetings between the representatives of the Group and representatives of its principal investors and presentations are made to both existing and prospective institutional shareholders principally, after the release of the interim and annual results. Feedback is obtained from the meetings which is communicated to the Board by the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.

The contents of the Annual Report including the Chief Executive's Review, the Financial Review, the Directors' Report and Financial Statements (in addition to Regulatory News Service Announcements, Preliminary Results Announcements and Interim Results Announcements) have been reviewed by the Board in order to ensure a balanced and clear presentation so that the Group's position and results may be properly appreciated by shareholders.

The Executive Directors held 105 meetings and conference calls with existing and prospective shareholders during 2019 including:

Date	Activity
January 2019	Investor Conference in New York
March 2019	2018 Preliminary Results
March 2019	Roadshows in Dublin, London, Paris
April 2019	Investor Conference in London
September 2019	Interim Results for H1 2019
September 2019	Roadshows in Dublin, London
October 2019	Investor Conference in London
November 2019	Investor Conference in Dublin

Information is disseminated to shareholders and the market generally, via Regulatory News Services and is also published on the Group's website (www.applegreenstores.com). All current and historical annual and interim reports and investor presentations are also made available on the Company's website.

Notice of the AGM will be circulated to all shareholders at least 21 days in advance of that meeting. Shareholders are also invited to participate in conference calls which present the annual and interim financial statements of the Group and this allows them the opportunity to raise questions on the results.

General Meetings

The Company operates under the Companies Act 2014 (the 'Act'). The Act provides for two types of shareholder meetings: the AGM with all other general meetings being called an EGM. The Company must hold a general meeting each year as its AGM, in addition to any other general meetings held in that year. Not more than 15 months may elapse between the date of one AGM and the next.

In accordance with the Company's constitution, an AGM and an EGM called for the passing of a special resolution shall be called by at least 21 days' notice and all other EGMs shall be called by 14 days' notice.

Shareholders have the right to attend, speak and vote at the AGM and all other general meetings. Votes may be given either personally or by proxy or by a duly authorised representative of a corporate member. Shareholders attending the meeting will be informed of the number of proxy votes lodged for each resolution.

The Company held its AGM on 5 June 2019.

The 2020 AGM will be held on 1 September 2020. The Board acknowledges there is currently some uncertainty as to whether it will be possible for shareholders to attend the AGM in light of COVID-19, the "Roadmap for reopening society and business" most recently published by the Irish Government in relation to COVID-19 physical distancing measures and the most recent COVID-19 regulations introduced by the Irish Government. On the date of the AGM, current indications are that travel within Ireland and indoor gatherings of up to 100 people will be permitted. On this basis, and while further guidance may issue in the coming weeks, we anticipate that shareholders may be permitted to attend the AGM, depending on the COVID-19 physical distancing measures in place at the time.

Shareholders are strongly encouraged to appoint a proxy to attend and vote at the AGM on their behalf, as the preferred means of fully and safely exercising their rights, as personal attendance at the AGM may present a risk to themselves and others. Details of the resolutions to be proposed and instructions on how to submit votes by proxy are set out in the Notice of Meeting which will be sent out to shareholders and is also available on the Group's website (www.applegreenstores.com).

Applegreen Spalding, UK

Internal Control

The Directors are responsible for ensuring that the Group maintains a system of internal control. This system is designed to provide reasonable, though not absolute, assurance against material misstatement or loss. The Directors believe that the Group, throughout the year and up to the date of approval of the financial statements, has an effective internal control environment appropriate for the Group's size.

The Directors have established a number of key procedures designed to provide an effective system of internal control. The key procedures are as follows:

- Group Board Meetings with reports from and discussions with senior Executives on performance and key risk areas in the business;
- an organisation structure with defined lines of responsibility and delegation of authority;
- a budgeting system with actual performance being measured against budget on a regular and timely basis, supported by information systems developed for this purpose;
- regular review of the key business risks relevant to the Group's operations and control procedures in place to address the key business risks.

Annual Assessment of the Principal Risks Facing the Group

The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews current risk management and internal control mechanisms. The Company's principal risks, along with key challenges in the execution of the Company's strategy and controls implemented to mitigate them, can be found in the Directors Report on pages 86 to 90.

Internal Audit

The Group has an internal audit function appropriate to the Groups' current size and complexity.

Culture

The Board understands the importance of promoting a healthy corporate culture. Further details on our culture are provided in the People and Culture section on page 60.

Social Responsibility

The Board believes in conducting business in a socially responsible manner and understanding the position of Applegreen as an important member of the communities in which it operates. Further details on our activities in this area are provided in the Corporate Social Responsibility section on page 46.

Applegreen Spalding, UK

AUDIT COMMITTEE REPORT

I am pleased to present the Audit Committee report for the 2019 financial year. This report provides an overview of how we have carried out our responsibilities during the year.

Role of the Audit Committee

The role, responsibilities and authorities of the Audit Committee ('the Committee') are clearly communicated in our written Terms of Reference. In order to achieve the Committee's stated responsibilities annually, the Committee has documented a detailed meeting planner outlining matters for consideration and timelines for completion.

The Committee is responsible for providing oversight and assurance to the Board regarding:

- monitoring the integrity of the Group's financial statements including reviewing significant financial reporting judgements and changes in accounting policies
- reviewing internal control and risk management systems
- reviewing the effectiveness and operation of the Internal Audit function
- considering and making a recommendation to the Board in relation to the continued appointment of the External Auditor
- reviewing the extent of non-audit services undertaken by the External Auditor
- evaluating the performance of the External Auditor, including their independence and objectivity

Membership

Members are appointed to the Committee by the Board, based on the recommendations of the Nomination Committee. The Committee is comprised of two independent non-executive directors, Martin Southgate and myself, Howard Millar (See pages 84 to 85 for our individual biographies). The Board is satisfied that the members of the Committee bring a wide range of skills, expertise and experience in commercial, financial and audit matters arising from the senior positions they hold or held in other organisations. The Board is satisfied that the mix of business and financial experience enables the Committee to effectively fulfil its responsibilities.

As with other Board Committees, the company secretary or his deputy acts as secretary to the Committee and the Committee may obtain, at the Group's expense, outside legal or other professional advice needed to perform its duties.

Meetings

In line with the Committee's Terms of Reference, the Committee is expected to meet formally four times a year and otherwise as required. The Committee met five times in 2019 and there was full attendance by all members of the Committee (See details of meetings and attendance on page 99). Meetings are generally scheduled around the financial reporting cycle to allow the Committee to discharge its duties in relation to the financial statements. Reports are circulated in advance of the meetings to allow the Committee access to information in a sufficiently timely manner.

The Group Chief Financial Officer, the Head of Internal Audit and PwC as External Auditor, have a standing invitation to attend the Committee meetings. The Committee also regularly invites other members of key management to attend the Committee meetings. It is the Committee's view that the attendance of these individuals brings additional insight when addressing significant and/or complex financial matters, and this approach will be continued in 2020. In general, the Committee meets in advance of Board meetings and reports to the Board on the key outcomes from each meeting.

The Committee has unrestricted access to the Group's External and Internal Auditors, with whom it meets at least four times a year. The Committee meets with the External Auditor and the Head of Internal Audit, without other executive management being present on an annual basis in order to discuss any issues which may have arisen in the year under review.

The Chair of the Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Going Concern

The Committee considered the use of the going concern basis of accounting and reviewed the assessment prepared by management. The Committee was comfortable with the assessment and have a reasonable expectation that the Group as a whole, have adequate resources to continue in operation for the foreseeable future.

Financial Reporting and Significant Financial Issues

The Committee considers significant accounting policies, any changes to them and any significant estimates and judgements. The Committee also considers the methods used to account for significant or unusual transactions where the accounting treatment is open to different approaches. Taking into account the External Auditor's view, the Committee considered whether the Group in its financial statements has adopted appropriate accounting policies and, where necessary, made appropriate estimates and judgements.

The Committee also reviewed the clarity and integrity of disclosures in the financial statements. The Committee reviewed in detail the below areas of significant judgement in respect of the financial statements for the year ended 31 December 2019. In this regard the Committee considered a report from the External Auditor on its work undertaken and conclusions reached. A summary of this report is included in the Audit Report set out on pages 120 to 127. The Committee also had detailed discussions on these matters with senior management and the External Auditor.

Goodwill Impairment Assessment

The Committee considered the goodwill impairment assessment carried out by management, in accordance with the requirements of IAS 36 'Impairment of assets' as set out in note 14 of the financial statements.

In performing their impairment assessment, management determined the recoverable amount of each cash generating unit ('CGU') and compared this to the carrying value at the date of testing. The recoverable amount of the CGU is determined based on value-in-use calculations. The Committee considered and discussed with management and PwC, the key assumptions to understand their impact on the CGU's recoverable amount.

The Committee was satisfied that the methodology used by management and the results of the assessment, together with the disclosures were appropriate.

Retail Sites Impairment Assessment

Retail sites are disclosed as land and buildings in the property, plant and equipment note (note 13) of the financial statements which represents a material balance on the Group balance sheet.

The Committee considered the process and methodology used to complete the impairment review of the Group's property assets. In this regard, the Committee specifically assessed the methodology used to identify properties required to be assessed for impairment and the key assumptions used to estimate the recoverable amount of retail sites including future cash flows and discount rates and where necessary the basis for management's estimate of fair value less cost to sell. The Committee also assessed the process and methodology for identifying and recording impairment reversals.

The Committee was satisfied that the methodology used by management and the results of the assessment, together with the disclosures were appropriate.

Financial Reporting and Significant Financial Issues (continued)

IFRS 16 'Leases'

The Group's adoption of IFRS 16 was a significant project that has been regularly reviewed by the Committee over the past few years. In completing the adoption of the new standard, management made certain significant judgements and estimates which would materially impact the accounts. This includes:

- Lease terms: Many of the Group's leases have options to renew or terminate. Management considered all relevant factors and, in particular, if an economic incentive exists to renew or terminate. From this assessment, the Group applied judgement in evaluating the length of the lease.
- Calculation of incremental borrowing rate: Discount rates are used to determine the present value of the lease payments to value the lease liability and applicable right-of-use asset. Changes in this rate directly impacts the carrying value of the lease liability and right-of-use asset. To determine this rate, the Group engaged external valuers to assess this on a lease by lease basis. Management then reviewed the work and assessed the appropriateness of the results.

Management have directly reported to the Committee in relation to the determination of the above. The Committee have discussed the approach with management and the External Auditor and are satisfied that the assumptions used are reasonable.

Accordingly, the Committee is satisfied that IFRS 16 has been correctly adopted in the Group's consolidated financial statements. Details of the effect of the transition can be found in note 4 of the financial statements.

Accounting for Acquisitions

During the year, the Group acquired a 40% holding in JLIF Holdings (Project Service) US, Inc and it's 100% subsidiary Project Services LLC. The Group entered into a consortium shareholder agreement with IST3 Investment Foundation and TD Greystone Asset Management. Project Services LLC operate 23 highway service plazas in the State of Connecticut granted under a long-term concession agreement with the Connecticut Department of Transportation. Following assessment by management, this was accounted for as an investment in associate as disclosed in note 16 to the financial statements.

The Group also acquired a leasehold interest in 46 sites located in Michigan, Minnesota and Wisconsin and following assessment, management concluded that this did not meet the definition of a business combination. Instead it was accounted for as an asset acquisition and a right-of-use asset was capitalised in line with the requirements of IFRS 16.

Following discussions with management and PwC, the Committee was satisfied that the accounting treatment applied during 2019 was appropriate.

Risk Management and Internal Control

The Board is responsible for maintaining a sound system of risk management and internal control. On behalf of the Board, the Committee has a role in the continued development of a risk awareness culture driving the integration of risk and strategy and behaviours and beliefs at all levels of the organisation.

The Committee received and reviewed the Group's risk register and executive risk committee minutes at regular intervals throughout the year. As the Group continues to grow, there is particular focus on ensuring that any changes to the Group's risk profile are matched by appropriate mitigating factors. The Group's principal risks and uncertainties are outlined on pages 86 to 90. The Committee also engages regularly with both Internal and External Audit to ensure that appropriate measures are taken to address risks as they are identified or as their risk profile changes.

The Committee continues to encourage the development of policies, procedures, management systems and internal controls that are designed to enhance the existing risk management framework.

Internal Audit

In my view having an Internal Audit function has a positive impact on the control environment of the Group and plays a significant role in supporting the Committee. This is achieved by providing assurance as to whether the controls implemented by management are fit for purpose and operating effectively.

As set out in the Internal Audit charter, the Committee is responsible for overseeing the Internal Audit function, approving the annual Internal Audit plan and ensuring it is adequately resourced and has appropriate standing within the Group. The Internal Audit charter is reviewed and approved by the Committee annually.

The plan, which is risk-based and reflective of the developing business and control environment, is assessed to ensure it provides adequate coverage across the Group. When changes are made to the plan, these are approved by the Committee. Progress against the plan is reported to the Committee by the Head of Internal Audit at regular intervals throughout the year, including the results of Internal Audit reports and management's actions to remediate issues identified. The Committee also receives updates on the nature and extent of non-audit activity performed by the Internal Audit function.

During 2019, the Committee gave particular attention to the newly acquired Welcome Break ('WB') business and prioritised an assessment of WB's key processes and controls. Furthermore, the Committee tracked the completion of follow up actions arising from the assessment and confirmed that the Group's Internal Audit function is responsible for auditing the WB business. The Committee also met with the Chief Executive of WB on the integration process on a number of occasions and the Finance Director of WB attends the regular Committee meetings.

The Head of Internal Audit has direct access to the Chair of the Committee and the Committee met privately with the Head of Internal Audit during the year.

The Committee reviewed the effectiveness of the Internal Audit function and confirmed its satisfaction and concluded that it performed well during 2019.

Whistleblowing Arrangements

The Group has an independent and confidential whistleblowing procedure which allows employees through an anonymous submission to raise concerns regarding accounting or auditing matters or questionable business practice. The Committee ensures that arrangements are in place for a proportionate, independent investigation and appropriate follow up of such matters.

The Committee reviewed the Group's whistleblowing procedures during the year to ensure that they meet the needs of the Group, in particular as it continues to grow and expand its business.

External Audit

The Committee has an important role in supporting the Board discharge its duties by providing independent oversight over External Audit.

Independence and Provision of Non-Audit Services

The Committee is responsible for ensuring that the External Auditor is objective and independent. PwC has been the Group's auditor since 2013. PwC as External Auditor is precluded from engaging in certain non-audit services that would compromise its independence, violate any laws and regulations and affect its appointment as External Auditor. In December 2016, the Committee formalised the policy relating to non-audit fees which established prior approval requirements by the Committee for certain non-audit services.

An analysis of the non-audit fees provided by the Group's External Auditor is set out on page 158. The Committee performed a review of the audit and non-audit services provided by the External Auditor and the fees charged for those services in respect of the year ending 31 December 2019. Following this review and the confirmation in writing received from the Group's External Auditor reaffirming its independence and objectivity, the Committee is satisfied as to PwC's independence and objectivity.

Effectiveness

The Committee assessed the External Auditor's performance at our December 2019 meeting when the External Audit plan for the year ended 31 December 2019 was presented. The Committee discussed the significant audit risks and key audit matters, audit scope and materiality amongst other matters. The Committee reviewed and appropriately challenged the External Auditor before agreeing the proposed audit scope and approach.

PwC presented an interim finding report in March 2020 and presented a final detailed report of their audit findings to the Committee at our meeting in May 2020. These findings were reviewed and appropriately challenged by the Committee.

In determining the appropriateness of the External Auditor, the Committee had full regard to the auditor's competence, the quality and efficiency of the audit, and whether the audit fee is appropriate in relation to size, complexity, and risk and control profile of the Group. After taking into account all of the above factors, the Committee continues to be satisfied with the performance of PwC and has informed the Board accordingly.

On behalf of the Audit Committee

Howard Millar
Chair of the Audit Committee

17 July 2020

NOMINATION COMMITTEE REPORT

I am pleased to present, the report of the Nomination Committee for the year ended 31 December 2019, which provides a summary of the Nomination Committee's role and responsibilities, and how the Committee discharged these during 2019.

Role of the Nomination Committee

The duties, reporting responsibilities and authority of the Nomination Committee are clearly set out in our written Terms of Reference. These include, but are not limited to, the following:

- reviewing the structure, size and composition of the Board compared to its current position and make recommendations to the Board with regard to any changes
- giving full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future
- identifying and nominating candidates for approval by the Board to fill Board vacancies, considering candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position
- evaluating the balance of skills, knowledge, experience and diversity on the Board; and
- reviewing annually the time required from non-executive directors and assessing whether the non-executive directors are spending sufficient time on fulfilling their duties

Membership

Under the Terms of Reference, the Nomination Committee must comprise at least two directors, of whom a majority shall be independent non-executive directors. Members are appointed to the Committee by the Board for a three year term.

The Committee is comprised of four independent non-executive directors:

- Daniel Kitchen (Chairman)
- Howard Millar
- Martin Southgate
- Brian Geraghty

See pages 84 to 85 for individual biographies.

Board and Committee Composition

Elections and Re-elections at AGM

All of the Directors offered themselves for re-election by the shareholders at the Company's AGM on 5 June 2019 and were duly re-elected.

Boardroom Diversity

The Board is keen to ensure the Group benefits from the existence of a high-quality Board comprising of individuals with an appropriate balance of skills and experience. Every year we review our evolving business needs and the core competencies and construct of our Board. The Committee acknowledges that there is a gender imbalance on the Board and its committees. As we identify new Board positions we are fully committed to a more diverse Board and are actively engaging with the Board Diversity Initiative in Ireland to address this gap at the appropriate time for our business. This will align with our overall Inclusion and Diversity strategy for our business. The Board does not have prescriptive or quantitative targets and the Nomination Committee agreed that, in relation to Board appointments, that diversity and equality remain key values.

The Board is comprised of three Executive Directors and four Independent Non-Executive Directors including the Chairman. The three main Board Committees (Remuneration Committee, Nomination Committee and Audit Committee) are solely comprised of Independent Non-Executive Directors.

Board Performance Evaluation

On an annual basis, the Board evaluates its own performance and that of its Committees and of each individual Director. The Board considers that the experience and objectivity of the Non-Executive Directors combined with the knowledge of the Executive Directors is key to ensuring that the evaluation is robust.

In assessing the performance of the Board in 2019, the Group HR director facilitated a review of each of the Boards committees in addition to the overall Group PLC board. This comprehensive evaluation included considering a number of categories including:

- Board remit and responsibilities
- Skills and experience of the Board
- Effectiveness and rhythm of board meetings
- Strategy, risk and performance
- Decision making processes
- Success planning and board development
- Communications and support

Performance of the chairman and Senior Independent Director was also evaluated as was relationships amongst the board. Broader culture and behaviours were also considered. To conclude the process, results were collated, summarised and presented to the Board for discussion. The appraisal process concluded that the Directors and the overall Board are performing well, and there is strong commitment in terms of Board members dedication of time and attendance to Applegreen Board activities.

The next Board evaluation will take place before the end of 2020.

Succession Planning

During the year the Nomination Committee reviewed Board and Senior Management succession planning to ensure that the Company has the appropriate level of skills and diversity. The Committee continues to ensure that there is a robust succession plan for senior management positions, and, in this regard, a Group HR function was set up in 2019 to ensure further focus is given to strategic talent management and succession planning initiatives. A detailed cross Group talent review was completed for all critical roles and talent during 2019 and will be maintained on an ongoing basis. This allows us to proactively plan and react to any senior management changes, help retain critical talent in the organisation, protect and sustain our financial targets and ensure the optimal foundation for future business growth.

Length of Tenure

The length of tenure of the Directors on the Board and on the three main Board Committee as at 31 December 2019 is set out below.

Tenure	Board of Directors Years	Audit Committee Years	Remuneration Committee Years	Nomination Committee Years
Daniel Kitchen	4.6		4.6	4.6
Robert Etchingham	9.1			
Joseph Barrett	9.1			
Martin Southgate	5.9	4.6	4.6	4.6
Brian Geraghty	5.4		4.6	4.6
Howard Millar	4.6	4.6	4.6	4.6
Niall Dolan	1.8			
Average tenure	5.8	4.6	4.6	4.6

Meetings

The Committee met twice during 2019. The other matters dealt with by the Committee included the following:

- The Committee reviewed the results of the annual performance evaluation of the Board, its committees and individual directors, including a review of the time required from non-executive directors to fulfil their duties
- The Committee reviewed the Terms of Reference for the Nomination Committee to ensure the contents remained relevant and appropriate and best reflect the role and responsibilities of the Committee; and
- The Nomination Committee considered good practice and recommended to the Board that all directors, subject to and seeking re-election, be put forward for re-appointment at the Company's 2020 AGM

On behalf of the Nomination Committee

Daniel Kitchen
17 July 2020

Welcome Break Oxford, UK


Welcome Break Warwick, UK

REMUNERATION COMMITTEE REPORT

I am pleased to present the report of the Remuneration Committee for the year ended 31 December 2019 which has been prepared by the Remuneration Committee and approved by the Board.

The objective of the report is to provide shareholders with information to enable them to understand the remuneration structures and how they relate to the Group's financial performance.

The responsibilities of the Remuneration Committee are summarised herein and are set out in full in the Terms of Reference for the Remuneration Committee.

We have been mindful to ensure disclosures in relation to the remuneration structures are in line with good practice and we recognise the importance of having remuneration policies, practices and reporting that reflect best corporate governance practices, having regard to the Company's size and the markets on which its shares are traded.

The Committee is dedicated to structuring a remuneration policy which fosters an ongoing commitment to the business from the Executive Directors and a continued alignment of shareholders' and executives' interests. The significant shareholdings of both the Chief Executive Officer and the Chief Operating Officer also demonstrate their ongoing commitment to the long term success of the Group.

There have been three Committee meetings during the year and details on the key matters considered are set out on in more detail below.

Membership and Responsibilities

The Remuneration Committee is chaired by Brian Geraghty and its other members are Daniel Kitchen, Howard Millar and Martin Southgate, all of whom are considered by the Board to be independent. The Remuneration Committee was set up during 2015 and meets formally three times a year and otherwise as required. The Remuneration Committee recommends policy for the Group to adopt on executive remuneration, determines the levels of remuneration for each of the Executive Directors and recommends and monitors the remuneration of members of senior management.

2015 Long-Term Incentive Plan

The Applegreen plc Board considers share awards to be a critical tool to incentivise and retain key members of staff and align the long-term interests of key executives with those of shareholders by rewarding business performance. As such, the Applegreen plc 2015 Long-Term Incentive Plan (2015 LTIP) was established in 2015 and awards in the form of share options were granted to employees in 2017 and 2018.

In early 2019, Deloitte were engaged by the Remuneration Committee to perform a review on the adequacy and appropriateness of the 2015 LTIP. Following this review, the Remuneration Committee implemented a number of changes to the Total Shareholder Return (TSR) vesting criteria element of the 2015 LTIP to bring it in line with best market practice for listed companies of similar scale to Applegreen.

The key changes were as follows:

- To change the Total Shareholder Return (TSR) comparator group from a peer grouping of 10 companies to the FTSE 250 market index. The existing peer grouping was seen as too small therefore it could result in arbitrary results and it was difficult to establish an appropriate peer group that was a sufficiently robust reference point against which to measure the performance of Applegreen. The FTSE 250 index was seen as a better measure of market benchmark returns.
- To change the TSR vesting schedule to the standard market practice in the Republic of Ireland and UK (25% of awards vesting for achieving the 50th percentile and 100% of awards vesting on achieving the 75th percentile. Awards will not vest for performance less than the 50% percentile which is unchanged). The previous vesting schedule was 25% of awards vesting for achieving the 75th percentile and 100% of awards vesting on achieving the 100th percentile with straight-line vesting between these points. The vesting criteria was viewed to be overly onerous and an ineffective alignment of interest tool when compared to best market practice.

All other elements of the 2015 Plan remain the same and the changes are not applied retrospectively to the 2017 and 2018 grants.

At the time these changes were recommended by the Remuneration Committee, a communication was sent to the top five external shareholders advising them of the changes and allowing them an opportunity to provide their views on the matter.

Remuneration Policy for Directors

The Group's policy on Executive Directors' remuneration is designed to ensure that employment and remuneration conditions reward, retain and motivate them to perform in the best interests of shareholders. Under this policy, the Remuneration Committee may make minor changes to this policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation. The elements of the remuneration package which may apply to Executive Directors are base salary, pension and benefits, annual bonus and the long term incentive plan. The table below summarises the framework which was applied during 2019 and will apply during 2020.

Consideration of Shareholder Views

The Remuneration Committee considers shareholder feedback received at each year's AGM. This feedback, in addition to any feedback received during any meetings held from time to time, is considered as part of the Remuneration Committee's annual review of the Remuneration Policy.

In addition, the Remuneration Committee will seek to engage directly with major shareholders and their representative bodies, should any material changes be proposed to the prevailing Remuneration Policy.

Executive Remuneration Framework

Element	Purpose and operation	Maximum opportunity	Performance Metrics
Base Salary	An appropriate level of fixed remuneration to reflect the skills and experience of the individual. Salaries are reviewed annually by the committee taking into account all relevant factors.	There is no prescribed maximum. Salary increases are normally in line with those of the wider workforce or where contractually obliged. Larger increases may be awarded to reflect circumstances such as an increase in the size of the Group or in the responsibilities of the role.	N/A
Benefits	To provide a market competitive benefits package. Benefits currently provided include, for the CFO, an allowance of 5% of salary to provide for motor and other expenses.	The level of benefits is set at an appropriate market rate.	N/A
Pension	Contribution to executive pension scheme for the COO. The CFO participates in the Company defined contribution pension scheme.	€32,700 for the COO. The CFO participates in the Company defined contribution pension scheme and receives a contribution of 10% of salary.	
Annual Bonus	To drive and reward the delivery of the business objectives over the financial year.	The maximum bonus for each of the Executive Directors is 50% of salary.	Targets are set and assessed by the Committee each year. For both 2019 and 2020, 80% of the bonus will be based on the achievement of challenging adjusted EBITDA targets with the balance based on the delivery of specific non-financial objectives.

Executive Remuneration Framework

Element	Purpose and operation	Maximum opportunity	Performance Metrics
Long term incentive plans	To reward Executive Directors and senior management for the delivery of long term performance and align their interests with those of shareholders and other stakeholders. Prior to admission an LTIP was established ('the 2014 Option Scheme') which involved the award of options over c. 6.8m shares to members of the senior management of the Company. Certain of these options vested at the IPO date while the remainder vested on the third anniversary of the award grant date. The options are granted with a fixed exercise price which is determined firstly based on the implied market value per share of the Company at the grant date of the options and secondly based on the tenure of the employee. Employees are required to remain in employment with the Group until the options become exercisable unless the board agrees otherwise. The options expire seven years after the date of grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.	No further awards will be made from the 2014 Option Scheme.	No performance metrics applied to the 2014 Option Scheme.
	A second LTIP scheme ('the 2015 LTIP scheme') was established on admission in 2015. Awards from this scheme may be made in the form of options or conditional shares and will vest no earlier than the third anniversary of the award grant date.	Under the 2015 LTIP scheme the maximum annual award is 150% of salary. In addition, no more than 5% of the issued ordinary share capital of the Company may be issued or reserved under the 2015 LTIP Scheme.	*Vesting criteria for 2017 and 2018 awards* The vesting criteria for the awards granted under the 2015 LTIP Scheme in 2017 and 2018 are 50% based on relative total shareholder return ("TSR") measured against a group of listed peers and 50% based on the achievement of targeted earnings per share ("EPS") growth. In respect of the TSR objective, 25% vests on median performance rising on a linear basis to 100% vesting for upper quartile performance. In respect of EPS growth, 25% vests based on the achievement of growth of the Consumer Price Index ("CPI") + 3% rising to 100% where EPS growth is in excess of CPI +9%. *Vesting criteria for 2019 awards* The vesting criteria for the awards granted under the 2015 LTIP Scheme in 2019 are 50% based on relative total shareholder return ("TSR") measured against the FTSE 250 market index and 50% based on the achievement of targeted earnings per share ("EPS") growth. In respect of the TSR objective, 25% of awards vest for achieving the 50th percentile and 100% of awards vest on achieving the 75th percentile. In respect of EPS growth, the vesting remains the same as the 2017 and 2018 grants.

Outcomes for 2019

(to be read as part of the consolidated financial statements)
The following table summarises the remuneration received by the Directors for the 2019 financial year:

	Salary/fees €000	Bonus €000	Allowance €000	Pension €000	2019 Total €000	2018 Total €000
Executive Directors						
Joseph Barrett [1]	364	140	-	32	536	588
Niall Dolan[2]	307	144	15	29	495	379
Robert Etchingham[1]	380	146	-	-	526	568
Non-executive Directors						
Brian Geraghty	20				20	20
Daniel Kitchen	80				80	80
Howard Millar	50				50	50
Martin Southgate	23				23	23
	1,224	430	15	61	1,730	1,708

[1] The bonus paid in 2018 related to both 2016 and 2017 performance
[2] Niall Dolan was appointed as director on 6 March 2018. Details for 2018 are from date of appointment to 31 December 2018.

Basic Salary for Executive Directors

The following table shows the base salaries for the executive directors as at 31 December 2019 with comparative information as at 31 December 2018:

	2019 €000	2018 €000	Increase %
Joseph Barrett	370	349	6%
Niall Dolan	317	288	10%
Robert Etchingham	387	365	6%

Salaries for the Executive Directors are set at a market competitive level for the scope of the roles and the size and complexity of the business. A 6% increase was awarded to Joe Barrett and Robert Etchingham in May 2019 which is below the increase awarded to the senior management team. A 10% increase was awarded to Niall Dolan to align his salary with market levels.

In recommending the 2019 salary increase, the Committee took account of performance both of the Group as a whole and for the individual director, individual responsibilities within the Group and the review of wages and salaries across the Group which took place alongside the executive directors review.

Annual Bonus

The CEO, COO and CFO are eligible for a maximum bonus of 50% of base salary. The bonus will be based 80% on a profitability measure and 20% based on the delivery of specific non-financial objectives. The bonus paid in 2019 related to 2018 performance.

The profitability measure is based on performance relative to an adjusted EBITDA target. Adjusted EBITDA is defined in the glossary of financial terms on page 220. The Committee has determined that the specific targets for the year, both financial and non-financial are commercially sensitive and cannot be disclosed.

LTIP awards

The following table shows the LTIP awards granted to the executive directors during 2019 with comparative information for 2018:

	2019 Number of Options Granted	2018 Number of Options Granted
Joseph Barrett	300,000	100,000
Niall Dolan	300,000	100,000

The awards were granted on 9 May 2019 under the terms of the 2015 LTIP scheme as outlined above.

Outcomes for 2020

Due to the unprecedented uncertainty caused by the COVID-19 pandemic, it has been decided to postpone payment in 2020 of the bonus in relation to 2019 performance. In addition, the executive directors have volunteered to take temporary pay cuts of approximately 20% for three months as part of the wider measures to protect profitability and conserve cash. These measures will be kept under review.

Service Contracts/Letters of Appointment

The Remuneration Committee reviews the contractual terms for any new Directors to ensure these reflect best market practice.

Executive Directors

All Executive Directors have service contracts with the Group with a notice period of six months. The service contracts for Robert Etchingham and Joseph Barret are dated 29 April 2015, while the service contract with Niall Dolan is dated 6 March 2018. The service contracts allow for termination by way of payment for the entire notice period or part thereof in lieu of notice. Standard 'cause' provisions are included in the service agreement which allow the Group to terminate without notice or the obligation to make payment in lieu of notice.

The Remuneration Committee may agree remuneration proposals on the recruitment or retention of Executive Directors which are outside the standard policy to facilitate the hiring or retention of someone of the calibre required to deliver the Group's strategy. When determining appropriate remuneration arrangements the Remuneration Committee will take into account all relevant factors including (among others) the level of opportunity, the type of remuneration opportunity being forfeited and the jurisdiction from which the candidate was recruited.

When determining leaving arrangements for an Executive Director, the Remuneration Committee takes into account applicable provisions of Irish employment law, any contractual agreements and the performance and conduct of the individual.

Non-Executive Directors

Each of the Non-Executive Directors are appointed under a letter of appointment, detailing arrangements that may generally be terminated at will, by either party, without compensation. The remuneration of Non-Executive Directors is determined by the Board of Directors as a whole subject to the limits in the Company's Constitution.

On behalf of the Remuneration Committee

Brian Geraghty
17 July 2020

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law.

Irish law requires the directors to prepare the Group and Company financial statements for each financial year giving a true and fair view of the Group's and Company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the Group for the financial year. Under that law and in accordance with the Rules of the AIM and ESM exchanges issued by the London and Irish Stock Exchanges, the directors have prepared the financial statements of the Group and Company in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU IFRS) and with those parts of the Companies Act 2014 applicable to companies reporting under EU IFRS.

Under Irish law the directors shall not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the Group and Company's assets, liabilities and financial position as at the end of the financial year and of the profit and loss of the Group for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable International Financial Reporting Standards as adopted by the EU, subject to any material departures disclosed and explained in the Financial Statements;
- include any additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Group and Company;
- enable, at any time, the assets, liabilities and financial position of the Group and Company and profit or loss of the Group to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and the requirements of the AIM and ESM Rules, the directors are also responsible for preparing a directors' report that complies with that law and those rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the directors

Robert Etchingham
17 July 2020

Niall Dolan
17 July 2020

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLEGREEN PLC

Report on the Audit of the Financial Statements

Opinion

In our opinion, Applegreen plc's Consolidated financial Statements and Company financial Statements (the "financial statements"):

- give a true and fair view of the Group's and the Company's assets, liabilities and financial position as at 31 December 2019 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise:

- the Consolidated and Company Statements of Financial Position as at 31 December 2019;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Statements of Cash Flows for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

Basis for opinion

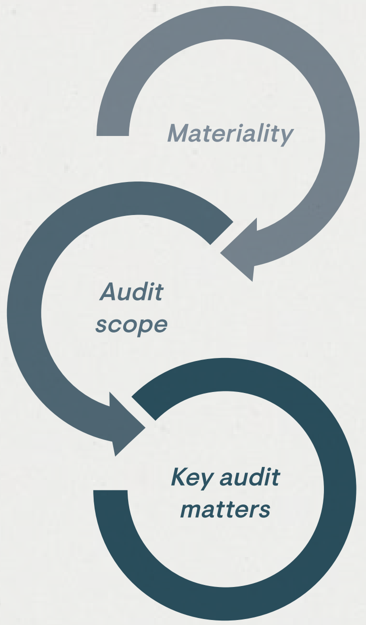
We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Materiality

- Overall Group materiality: €3.36 million (2018: €1.25 million) based on circa 2.5% of pre-IFRS 16 Earnings before Interest, Tax, Depreciation and Amortisation ('pre-IFRS 16 EBITDA'). 2018 materiality was based on circa 2.5% of Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA'). As the Group adopted IFRS 16 on 1 January 2019, the bases for calculating materiality are consistent as between 2018 and 2019.
- Overall Company materiality: €3.8 million (2018: €3.7 million) which represents circa 1% of net assets. Financial statement line items that do not eliminate on consolidation have been audited to lower materiality than overall materiality for the Consolidated Financial Statements.

Audit scope

- Our audit work addressed each of the Group's three operating segments: Retail Ireland, Retail UK and Retail USA. The Consolidated financial statements are a consolidation of 28 reporting components across the 3 operating segments.
- We performed full scope audits of the complete financial information of three financially significant reporting components, one within Retail Ireland and two within Retail UK.
- In addition, audits of or specified audit procedures on selected account balances were performed across 22 of the remaining 25 reporting components. The nature and extent of audit procedures were determined by our risk assessment.
- Taken together, the reporting components where an audit on the full financial information was performed accounted for in excess of 78% of Group revenues and Group gross profit and in excess of 88% of Group total assets.

Key audit matters

- Carrying value of goodwill arising on the 2018 acquisition of Welcome Break
- Forecourt site impairment assessment.
- Going concern and related disclosures

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter

Carrying value of goodwill arising on the 2018 acquisition of Welcome Break

Refer to page 103 (Audit Committee Report), page 140 (Significant accounting policies), page 149 (Significant accounting estimates and judgements), pages 168 to 169 (Notes to the Consolidated financial statements).

The Consolidated Statement of Financial Position includes goodwill of €459m of which €456m arose from the acquisition during 2018 of the Group's 50.01% shareholding in Appia Group Limited (the parent company of the Welcome Break business).

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired.

Management determined that the Welcome Break business as a whole is the lowest level at which goodwill should be allocated.

Management has developed a model to estimate the value in use of the Welcome Break business, being the present value of future cash flows expected to be generated by it.

As set out in Note 14, cash flows used in the value in use assessment are calculated based on management's best estimate of pre-tax cash flow for the CGU for 2020 and thereafter over the remaining useful life of the assets in the site using a long term growth rate of 2%. COVID-19 is a non-adjusting post balance sheet event; the board approved 2020 budget was completed before its emergence in the UK. Applying this model, management determined that no impairment existed at year end.

We regard this as a key audit matter because of the materiality of the carrying value of goodwill and the judgements required in estimating the value in use of the Welcome Break business.

We focused in particular on the reasonableness of the assumptions underlying the 2020 board approved budget, the long term growth rates used thereafter, the assumed level of maintenance capital expenditure over the useful economic lives of the sites and the estimation of an appropriate discount rate.

We also focused on the adequacy of the disclosures including the disclosures made in note 35 relating to COVID-19.

How our audit addressed the key audit matter

We considered management's determination that the Welcome Break CGU is the lowest level at which goodwill arising from the acquisition should be allocated, by evaluating the basis on which Group management reviews the performance of the Welcome Break business.

We evaluated and tested management's estimation of value in use by:

- Assessing management's budgeting process for 2020 cash flows and challenging assumptions by reference to past performance and economic conditions in the UK. The board approved 2020 budget was completed before the emergence of COVID-19 in the UK.
- Assessing the reasonableness, by reference to published economic forecasts as at 31 December 2019, of assumed long term growth rates for the UK economy for cash flows beyond 2020.
- Testing assumed levels of maintenance capital expenditure over the useful economic lives of Welcome Break sites by reference to historical capital expenditure trends and projected depreciation amounts.
- Considering with the assistance of PwC experts, management's calculations of the weighted average cost of capital for the Welcome Break business.
- Performing sensitivity analysis using alternative reasonably possible assumptions for projecting the future performance of the Welcome Break business. Our sensitivities did not include the potential impact of COVID-19, which is a non adjusting post balance sheet event.

We concluded that the assumptions and methodologies adopted by management to determine the value in use of the Welcome Break business were reasonable and that the related disclosures in the financial statements, including in relation to COVID-19, were appropriate.

Key audit matter

Forecourt site impairment assessment

Refer to page 103 (Audit Committee Report), page 142 (Significant accounting policies), page 150 (Significant accounting estimates and judgements), pages 169 to 170 (Notes to the Consolidated financial statements).

At 31 December 2019, there were 556 sites in the Group's estate. Their carrying amounts are reviewed at each reporting date to determine if there is any indication of impairment. If management determines that there are indicators that the carrying value of individual sites may not be recoverable, a value in use impairment test is performed for the affected sites. Management updated the Group's value in use methodology during 2019 to reflect the adoption of IFRS 16, Leases, which has increased the carrying value of all leased sites.

In circumstances where the value in use of a site as calculated by management is less than its carrying value, management generally instructs external valuation experts to develop an estimate of the site's fair value less costs to sell. In these circumstances the recoverable amount is determined based on the higher of the value in use and fair value less cost to sell.

Impairment charges recorded by the Group in previous periods are separately assessed at each reporting date to determine if the conditions which gave rise to them continue to exist. If they do not, impairment charges may be wholly or partly reversed.

Management has recognised an impairment charge of €7.0 million in 2019 across the Group's forecourt sites. Of this, €6.1 million is based on value in use models and €0.9 million is based on fair value less cost to sell. Management recognised impairment reversals of €5.3 million in 2019, based on value in use models.

We regard this as a key audit matter because of the materiality of the carrying value of forecourt sites and the judgements required in determining whether there are indicators of impairment and in estimating the value in use and/or fair value less costs to sell of individual sites.

We focused in particular on the suitability of management's benchmark for assessing indicators of impairment, the reasonableness of management's projections of future growth rates used in estimating cash flows at sites subject to impairment testing and the determination of appropriate discount rates. Management instructs external corporate finance experts to calculate discount rates for its major markets for businesses other than Welcome Break.

We also focused on the adequacy of the disclosures including the disclosures made in note 35 relating to COVID-19.

How our audit addressed the key audit matter

We compared management's benchmark for assessing indicators of impairment at individual site level, which is based on projected 2020 financial performance as determined by the Group's annual budgeting process (which had been completed before the emergence of COVID-19 in its major markets), to that used in the prior year. We assessed the completeness of the population of sites identified by management for impairment testing by comparing it to those sites tested by management for impairment at 30 June 2019 and at 31 December 2018.

We evaluated and tested management's estimation and the value in use of each site for which impairment indicators had been found by:

- Assessing management's budgeting process for 2020 site performance and cash flows and challenging assumptions for sites by reference to past performance and expected economic conditions in the Group's major markets.
- Assessing the reasonableness, by reference to published economic forecasts as at 31 December 2019, of assumed long term growth rates for the Irish and UK economies used by management to project site cash flows beyond 2020.
- Evaluating the competence and objectivity of the experts engaged by management to calculate the weighted average cost of capital for each of the Group's major markets
- Considering, with the assistance of PwC experts, management's expert's report summarising its calculation of discount rates and assessing whether appropriate assumptions and methodologies had been applied. Separately, our experts assessed management's calculations of the weighted average cost of capital of the Welcome Break business.
- Performing sensitivity analysis using alternative reasonably possible assumptions for determining future site performance.

We evaluated the competence and objectivity of the experts engaged by management to determine the fair value less cost to sell of sites for which value in use is less than carrying value. We considered their reports and assessed whether appropriate valuation methodologies had been applied.

We considered management's separate assessment of whether there has been sustained improvement in the performance of sites where impairment charges were taken in previous years. We tested management's assessment against records of site profitability in 2019 and preceding years and challenged its completeness. For those sites where management determined that sustained profitability improvement had occurred, we evaluated and tested management's process for the estimation of the value in use of each site and their conclusions as to whether a reversal of a previous impairment, in whole or in part, was warranted.

We concluded that:

- management's process for identifying impairment indicators and conducting impairment testing, where required, was reasonable;
- the assumptions and methodologies adopted by management to assess if impairment charges and/or reversals were required were reasonable; and
- the impairment charges and reversals recognised in the financial statements are reasonable and that the related disclosures included in the financial statements were appropriate.

Key audit matter	*How our audit addressed the key audit matter*
Going concern and related disclosures	
Refer to page 81 (Financial Review), page 103 (Audit Committee Report), pages 135 to 137 (Basis of preparation), page 149 (Significant accounting estimates and judgements) and page 205 (Post balance sheet events). The emergence of COVID-19 during 2020 and in particular, the actions taken by national and State governments to contain the transmission of the virus in the Group's major markets have significantly impacted the Group's businesses in the period since mid-March 2020. At 31 December 2019, the Group had total external debt (excluding IFRS 16 lease obligations and shareholder loans) of €664 million advanced under two separate financing arrangements, one for the legacy Applegreen businesses and one for Welcome Break. Both arrangements feature customary financial covenants, measured quarterly. During May 2020, the Group announced that it had secured additional facilities and covenant relaxation or removal up to June 2021 in respect of the Applegreen plc financing arrangements. Earlier this month, an equivalent announcement was made in relation to Welcome Break's financing arrangements. Management has prepared trading, liquidity and covenant compliance projections to the end of 2021 for each of the Applegreen and Welcome Break banking groups. These include a management case and a severe but plausible scenario. The directors have concluded that there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. We considered this to be a key audit matter because of the importance to users of the financial statements of understanding the basis upon which the directors have prepared the financial statements on a going concern basis given the emergence and impact of COVID-19 since the year end.	We read the amendments to the Group's financing agreements executed in recent months and obtained an understanding of the financial covenant amendments which the Group had negotiated. We considered the Group's financial performance since the beginning of 2020 by reading management accounts and through enquiries of management. We developed an understanding of the impact of COVID-19 on the Group since mid-March. We assessed the Group's projections and obtained an understanding of each of the modelled scenarios and the key assumptions which support them. We challenged management on selected assumptions by reference to past performance and expected economic conditions in the Group's major markets. We performed sensitivity analysis using alternative reasonably possible assumptions including renewed lockdowns. We compared outputs from the Group's projections and from our sensitivity analysis to management's proforma covenant compliance calculations. We considered the disclosures made in the Basis of Preparation note on pages 135 to 137 by reference to the understanding we had obtained of the Group's financial performance during 2020, our assessment of management's projections and our reading of the Group's Facility Agreements. We concluded that the disclosures made by the directors are appropriate in the circumstances.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is structured along three operating segments being Retail Ireland, Retail UK and Retail USA. Each operating segment comprises a number of reporting components. The Consolidated financial statements are a consolidation of 28 reporting components across the 3 operating segments. In establishing the overall approach to the Group audit, we identified 2 reporting components, which in our view required an audit of their complete financial information due to their size and financial significance to the Group.

In order to achieve the desired level of audit evidence on each account balance in the Consolidated financial statements, we selected an additional reporting component and performed an audit of its complete financial information.

In addition, audits of or specified audit procedures on selected account balances were performed across 22 of the remaining 25 reporting components. The nature and extent of audit procedures were determined by our risk assessment.

Taken together, the reporting components where an audit on the full financial information was performed accounted for in excess of 78% of Group revenues and Group gross profit and in excess of 88% of Group total assets.

PwC UK was engaged to perform an audit of the complete financial information on one of the financially significant reporting components within the Retail UK operating segment. No other PwC network firm was engaged for the Group audit. In relation to audit procedures that were performed by PwC UK, we issued detailed audit instructions, arranged regular physical and telephone meetings throughout the audit and we reviewed extracts from PwC UK's audit file to understand their risk assessment, and to evaluate the results of their testing and the conclusions drawn in respect of significant risk areas. In addition, the PwC UK audit engagement leader attended two Applegreen plc Audit Committee meetings during the audit process.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated financial statements	*Company financial statements*
Overall materiality	€3.36 million (2018: €1.25 million).	€3.8 million (2018: €3.7 million).
How we determined it	Circa 2.5% of pre-IFRS 16 earnings before interest, tax, depreciation and amortisation ('pre-IFRS 16 EBITDA'). 2018 materiality was based on circa 2.5% of EBITDA.	Circa 1% of net assets.
Rationale for benchmark applied	The Group is profit oriented and EBITDA is one of the key metrics used by shareholders to determine its performance. We used EBITDA as our materiality benchmark for the 2018 audit. Given the significant impact of IFRS 16, Leases, on the Group's 2019 result and apparent continuing shareholder focus on pre-IFRS 16 benchmarks, we believe that pre-IFRS 16 EBITDA is the most appropriate measure of trading performance in 2019. As the Group adopted IFRS 16 on 1 January 2019, the bases for calculating materiality are consistent as between 2018 and 2019.	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark for a holding company. Financial statement line items that do not eliminate on consolidation have been audited to lower materiality than overall materiality for the Consolidated Financial Statements.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €0.17 million (Group audit) (2018: €0.06 million) and €0.19 million (Company audit) (2018: €0.185 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the 'Non-Financial Statement' as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the 'Non-Financial Statement' on which we are not required to report) for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report (excluding the information included in the 'Non-Financial Statement' on which we are not required to report).

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 116, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the Company financial statements to be readily and properly audited.
- The Company Statement of Financial Position is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Prior financial year non financial statement

We are required to report if the company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Kevin Egan
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
17 July 2020

Consolidated Income Statement
Year ended 31 December 2019

	Notes	2019 €000	2018 €000
Revenue	5	3,072,557	2,012,558
Cost of sales	8	(2,500,484)	(1,730,279)
Gross profit		**572,073**	**282,279**
Selling and distribution costs	8	(380,790)	(211,549)
Administrative expenses	8	(78,881)	(51,765)
Other income	7	11,229	4,989
Finance costs	10	(85,697)	(8,895)
Finance income	10	182	300
Share of loss in associate	16	(920)	-
Profit before income tax		**37,196**	**15,359**
Income tax expense	11	(6,235)	(3,209)
Profit for the financial year		**30,961**	**12,150**
Profit attributable to:			
Equity holders of the parent		21,539	13,272
Non-controlling interest		9,422	(1,122)
		30,961	**12,150**
Earnings per share from continuing operations attributable to the owners of the parent company during the year			
Earnings per share – Basic	6	17.86c	13.68c
Earnings per share – Diluted	6	17.68c	13.48c

Consolidated Statement of Comprehensive Income
Year ended 31 December 2019

	2019 €000	2018 €000
Profit for the financial year	30,961	12,150
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss		
Cash flow hedges	(1,694)	(659)
Income tax on cash flow hedges	394	112
Currency translation differences on foreign operations	1,783	(1,574)
Net other comprehensive income/(expense) that may be reclassified to profit or loss for the year, net of tax	483	(2,121)
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	439	(340)
Income tax in relation to remeasurements of post-employment benefit obligations	(279)	19
Net other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods	160	(321)
Other comprehensive profit/(loss) for the year, net of tax	643	(2,442)
Total comprehensive income for the year	31,604	9,708
Total comprehensive income attributable to:		
Equity holders of the parent	22,752	11,264
Non-controlling interest	8,852	(1,556)
	31,604	9,708

Consolidated Statement of Financial Position
As at 31 December 2019

	Notes	2019 €000	2018 (restated) €000
ASSETS			
Non-current assets			
Intangible assets	12	525,169	495,145
Property, plant and equipment	13	1,093,266	576,781
Investment in joint venture	15	-	1,000
Investment in associate	16	35,710	-
Trade and other receivables	18	594	463
Derivative financial instruments	23	-	461
Employee benefits	32	1,572	-
Deferred income tax asset	11	45,558	14,607
		1,701,869	1,088,457
Current assets			
Inventories	17	71,334	57,375
Trade and other receivables	18	57,256	57,687
Current income tax receivables		-	560
Cash and cash equivalents	19	138,720	121,981
		267,310	237,603
Total assets		1,969,179	1,326,060
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued share capital	25	1,207	1,206
Share premium	26	366,314	366,240
Capital contribution	26	512	512
Cash flow hedge reserve	26	(924)	(274)
Merger reserve	26	(65,537)	(65,537)
Foreign currency translation reserve	26	(6,609)	(8,392)
Share based payment reserve	26	10,377	9,792
Retained earnings	26	(19,350)	57,714
		285,990	361,261
Non-controlling interest	29	(132,582)	(82,458)
Total equity		153,408	278,803
Non-current liabilities			
Trade and other payables	22	6,564	14,008
Derivative financial instruments	23	3,028	-
Borrowings	20	1,396,112	701,850
Employee benefits	32	-	113
Deferred income tax liabilities	11	33,490	35,165
		1,439,194	751,136
Current liabilities			
Trade and other payables	22	323,697	282,711
Borrowings	20	43,701	6,584
Provisions	21	5,985	4,313
Current income tax liabilities		3,194	2,513
		376,577	296,121
Total liabilities		1,815,771	1,047,257
Total equity and liabilities		1,969,179	1,326,060

On behalf of the Directors

Robert Etchingham
17 July 2020

Niall Dolan
17 July 2020

Consolidated Statement of Changes in Equity
Year ended 31 December 2019

	Issued share capital €000	Share premium €000	Capital contribution €000	Cash flow hedge reserve €000	Merger reserve €000	Foreign currency translation reserve €000	Share based payment reserve €000	Retained earnings €000	Total attributable to owners of Applegreen plc €000	Non controlling interest €000	Total €000
At 01 January 2019 (restated)	1,206	366,240	512	(274)	(65,537)	(8,392)	9,792	57,714	361,261	(82,458)	278,803
Adjustment from adoption of IFRS 16 (note 4)	-	-	-	-	-	-	-	(96,785)	(96,785)	(63,695)	(160,480)
Adjusted balance at 01 January 2019	1,206	366,240	512	(274)	(65,537)	(8,392)	9,792	(39,071)	264,476	(146,153)	118,323
Profit for the year	-	-	-	-	-	-	-	21,539	21,539	9,422	30,961
Other comprehensive income	-	-	-	(650)	-	1,783	-	80	1,213	(570)	643
Total comprehensive income	-	-	-	(650)	-	1,783	-	21,619	22,752	8,852	31,604
Share based payments	-	-	-	-	-	-	1,011	-	1,011	-	1,011
Deferred tax on share based payments	-	-	-		-	-	(426)	-	(426)	-	(426)
Issue of ordinary share capital (note 25)	1	74	-	-	-	-	-	-	75	-	75
Investment by non-controlling interest	-	-	-		-	-	-	-	-	16,222	16,222
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(11,503)	(11,503)
Dividends	-	-	-	-	-	-	-	(1,898)	(1,898)	-	(1,898)
At 31 December 2019	1,207	366,314	512	(924)	(65,537)	(6,609)	10,377	(19,350)	285,990	(132,582)	153,408

Consolidated Statement of Changes in Equity
Year ended 31 December 2018

	Issued share capital €000	Share premium €000	Capital contribution €000	Cash flow hedge reserve €000	Merger reserve €000	Foreign currency translation reserve €000	Share based payment reserve €000	Retained earnings €000	Total attributable to owners of Applegreen plc €000	Non controlling interest €000	Total €000
At 01 January 2018 (as previously reported)	916	190,464	512	-	(65,537)	(6,818)	8,181	53,591	181,309	-	181,309
Adjustment from adoption of IFRS 9	-	-	-	-	-	-	-	(1,485)	(1,485)	-	(1,485)
Adjusted balance at 01 January 2018	916	190,464	512	-	(65,537)	(6,818)	8,181	52,106	179,824	-	179,824
Profit for the year	-	-	-	-	-	-	-	13,272	13,272	(1,122)	12,150
Other comprehensive income	-	-	-	(274)	-	(1,574)	-	(160)	(2,008)	(434)	(2,442)
Total comprehensive income	-	-	-	(274)	-	(1,574)	-	13,112	11,264	(1,556)	9,708
Share based payments	-	-	-	-	-	-	1,077	-	1,077	-	1,077
Deferred tax on share based payments	-	-	-	-	-	-	534	-	534	-	534
Issue of ordinary share capital (note 25)	290	175,776	-	-	-	-	-	(6,193)	169,873	-	169,873
Acquisition of non-controlling interest (restated)	-	-	-	-	-	-	-	-	-	(80,271)	(80,271)
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(631)	(631)
Dividends	-	-	-	-	-	-	-	(1,311)	(1,311)	-	(1,311)
At 31 December 2018 (restated)	1,206	366,240	512	(274)	(65,537)	(8,392)	9,792	57,714	361,261	(82,458)	278,803

Consolidated Statement of Cash Flows
Year ended 31 December 2019

	Notes	2019 €000	2018 €000
Cash flows from operating activities			
Profit before income tax		37,196	15,359
Adjustments for:			
Depreciation and amortisation	8	80,772	23,180
Finance income	10	(182)	(300)
Finance costs	10	85,697	8,895
Share of loss in associate	16	920	-
Net impairment of non current assets	8	2,239	1,325
Share based payment expense	8	1,011	1,077
Post employment benefits		(1,200)	(1,005)
Loss on the sale of property, plant and equipment	8	37	70
		206,490	48,601
Increase in trade and other receivables		(6,259)	(9,960)
Increase in inventories		(12,384)	(8,050)
Increase in trade payables		27,403	45,907
Increase in provisions		1,591	1,851
Cash generated from operations		216,841	78,349
Income taxes paid		(5,816)	(3,052)
Net cash from operating activities		**211,025**	**75,297**
Cash flows from investing activities			
Purchase of property, plant and equipment		(61,895)	(54,415)
Purchase of intangibles		(12,601)	(11,794)
Proceeds from the sale of property, plant and equipment		840	-
Purchase of subsidiary undertakings, net of cash acquired		-	(170,189)
Investment in associate		(36,630)	-
Interest received		182	300
Net cash used in investing activities		**(110,104)**	**(236,098)**
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		75	169,873
Proceeds from long-term borrowings		413,025	301,165
Repayment of borrowings		(397,178)	(237,734)
Payment of lease liabilities		(23,123)	(1,258)
Eurobonds payment		(4,065)	-
Interest and debt fees paid		(83,059)	(5,619)
Cash injection from non-controlling interest		19,033	-
Dividends paid to non-controlling interest	29	(11,503)	-
Dividends paid	34	(1,898)	(1,311)
Net cash used in financing activities		**(88,693)**	**225,116**
Net increase in cash and cash equivalents		**12,228**	**64,315**
Cash and cash equivalents at beginning of year		121,518	57,482
Foreign exchange gain/(loss)		4,974	(279)
Cash and cash equivalents at end of year	19	**138,720**	**121,518**

Notes to the Consolidated Financial Statements
Year ended 31 December 2019

1. GENERAL INFORMATION

Applegreen plc ('the Company') and its subsidiaries' ('the Group') principal business is the operation of motorway service areas and petrol filling stations. The Company is a holding company whose shares are publicly traded. The Company's registration number is 491702 and it is incorporated and domiciled in the Republic of Ireland. The address of its registered office is Block 17, Joyce Way, Parkwest, Dublin 12.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (EU) and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. The Company financial statements have been prepared in accordance with IFRS as adopted by the EU and the Companies Act 2014. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except for the following which are recognised at fair value: certain financial assets and liabilities including derivate financial instruments, share based payments at grant date and pension plan assets. The consolidated and Company financial statements are presented in Euro (€) and all values are rounded to the nearest thousand (€000), except where otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's and Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

The Consolidated Statement of Financial Position at 31 December 2018 has been restated in accordance with IFRS 3, Business Combinations, for final adjustments to the provisional fair value of the Welcome Break acquisition on 31 October 2018. See note 28 for details.

In presenting the parent Company financial statements together with the consolidated financial statements, the Company has availed of the exemption in Section 304 of the Companies Act 2014 not to present its individual Income Statement and related notes that form part of the approved Company financial statements and not to file its individual Income Statement with the Registrar of Companies.

The Company's result for the financial year, determined in accordance with IFRS, is a profit for the year of €11 million (2018: loss of €9.8 million). Details of the Company accounts can be found on pages 208 to 219. The Company uses the same accounting policies as the Group which are listed in section 2.3.

The Group has applied the following standards, interpretations and amendments with effect from 01 January 2019:

- IFRS 16, Leases;
- Amendments to IFRS 9, Prepayment Features with Negative Compensation;
- Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle;
- Amendments to IAS 19, Plan Amendment, Curtailment or Settlement;
- IFRIC 23, Uncertainty over Income Tax Treatments.

The Group also elected to adopt the following amendments early:

- Amendments to IFRS 9 and IFRS 7 - Interest rate benchmark reform.

The effects of applying IFRS 16 and amendments to IFRS 9 and IFRS 7 are disclosed in note 4, Changes in Significant Accounting Policies. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Going concern

The Directors have performed an assessment of going concern, including a review of the Group's current cash position, available banking facilities and financial forecasts for 2020 and 2021, including the ability to adhere to banking covenants. In doing so the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends in our three markets and extensive actions already undertaken to protect profitability and conserve cash.

The Group has two separate banking arrangements in its overall financing structure. This comprises a facility provided to Applegreen plc ("Applegreen facilities") which is utilised for the purposes of financing the Group's activities other than its UK motorway service area operations and a separate loan facility provided directly to its Welcome Break subsidiary ("Welcome Break facilities") which is ring-fenced to that group of companies and is non-recourse to the wider Applegreen group. Full details of those borrowings and facilities are included in Note 20.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.1 Basis of preparation (continued)

Going concern (continued)

At 30 June 2020, the Group's net debt position was €550m approx. comprising €110m approx. in cash and €660m approx. of external debt. In addition, the Group had access to undrawn committed facilities of €92m.

Applegreen Facilities

The Group announced on 18 May 2020 that it had successfully completed a process with the Applegreen lenders to access an additional €52.5m revolving credit facility and had also agreed to substantially relax or remove covenant conditions for the tests arising in each quarter up to and including June 2021. This facility has historically been subject to two covenants, which are tested quarterly: net debt to pre-IFRS 16 EBITDA (leverage) and a fixed charge cover test. In recognition of the current macroeconomic uncertainty, the lenders have amended the covenant test structure, replacing the existing leverage test with a minimum rolling 12-month pre-IFRS 16 EBITDA test and substantially relaxing the fixed charge cover limits, both of which are tested on a quarterly basis for the period to June 2021. After June 2021, the facility reverts to the original covenant tests.

At 30 June 2020, the Applegreen banking group's net debt position was €190m approx. comprising €70m approx. of cash and €260m approx. of external debt and had access to undrawn committed facilities of €64m.

Welcome Break Facilities

The Group further announced on 1 July 2020 that it had successfully repurposed a £25m dedicated capital expenditure facility in the existing Welcome Break banking facilities into a revolving credit facility which is available to draw down for any purpose. The lenders to Welcome Break also agreed to relax or remove covenant conditions for tests up to and including June 2021. This facility has historically been subject to two covenants, which are tested quarterly: net debt to EBITDA (leverage) and EBITDA to net finance charges.
In both cases, EBITDA is calculated using FRS102 accounting principles. The lenders have amended the covenant test structure, replacing the existing tests with minimum rolling quarterly EBITDA and minimum available liquidity tests which will be tested on a monthly basis for the period to June 2021. After June 2021, the facility reverts to the original covenant tests.

At 30 June 2020, the Welcome Break banking group's net debt position was €360m approx. comprising €40m approx. of cash and €400m approx. of external debt and had access to undrawn committed facilities of €28m.

Financial Forecasts

Two scenarios were considered for the Group in preparing our going concern assessment being a management case and another scenario using a set of severe but plausible downside assumptions to that management case.

The management case which is built up from detailed projections for each of the Group's businesses and markets includes the following key assumptions:

- Fuel volumes were significantly impacted in April and May with total volumes across the group falling to less than half of normalised levels. We projected a gradual recovery commencing in June as restrictions were eased which is expected to continue through the second half of 2020 with December 2020 volumes estimated to be 10%-20% below normalised monthly levels. This recovery is forecast to continue in 2021 before normalising to pre-COVID-19 levels by the end of 2021;
- Food volumes were also impacted with total volumes less than a quarter of normalised levels in April and May, driven primarily by the closure of a number of food offers across the Group. Similar to fuel, we have assumed a gradual recovery of food volumes through the second half of 2020 and into 2021 with December 2020 volumes estimated to be 15%-20% below normalised monthly levels;
- Given their local nature, store volumes in the PFS estate traded strongly during the lockdown in April and May with sites trading at or slightly above normalised levels. Following the lifting of restrictions we anticipate that store volumes would be somewhat subdued for the remainder of 2020 and into 2021;
- Reduction in variable costs to align the costs with the lower volumes including furloughing staff as part of government support scheme and reducing repairs and maintenance costs as well as obtaining rent reductions from landlords;
- Reductions in support costs to reflect the impact of the extensive cost reduction initiatives implemented by the Group including the implementation of a recruitment freeze, deferral of executive bonuses and graduated salary reductions for support staff across the business

The downside case included further reductions in the range of 10-15% in fuel and food volumes in the second half of 2020 and into 2021 to reflect a scenario of a deeper economic impact, region specific lockdowns in the UK and a slower recovery over the course of next year. Those projections showed that the Group will continue to operate viably over that period.

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.1 Basis of preparation (continued)

Going concern (continued)

Outcome of assessment

Overall the Group traded ahead of the management case for the second quarter of 2020 and has remained profitable at an EBITDA level which further underlines the resilience and adaptability of our business during this difficult time. The Welcome Break business, which we anticipated would be the most heavily impacted part of the estate because of its dependence on motorway volumes, traded in line with the management case for the second quarter of 2020 and trading continues to improve. The remainder of the Applegreen estate traded ahead of the management case expectations, aided by strong store sales in the local PFS sites, good fuel margins and extensive cost saving measures. The Group's cash position is more positive than the management case due to the stronger than expected performance. The management case indicated that, as anticipated, there will be no requirement for drawdown of the existing overdraft facilities or the additional Revolving Credit Facilities provided by Applegreen lenders during the period. Further, the management case projects comfortable headroom over the new covenants in both the Applegreen and Welcome Break facilities.

With respect to the Welcome Break subsidiary specifically, notwithstanding the business has sufficient liquidity for the next 12 months, in the event of a more severe downside circumstance where there is a further prolonged national lockdown across the UK caused by a second wave of COVID-19, this would likely result in a breach of the revised EBITDA banking covenant. One of the options available to lenders following a covenant breach, would be to trigger a repayment of outstanding debt. In such a circumstance and without the Board taking further mitigating actions or re-negotiating with lenders then Welcome Break might be unable to realise its assets and discharge its liabilities in the normal course of business. This could result in a substantial impairment or derecognition of the investment in Welcome Break both in the Group and Company. The Directors are satisfied that such an occurrence would not impact on the group's ability to continue as a going concern given the non-recourse nature of the Welcome Break facilities to the wider Applegreen group.

The Directors are confident that the Group is now well positioned to manage its business risks and have considered a number of factors including current trading performance, the outcomes of comprehensive forecasting, a range of possible future trading impacts, existing liquidity, amended covenant structures and the non-recourse nature of the Welcome Break facilities. The Directors are of the view that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months following the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, all its subsidiaries, associate and joint venture as at 31 December 2019.

Subsidiaries are entities controlled by the Group. They are consolidated from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases. The Group controls an entity when the Group 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. Subsidiaries are accounted for using the acquisition method as at the acquisition date i.e. when control is transferred to the Group. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

The acquisition method of accounting is used to account for business combinations by the Group. See section 2.3 for details of the Group's accounting policies.

All intra-group balances, transactions and unrealised gains resulting from intra-group transactions and dividends are eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Financial Position respectively.

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of the arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for using the equity method from the date significant influence/joint control is deemed to arise until the date on which significant influence/joint control ceases to exist or when the interest becomes classified as an asset held for sale.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.2 Basis of consolidation (continued)

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The Group determines at each reporting date whether there is any objective evidence that the equity accounted investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity accounted investment and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates/joint ventures' in the Consolidated Income Statement.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. Investments in associates and joint ventures are shown separately on the Consolidated Statement of Financial Position.

Joint operations are arrangements where the parties that have joint control of the arrangement, have rights to the assets and obligations for the liabilities relating to the arrangement. The activities are undertaken by the Group in conjunction with other joint operators that involve the use of the assets and resources of those joint operators. The Group's investments in its joint operation is accounted for by recognising its assets and its liabilities, including its share of any assets or liabilities held jointly; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly. The Group has a joint arrangement with Valero Energy (Ireland) Limited in the operation of a fuel terminal at Dublin port which is the principal place of business. Both parties have an equal interest in the Dublin port asset.

2.3 Significant accounting policies

The following are significant accounting policies applied by the Group in preparing its consolidated financial statements:

Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of consideration received or receivable, excluding value added tax and net of returns, trade discounts and including duty on goods to external customers. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The transaction price is the contracted price with the customer.

Revenue is recognised when an identified performance obligation has been met. Sales of goods are recognised when the Group sells a product to the customer. This is when control is deemed to have transferred to the customer and the customer can direct the use of and obtain substantially all the remaining benefits from a good or service. The Group uses the five-step model as prescribed by IFRS 15, Revenue Recognition, to determine when recognition is appropriate. Contracts with customers include a single performance obligation.

Retail sales

The Group's principle revenue is earned from fuel, food and store sales throughout its network of service stations in Ireland, the UK and the USA. Sales of goods are recognised when the Group sells a product to the customer. Retail sales are usually in cash, by credit card or by fuelcard. Due to the nature of the products sold, the Group does not experience material levels of returns.

Principal versus agent consideration

When deciding the most appropriate basis for presenting revenue or costs of revenue, the Group assesses whether it controls the specified good before delivery to the customer to determine each party's respective role in the transaction. Where the Group's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as an operating cost. Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis with revenue representing the commission earned.

Customer loyalty programmes

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award of points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or no longer expected to be redeemed.

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.3 Significant accounting policies (continued)

The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price.

A contract liability is recognised until the points are redeemed or no longer expected to be redeemed.

Hotel sales

Revenue is derived from hotel operations and includes the rental of rooms and food and beverage sales. Revenue is recognised when the rooms are occupied and food and beverages are sold.

Gaming income

The Group recognises takings due from playing gaming machines less any payouts as revenue at the point the machine is played.

Interest income

Interest income is recognised using the effective interest rate method when it is probable that income will flow to the Group. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Cost of sales

Cost of sales comprises the net costs of inventories recognised as an expense and other charges attributable to the acquisition of inventory.

Supplier income

Supplier rebate income is recognised in cost of goods sold concurrent with the sale of the inventories to which it relates and is calculated by reference to the expected consideration receivable from each rebate arrangement. Supplier rebate income is not recognised if there is significant uncertainty regarding recovery of the amount due. Supplier rebate income accrued but not yet received is included in accrued income.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euro (€), which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such trading transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement.

Intercompany foreign currency transactions are also translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The Group has designated a number of intercompany loans as an extension of Applegreen plc's net investment in foreign operations. As there is no intention for these loans to be repaid in the foreseeable future, these loans are considered quasi equity. Foreign exchange gains and losses arising on the retranslation of 'quasi equity' loans are recorded in the Consolidated Statement of Comprehensive Income. All other foreign exchange gains and losses on intercompany balances are recognised in the Consolidated Income Statement.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in Other Comprehensive Income to the extent that the hedge is effective and are presented within equity in the foreign exchange translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

All other foreign exchange gains and losses are presented in the Consolidated Income Statement within administrative expenses.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.3 Significant accounting policies (continued)

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each Statement of Financial Position are translated at the closing rate at the date of that Statement of Financial Position;

(b) income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in the Consolidated Statement of Comprehensive Income.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is the excess of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities in a business combination and relates to assets which are not capable of being individually identified and separately recognised.

Goodwill acquired is allocated, at acquisition date, to the groups of cash generating units (CGUs) expected to benefit from synergies related to the acquisition. Where management reassesses its groups of CGUs, goodwill is reallocated on a relative value basis.

Goodwill is measured at cost less accumulated impairment losses. The CGUs represent the lowest level within the Group at which goodwill is monitored for internal management purposes. These units are no larger than the operating segments determined in accordance with IFRS 8: Operating Segments (note 5).

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment exists. Where the recoverable amount of a cash generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed once recognised.

Where a subsidiary is sold, any goodwill arising on acquisition, net of any impairments, is included in determining the profit or loss arising on disposal.

Intangible assets (other than goodwill)

Intangible assets (other than goodwill) include i) brands acquired on purchase of subsidiaries, ii) the costs associated with the implementation of the Group's ERP system, iii) operating agreements for the exclusive sale of fuel from dealer sites, iv) franchise licences for the operation of franchised operations throughout the Group's retail network and wine and off licence fees in respect of those retail stores that sell alcohol, and v) favourable contracts acquired on purchase of subsidiaries.

Intangible assets acquired are initially capitalised at cost and amortised using the straight-line basis over their contractual lives as follows:

Branding	5-10 years
Software	12 years
Operating agreements	5 years
Franchises and licences	5-25 years
Favourable contracts	Over the term of the contract

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

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.3 Significant accounting policies (continued)

Directly attributable costs that are capitalised as part of the software include employee costs and relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost plus any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in a manner intended by management.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Consolidated Income Statement during the financial year in which they are incurred.

Property, plant and equipment is depreciated on a straight-line basis over its expected useful life. The typical useful lives of the Group's property, plant and equipment are:

Freehold property	Over 50 years
Leasehold improvements	Over the term of the lease or useful life, whichever is lower
Plant and equipment	20 years
Fixtures & fittings	10 years
Motor vehicles	5 years
Computer hardware and software	5 years

Freehold land is not depreciated.

The expected useful lives of property, plant and equipment are reviewed and adjusted, if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its use. Any gain or loss arising on de-recognition of the asset is recorded in the Consolidated Income Statement in the period the asset is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets under construction

Capitalisation of costs in respect of constructing property, plant and equipment commences when it is probable that future economic benefits associated with the asset will flow to the Group, the costs are directly attributable to the related asset and required to bring the asset into working condition.

Capitalisation of costs in respect of software intangible assets that are under construction and that arise from internal development commence when all the following conditions are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale has been established;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits has been established including whether the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.3 Significant accounting policies (continued)

The cost of self-constructed assets includes:

- the cost of materials, labour and services;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- in the case of Property, Plant and Equipment, an estimate of the costs associated with the removal of the asset or restoration of the site when the Group has an obligation to remediate, if any.

Assets under construction are not depreciated and are assessed for impairment when there is an indicator of impairment. When these assets are ready and available for use, the assets are transferred out of assets under construction to the applicable heading under property, plant and equipment or intangible assets. At this point, depreciation begins.

Impairment of non-financial assets

The carrying amounts of the Group's property, plant and equipment (including assets under construction), and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If events or changes in circumstances indicate that the carrying value of property, plant and equipment, or intangible assets may not be recoverable, the Group carries out an impairment test.

When testing for impairment, assets are grouped together into the smallest group of assets that is largely independent of the Group's other cash generating streams. The recoverable amount in respect of each cash generating unit (CGU) is the higher of its fair value less cost of disposal and the value in use.

Value in use is determined by discounting to present value the estimated future cash flows expected to be derived from the CGU. The discount rate used is the Group's weighted average cost of capital reflecting current market assessments of the time value of money and the risks specific to the CGU.

Fair value is determined as the price that would be received to sell the CGU in an orderly transaction between market participants at the measurement date. Further details of the application of this policy to the Group's CGUs is set out in note 14. To the extent that the carrying amount exceeds the recoverable amount, the asset is impaired and is written down. Any impairment loss arising is recognised in the Consolidated Income Statement.

Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversals are recognised in the Consolidated Income Statement.

Investments in subsidiaries

This accounting policy is applicable only for the Company financial statements. Interests in subsidiary undertakings are measured at cost less provisions for impairment in value on the Company Statement of Financial Position. The Company carries out an impairment test if events or changes in circumstances indicate that the carrying value of the investment in a subsidiary may not be recoverable. The recoverable amount is determined by comparing the carrying value of the investment in the subsidiary against the higher of its fair value less costs to dispose and its value in use. The value in use is determined by discounting estimated future cash flows expected to be derived from the financial asset, to net present value.

Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Consolidated Statement of Comprehensive Income (OCI) or through Consolidated Income Statement), and
- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Consolidated Income Statement or Consolidated Statement of Comprehensive Income.

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.3 Significant accounting policies (continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the Consolidated Income Statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the Consolidated Income Statement and presented in finance costs and income together with foreign exchange gains and losses. Impairment losses are also presented in finance costs in the Consolidated Income Statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Consolidated Income Statement and recognised in finance costs and income. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented in finance costs and income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Consolidated Income Statement and presented net within finance income/(costs) in the period in which it arises.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 18 for further details.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cash and cash equivalents

In the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash in hand, cash in transit, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Consolidated Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

Trade and other payables

These amounts represent liabilities for goods or services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. They are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.3 Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be estimated reliably. Provisions are not recognised for future operating losses.

The amount recognised as provisions is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The effect of the time value of money is not material and therefore the provisions are not discounted.

Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Defined benefit pension plans

The liability or asset recognised in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Consolidated Income Statement.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Consolidated Statement of Financial Position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Consolidated Income Statement as past service costs.

Defined contribution plans

The Group operates a number of defined contribution plans. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Consolidated Income Statement in the periods during which the related services are received. Prepaid expenses are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other employee benefits

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Liabilities for wages and salaries, including accumulating annual and sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade payables and accruals in the Statement of Financial Position.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in the Consolidated Income Statement as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.3 Significant accounting policies (continued)

Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in finance costs in the period in which they are incurred.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has determined that its derivatives should be treated as cash flow hedges, being hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 23.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Movements in the hedging reserve in shareholders' equity are shown in note 23. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement, within finance income/(costs).

When option contracts are used to hedge forecast transactions, the group designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.3 Significant accounting policies (continued)

Share based payments

The Group operates a number of equity-settled, share-based compensation plans under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on non-market vesting conditions and service conditions. It recognises the impact of the revision of the original estimates, if any, in the Consolidated Income Statement, with a corresponding adjustment to equity.

The fair value of options granted by the Company over its equity instruments to the employees of subsidiary undertakings in the Group is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Where the Group receives a tax deduction for share-based payments, deferred tax is provided on the basis of the difference between the market price of the underlying equity at the date of the financial statements and the exercise price of the option.

The 2016 Employee Share Option Plan is administered by the Applegreen Employee Share Option Trust. When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

Leases

Accounting policy applied after 01 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a lease liability at the lease commencement date, which is the date at which the asset is made available for use by the Group.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. Right-of-use assets are subject to impairment testing.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate known at the commencement date, payments for a purchase option, payments for an optional renewal period and termination option payments if the Group is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal options which are reasonably certain to be exercised. Management applies judgement in determining whether it is reasonably certain that a renewal option will be exercised. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. The Group has elected to avail of the practical expedient not to separate lease components from any associated non-lease components.

The lease payments are discounted using the lessee's incremental borrowing rate as the interest rate implicit in the lease is generally not readily determinable. Incremental borrowing rates are determined using a build-up approach that uses externally benchmarked information adjusted to take consideration of the lessee's risk profile and the specific lease characteristics. These characteristics include the type of leased assets, the term of the lease and the currency of the lease.

The Group has elected to apply the recognition exemptions for short-term and low-value leases and recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.3 Significant accounting policies (continued)

Accounting policy applied before 01 January 2019

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, assets held under finance leases are included in property, plant and equipment, at the lower of fair value and the present value of the minimum lease payments. Subsequent to initial recognition, each asset is depreciated over the shorter of the lease term or its useful life and otherwise accounted for in accordance with the accounting policy applicable to that asset.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in current or non-current liabilities as appropriate. The interest element of the finance cost is charged to the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Income Statement on a straight-line basis over the period of the lease

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to the identifiable assets and liabilities are made within twelve months of the acquisition date.

Non-controlling interests are measured at their proportionate share of the acquiree's identified net assets.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

2. STATEMENT OF COMPLIANCE (CONTINUED)

2.3 Significant accounting policies (continued)

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Company's subsidiaries, associate and joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred tax is recognised if the temporary difference arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax is recognised in respect of taxable temporary differences arising from investment in subsidiaries, associate and joint venture, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part of, the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

Provision for a corporation tax surcharge assessable on undistributed investment income (in accordance with Section 440, Taxes Consolidation Act 1997) is provided after the time limit of eighteen months has elapsed within which a dividend can be paid to avoid such surcharge.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Share capital

Ordinary shares and redeemable ordinary shares that rank pari passu with ordinary shares carry no preferential dividend right. Proceeds from the issue of ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recorded in retained earnings within equity.

Dividends

Dividends are recognised in the period in which they are approved by the Company's shareholders, or in the case of an interim dividend, when it has been approved by the Board of Directors and paid.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different from eventual outcomes.

Significant judgements

Going concern

The Directors have assessed the Group's ability to continue in operational existence for the foreseeable future by preparing detailed financial forecasts and carrying out stress testing on projections, with consideration of the macro-economic backdrop.

The Group are highly conscious of the considerable uncertainty created by the current COVID-19 crisis, its impact on the business, and are closely monitoring the situation. In note 2.1, the Directors have outlined details of the Group's current financial position, the key assumptions within their cash flow forecasts, and details of their current banking facilities and projected covenant compliance.

Based on this, the Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing its consolidated financial statements.

Lease terms

The Group adopted IFRS 16 from 01 January 2019. IFRS 16 eliminates the IAS 17 classification of leases as either operating leases or finance leases and introduces a single lessee accounting model with some exceptions. See note 4 for further details.

Many of the Group's leases have options to renew or terminate. The Group applies judgement in evaluating the length of the lease. Management consider all relevant factors and, in particular, if an economic incentive exists to renew or terminate. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. The Group periodically assesses this, or more frequently if circumstances change.

Assessment of control in the acquisition of associate

During the year, the Group acquired a 40% holding in JLIF Holdings (Project Service) US, Inc. The Group entered into a consortium shareholder agreement with IST3 Investment Foundation and TD Greystone Asset Management.

An assessment of control was undertaken. IFRS 10 explains that an investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has ability to direct those returns through its power over the investee.

The investee is overseen by its Board who are elected by members holding shares with voting rights. The Board appoint key management personnel who make the daily decision making regarding relevant activities that most significantly affect the investees return. Provisions set out within the Shareholders Agreement that define the manner in which Directors are appointed to the Board representing members holding equity instruments and the manner in which voting procedures are applied.

The Group also holds a call option over 20% of the shares of another shareholder, which is exercisable after a period of 5 years. However, the call option does not impact the control assessment until it is exercisable.

On the basis of the above, the Group has concluded that it does not have the power to control the investee. The Group participates in the acquired investee by virtue of its 40% holding of equity instruments issued. Therefore, it has been treated as an associate in the financial statements

Significant estimates

Impairment of goodwill

Judgement is required in determining whether goodwill is impaired or not. The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of groups of CGUs have been determined based on value in use calculations. The principal assumptions used to determine value in use relate to future cash flows and the time value of money. Further information is provided in note 14.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Significant estimates (continued)

Impairment of non-financial assets

The carrying amounts of the Group's property, plant and equipment, and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment in accordance with the accounting policy set out in section 2.3 of these financial statements. The recoverable amounts of CGUs have been determined based on value-in-use calculations which require the use of estimates including cash flow forecasts, the determination of an appropriate weighted average cost of capital (WACC) and fair value determined by external valuers. Such estimates are subject to change as a result of changing economic conditions. As forecasting future cash flows is dependent upon the Group's ability to generate returns from the assets invested across its portfolio of sites, estimates are required in relation to future cashflows which will support the asset value. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change. Note 14 details the assumptions used together with an analysis of the sensitivity to changes in key assumptions.

Calculation of incremental borrowing rate

Under IFRS 16 'Leases', discount rates are used to determine the present value of the lease payments to value the lease liability and applicable right-of-use asset. This discount rate can be either the interest rate implicit in the lease or the lessee's incremental borrowing rate (IBR). As the interest rate implicit in the lease was not readily determined, the Group used the IBR approach.

The incremental borrowing rate is derived from country specific risk-free interest rates over the relevant lease term, adjusted for the finance margin attainable by each lessee and asset specific adjustments designed to reflect the underlying asset's location and condition. To determine the IBR, the Group engaged external valuers to assess this on a lease by lease basis. Management then reviewed the work and assessed the appropriateness of the results.

Taxes

The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items, where the tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. The final resolution of some of these items may give rise to material Consolidated Income Statement and/or cash flow variances.

Assumptions are also made around the assets which qualify for capital allowances and the level of disallowable expenses and this affects the income tax calculation. Provisions may be made for uncertain exposures or recoveries, which can have an impact on both deferred and current tax. Assumptions are also made around the tax net book value of assets to which capital allowances apply, the level of capital allowances, the extent of rollover gains, indexation thereon and the tax base into which they have been rolled.

Measurement of defined benefit obligations

The cost of the defined benefit pension plan and the present value of pension obligations are determined using actuarial valuations. These valuations involve making various assumptions that may differ significantly from actual developments in the future. The critical assumptions and estimates applied along with a sensitivity analysis are provided in note 32.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group adopted amendments to IFRS 9 'Financial Instruments', IFRS 7 'Interest Rate Benchmark Reform' and IFRS 16, Leases, with effect from 01 January 2019.

Hedge accounting

The Group has elected to early adopt the 'Amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at that date.

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

In summary, the reliefs provided by the amendments that apply to the Group are:

- When considering the 'highly probable' requirement, the Group has assumed that the GBP LIBOR interest rate on which hedged debts are based does not change as a result of IBOR reform.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Hedge accounting (continued)

- In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the GBP LIBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by IBOR reform.

Note 23 provides the required disclosures of the uncertainty arising from IBOR reform for hedging relationships for which the Group applied the reliefs.

Cash flow hedging

The Group principally utilises interest rate swaps to swap its variable rate debt into fixed rates. These swaps are designated as cash flow hedges and are set to closely match the critical terms of the underlying debt being hedged. They have accordingly been determined by the Group to be highly effective in achieving offsetting cash flows for its variable rate debt.

As a result of the refinancing in the Welcome Break borrowings in November 2019, the Group terminated the existing £300 million notional value interest rate swap and executed a new £165 million notional value swap which matched the new senior facility. The fair value of the existing swap at the time of refinance was a €2.3 million liability to the hedge counterparties. Instead of settling this liability, the fixed rate on the new swap was increased to repay the liability over the life of the new swaps.

As a result of the reduction in the notional value of the swaps from £300 million to £165 million, finance cost of €1.1 million has been recycled from the cash flow hedge reserve to the Consolidated Income Statement being that part of the reserve attributable to the £135 million portion of the original swap for which hedge accounting had been used in the previous period.

The remaining balance of €1.3 million in the cash flow hedge reserve will be recycled to the Consolidated Income Statement over the next two financial years, being the remaining life of the previous senior facility, prior to its refinancing.

Possible sources of future ineffectiveness are as follows:

(i) the difference between the change in the fair value of the swap and the change in the fair value of a perfect hypothetical swap; and

(ii) the effects of the forthcoming reforms to GBP LIBOR, because these might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt). Further details of these reforms are set out below.

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes. The Group's risk exposure that is directly affected by the interest rate benchmark reform is its £165 million 7 year floating-rate debt. The Group has hedged this debt with an interest rate swap, and it has designated the swap as a hedge of the variability in cash flows of the debt, due to changes in 3 month GBP LIBOR that is the current benchmark interest rate.

The Group currently anticipates that the areas of greatest change will be amendments to the contractual terms of GBP LIBOR-referenced floating-rate debt and swaps, and updating hedge designations.

Effect of IBOR reform – significant assumptions

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has assumed that any pre-existing fallback provisions in the floating rate debt do not apply to IBOR reform.

IFRS 16 Leases

IFRS 16 'Leases' issued in January 2016 by the IASB replaces IAS 17 'Leases', and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model with some exemptions for short-term and low-value leases. The lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group leases a range of assets including property and motor vehicles. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. Under IFRS 16, the Group applies a single recognition and measurement approach for all leases, except for short-term and low-value assets and recognises right-of use assets and lease liabilities.

The Group has adopted IFRS 16 using the modified retrospective approach, with the date of initial application of 01 January 2019. Under this method, the impact of the standard is calculated retrospectively, however, the cumulative effect arising from the new leasing rules is recognised in the Statement of Financial Position at the date of initial application. Accordingly, the comparative information presented for 2018 has not been restated.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Where the lease contains a purchase option, the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. Right-of-use assets are subject to impairment testing.

The lease liability is initially measured at the present value of certain lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. The Group has elected to avail of the practical expedient not to separate lease components from any associated non-lease components.

The lease payments are discounted using the lessee's incremental borrowing rate as the interest rate implicit in the lease is generally not readily determinable.

After the commencement date, the lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has elected to apply the recognition exemptions for short-term and low-value leases and recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise certain items of IT equipment and small items of office furniture.

Transition

For leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate as at 01 January 2019.

For leases previously classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 01 January 2019 were determined as the carrying amount of lease asset and lease liability under IAS 17 immediately before that date.

Right-of-use assets were measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach for certain property leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Relied on its assessment of whether leases are onerous under IAS 37 immediately before the date of initial application to meet the impairment requirement.

On transition to IFRS 16, the Group has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impacts on transition

The impact on the Group's Consolidated Statement of Financial Position as at 01 January 2019 is as follows:

	01 January 2019 €000
Assets	
Property, plant and equipment	451,400
Deferred income tax asset	31,844
Prepayments	(11,474)
	471,770
Equity	
Retained earnings	(96,785)
Non-controlling interest	(63,695)
Liabilities	
Interest-bearing loans and borrowings	639,835
Trade and other payables	(7,585)
	471,770

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the lessee's incremental borrowing rate at 01 January 2019. The weighted average rate applied was 8%.

The Group's operating lease commitments as at 31 December 2018 can be reconciled to the opening lease liability as at 01 January 2019 as follows:

	2019 €000
Operating lease commitments disclosed as at 31 December 2018	**1,165,458**
Less:	
Adjustments as a result of alignment of extension and termination options	(2,406)
Commitments relating to short-term and low-value leases	(3,091)
Total future lease payments	**1,159,961**
Discounted using the Group's incremental borrowing rate	(520,126)
Lease liability recognised on transition	**639,835**
Finance lease liabilities already recognised at 31 December 2018	21,792
Lease liability recognised as at 01 January 2019	**661,627**

Impacts for the period

The impact on the Group's Consolidated Income Statement for the period to 31 December 2019 is as follows:

	Year to 31 December 2019 €000
Operating lease payments	71,466
Interest on lease liabilities	(49,276)
Depreciation of property, plant and equipment	(33,095)
Profit on disposal of assets	134
Net impact on share of loss in associate	(106)
Decrease in profit before tax	**(10,877)**

The impact of IFRS 16 on the consolidated financial statements is set out in the Leases note (note 30). The impact of IFRS 16 on the Alternative Performance Measures (APMs) is set out in the Glossary on pages 220 to 221.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

5. SEGMENTAL ANALYSIS AND REVENUE INFORMATION

Applegreen plc is a roadside convenience retailer, operating from motorway service areas and petrol filling stations headquartered in Dublin, Ireland. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the Board of Executive Directors.

The board considers the business from both a geographic and product perspective. Geographically, management considers the performance in Ireland, the UK and the USA. From a product perspective, management separately considers retail activities in respect of the sale of fuel, food, store and other within Ireland, the UK and the USA. Other primarily relates to income arising from the operation of hotels and gaming machines in the UK sites.

The Group is organised into the following operating segments:

- Retail Ireland - Involves the sale of fuel, food and store within the Republic of Ireland.
- Retail UK - Involves the sale of fuel, food and store along with hotel related revenue, gaming machines and other retail revenues within the United Kingdom.
- Retail USA - Involves the sale of fuel, food and store within the United States of America.

The CODM monitors revenue and gross profit of segments separately in order to allocate resources between segments and to assess performance.

Information regarding the results of each reportable segment is included within this note. Segment performance measures are revenue and gross profit as included in the internal management reports that are reviewed by the executive directors. These measures are used to monitor performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. The CODM also reviews adjusted EBITDA on a consolidated basis. Assets and liabilities are reviewed by the CODM for the Group in its entirety and as such segment information is not provided for these items.

5. SEGMENTAL ANALYSIS AND REVENUE INFORMATION (CONTINUED)

The below Revenue, split by product type and region, has been recognised at a point in time.

Analysis of Revenue and Gross Profit

2019 Revenue	IRL €000	UK €000	USA €000	Total €000
Fuel	709,307	1,187,947	299,587	2,196,841
Food	91,073	226,602	26,501	344,176
Store	141,585	208,405	116,656	466,646
Other	-	64,894	-	64,894
	941,965	1,687,848	442,744	3,072,557
Gross Profit				
Fuel	46,948	65,782	28,789	141,519
Food	55,598	151,247	14,955	221,800
Store	42,236	81,912	34,266	158,414
Other	-	50,340	-	50,340
	144,782	349,281	78,010	572,073

Analysis of Revenue and Gross Profit

2018 Revenue	IRL €000	UK €000	USA €000	Total €000
Fuel	649,453	733,184	189,478	1,572,115
Food	84,425	54,987	22,607	162,019
Store	135,298	85,442	48,167	268,907
Other	-	9,517	-	9,517
	869,176	883,130	260,252	2,012,558
Gross Profit				
Fuel	45,872	32,561	17,611	96,044
Food	51,518	31,697	13,026	96,241
Store	38,415	30,364	13,735	82,514
Other	-	7,480	-	7,480
	135,805	102,102	44,372	282,279

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

5. SEGMENTAL ANALYSIS AND REVENUE INFORMATION (CONTINUED)

The total of non-current assets, other than financial instruments, employee benefits and deferred tax assets, by region is as follows:

	2019 €000	2018 (restated) €000
Ireland	345,624	219,442
UK	1,143,456	824,779
USA	165,065	28,705
	1,654,145	1,072,926

Reconciliation of profit before income tax to earnings before interest, tax, depreciation and amortisation (EBITDA), share based payments and other non-recurring charges (Adjusted EBITDA)

	Notes	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Profit before income tax		37,196	15,359
Depreciation	8	74,760	21,580
Amortisation	8	6,012	1,600
Net impairment charge	8	2,239	1,325
Net finance cost	10	85,515	8,595
EBITDA		205,722	48,459
Share based payments	8	1,011	1,077
Non-recurring charges	8	2,125	8,534
Non-recurring charges included in share of loss in associate	16	614	-
Adjusted EBITDA		209,472	58,070

Assets and liabilities related to contracts with customers

The Group has recognised the following revenue-related liabilities:

	2019 €000	2018 €000
Contract liabilities - customer loyalty programme	405	250
Total contract liabilities	405	250

The Group discontinued its loyalty programme during 2019. The increase in the above balances relates to additional vouchers (in excess of normal vouchers) sent to customers to reward them in advance of the termination of the scheme. The programme will be replaced in 2020.

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Basic earnings per share	Year to 31 December 2019	Year to 31 December 2018
Profit from continuing operations attributable to the owners of the Company (€'000)	21,539	13,272
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	120,625	97,038
Earnings per share – Basic (cent)	17.86	13.68

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares which comprise share options issued under the share incentive plan. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value based on the monetary value of the outstanding share options at the exercise price. Where the number of shares calculated above is less than the number of outstanding options this difference represents dilutive share options and is added to the weighted average number of ordinary shares used for calculating basic earnings per share in order to calculate the weighted average number of ordinary shares for the purpose of the diluted earnings per share.

Diluted earnings per share	Year to 31 December 2019	Year to 31 December 2018
Profit from continuing operations attributable to the owners of the Company (€'000)	21,539	13,272
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	120,625	97,038
Adjusted for:		
Share options ('000)	1,228	1,445
Weighted average number of ordinary shares for diluted earnings per share ('000)	121,853	98,483
Earnings per share – Diluted (cent)	17.68	13.48

7. OTHER OPERATING INCOME

	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Rental income	5,510	2,373
Commission from operation of automated teller machines	1,351	344
Other operating income	4,368	2,272
	11,229	4,989

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

8. EXPENSES

Profit before tax is stated after charging/(crediting):

	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Cost of inventory recognised as expense	2,450,482	1,699,237
Other external charges	50,002	31,042
Employee benefits	223,645	119,670
Share based payment charge (1)	1,011	1,077
Lease charges	1,940	32,917
Amortisation of intangible assets	6,012	1,600
Depreciation of property, plant and equipment	74,760	21,580
Net foreign exchange loss/(gain)	104	(51)
Auditors remuneration (2)	962	1,780
Net impairment charge	2,239	1,325
Loss on disposal of assets	37	70
Utilities	23,031	11,581
Rates	28,691	9,844
Site maintenance	31,904	16,142
Credit card charges	12,680	7,628
Insurance	6,595	4,182
Non recurring charges (3)	2,125	8,534
Other operating charges	43,935	25,435
	2,960,155	1,993,593

(1) Included in the charge of €1 million (2018: €1.1 million) for share based payments is a charge of €0.3 million (2018: €0.2 million) in respect of share options granted during the year under the 2015 share option scheme.

(2) The Group obtained the following services from the Group's auditors at cost as detailed below:

	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Audit of the Group financial statements	150	150
Audit of subsidiaries	483	555
Other audit related services	15	15
Total audit and audit related fees	648	720
Tax compliance and advisory services	271	426
Other non-audit services	43	634
	962	1,780

(3) Non recurring charges primarily relate to the restructuring of recent business acquisitions, business combination acquisition costs and costs incurred in relation to the upgrade of the ERP system.

9. EMPLOYEE BENEFITS

	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Wages and salaries	204,415	109,295
Social security costs	16,081	9,436
Defined contribution plan expense (note 32)	3,149	939
Share based payments (note 33)	1,011	1,077
Total employee benefit expense	**224,656**	**120,747**

Total charge analysed between:

	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Selling and distribution costs	195,005	98,381
Administrative expenses	29,651	22,366
	224,656	120,747

Capitalised employee costs during the financial year amounted to €3.6million (2018: €2.1 million).

The average number of persons (excluding directors) employed directly by the Group was:

	Year to 31 December 2019 Number	Year to 31 December 2018 Number
Retail	10,605	5,616
Administration	464	282
	11,069	5,898

Directors' remuneration is disclosed below:

	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Directors' emoluments	1,720	1,652
Post-employment benefits	61	56
	1,781	1,708

Further details are shown in the Remuneration Committee Report on page 113.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

10. FINANCE COSTS AND INCOME

Finance costs	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Bank loans and overdrafts (1)	27,212	7,893
Foreign exchange gain on foreign borrowings	-	(572)
Interest on lease liabilities	51,109	527
Borrowing costs capitalised	(420)	(310)
Interest cost on employee benefit obligation	266	192
Eurobonds interest	7,530	1,165
	85,697	8,895
Finance income		
Bank interest	(182)	-
Interest income on loans to joint ventures	-	(300)
	(182)	(300)
Net finance cost	85,515	8,595

(1) Included in bank loans and overdrafts are non-recurring finance costs of €2.6 million (2018: €1 million). During the year, the Group completed a refinance of loans in its UK business. See note 20 for further details.

The €2.6 million is made up of the write off of previously capitalised loan costs (€6.1 million), the associated swap on these loan costs recycled to the Consolidated Income Statement (€1.1 million) and a write off due to the ineffectiveness of the hedge (€0.7 million) offset by the release of the effective interest of the extinguished loans (€5.3 million). In 2018, the non-recurring finance costs relates to the repayment of borrowings arising from the gain on transition to IFRS 9.

The average capitalisation rate used to determine the amount of the applicable borrowing costs to be capitalised was 2.53% (2018: 2.35%).

11. TAXATION

Current tax	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Current tax expense – Ireland	1,614	1,158
Current tax expense – overseas	6,581	1,450
Adjustments in respect of previous periods	(1,194)	(304)
Total current tax	7,001	2,304
Deferred tax		
Origination and reversal of temporary differences	(766)	905
Total deferred tax	(766)	905
Total tax	6,235	3,209

The total tax expense can be reconciled to accounting profit as follows:

	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Profit before tax from continuing operations	37,196	15,359
Income tax at 12.5%	4,650	1,920
Non tax deductible expenses	2,366	2,882
Net effect of differing tax rates	197	(1,159)
Share of results of an associate	115	-
Tax losses carried forward	101	(130)
Adjustments in respect of previous periods	(1,194)	(304)
Total tax expense	6,235	3,209

Factors affecting the tax charge in future years

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 07 September 2016). These include reductions to the main rate to reduce the rate to 19% from 01 April 2017 and to 17% from 01 April 2020. Deferred taxes at the Statement of Financial Position date have been measured using these enacted tax rates and are reflected in these financial statements.

At Budget 2020, the UK Government announced that the corporation tax main rate for the years starting 01 April 2020 and 2021 would remain at 19%. As this is a non-adjusting post balance sheet event, these revised tax rates were not factored into the deferred tax calculations at the Statement of Financial Position date.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

11. TAXATION (CONTINUED)

Deferred income tax:

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 December 2019:

	Property, plant and equipment €000	Intangibles €000	Tax losses and credits €000	Share based payments €000	Short term temporary and other differences €000	Total €000
At 01 January 2019 (restated)	18,627	5,764	(500)	(3,251)	(82)	20,558
Adjustment from adoption of IFRS 16 (note 4)	(31,844)	-	-	-	-	(31,844)
Adjusted balance at 01 January 2019	(13,217)	5,764	(500)	(3,251)	(82)	(11,286)
Consolidated income statement	(466)	(535)	328	(60)	(33)	(766)
Cash flow hedge reserve	-	-	-	-	(394)	(394)
Share based payments reserve	-	-	-	426	-	426
Defined benefit pension obligations	-	-	-	-	279	279
Translation adjustment and other	(577)	279	-	(28)	(1)	(327)
At 31 December 2019	(14,260)	5,508	(172)	(2,913)	(231)	(12,068)
Analysed as follows:						
Deferred tax asset	(42,885)	-	(172)	(2,371)	(130)	(45,558)
Deferred tax liability	28,625	5,508	-	(542)	(101)	33,490
	(14,260)	5,508	(172)	(2,913)	(231)	(12,068)

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 December 2018:

	Property, plant and equipment €000	Intangibles €000	Tax losses and credits €000	Share based payments €000	Short term temporary and other differences €000	Total €000
At 01 January 2018	3,926	1,175	(500)	(2,652)	187	2,136
Adjustment from adoption of IFRS 9	-	-	-	-	(393)	(393)
Adjusted balance at 01 January 2018	3,926	1,175	(500)	(2,652)	(206)	1,743
Consolidated income statement	916	(9)	-	(67)	65	905
Cash flow reserve	-	-	-	-	(112)	(112)
Share based payments reserve	-	-	-	(534)	-	(534)
Defined benefit pension obligations	-	-	-	-	(19)	(19)
Acquisitions (restated)	13,975	4,663	-	-	192	18,830
Translation adjustment and other	(190)	(65)	-	2	(2)	(255)
At 31 December 2018 (restated)	18,627	5,764	(500)	(3,251)	(82)	20,558
Analysed as follows:						
Deferred tax asset (restated)	(10,461)	-	(500)	(3,251)	(395)	(14,607)
Deferred tax liability (restated)	29,088	5,764	-	-	313	35,165
	18,627	5,764	(500)	(3,251)	(82)	20,558

11. TAXATION (CONTINUED)

Of the €12 million net deferred tax asset at 31 December 2019, the majority of this is expected to reverse after more than twelve months.

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 December 2019, the Group has unused tax losses amounting to €1.6 million (2018: €1.7 million) for which no deferred tax asset has been recognised.

The Group has recognised deferred tax assets in relation to impairments up to only the value that offsets the value of recognised deferred tax liabilities on the revaluation of land. Within the Group there are impairments of land of €1.8 million (2018: €5.2 million) which would result in deferred tax assets of €0.6 million (2018: €1.7 million) which have not been recognised.

12. INTANGIBLE ASSETS

Cost	Goodwill €000	Software €000	Branding €000	Operating agreements €000	Franchises and licences €000	Favourable contracts €000	Assets under construction €000	Total €000
At 01 January 2019 (restated)	436,881	-	12,845	1,145	10,186	22,048	14,626	497,731
Additions	-	3,778	-	343	1,025	-	6,550	11,696
Disposals	-	-	-	-	(237)	-	(141)	(378)
Reclassifications	-	20,293	-	-	-	-	(20,293)	-
Translation adjustment	22,454	-	646	-	419	1,133	-	24,652
At 31 December 2019	459,335	24,071	13,491	1,488	11,393	23,181	742	533,701
Amortisation								
At 01 January 2019	-	-	339	378	1,491	378	-	2,586
Disposals	-	-	-	-	(228)	-	-	(228)
Amortisation charge	-	1,003	1,356	263	1,115	2,275	-	6,012
Translation adjustment	-	-	53	-	16	93	-	162
At 31 December 2019	-	1,003	1,748	641	2,394	2,746	-	8,532
Net book value								
31 December 2019	459,335	23,068	11,743	847	8,999	20,435	742	525,169
01 January 2019 (restated)	436,881	-	12,506	767	8,695	21,670	14,626	495,145

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

12. INTANGIBLE ASSETS (CONTINUED)

Cost	Goodwill €000	Software €000	Branding €000	Operating agreements €000	Franchises and licences €000	Favourable contracts €000	Assets under construction €000	Total €000
At 01 January 2018	3,691	-	429	597	7,128	-	5,414	17,259
Additions	-	-	-	548	2,957	-	9,212	12,717
Acquisitions (restated) (note 27)	438,003	-	12,546	-	-	22,280	-	472,829
Disposals	-	-	-	-	(156)	-	-	(156)
Translation adjustment	(4,813)	-	(130)	-	257	(232)	-	(4,918)
At 31 December 2018 (restated)	436,881	-	12,845	1,145	10,186	22,048	14,626	497,731
Amortisation								
At 01 January 2018	-	-	21	204	884	-	-	1,109
Disposals	-	-	-	-	(151)	-	-	(151)
Amortisation charge	-	-	318	174	730	378	-	1,600
Impairment charge	-	-	-	-	17	-	-	17
Translation adjustment	-	-	-	-	11	-	-	11
At 31 December 2018	-	-	339	378	1,491	378	-	2,586
Net book value								
31 December 2018 (restated)	436,881	-	12,506	767	8,695	21,670	14,626	495,145
01 January 2018	3,691	-	408	393	6,244	-	5,414	16,150

Assets under construction
Assets under construction relates to the development of internally generated software assets. During the year, the new ERP system was implemented to support legacy Applegreen operations and head office functions. Costs relating to this phase that were capitalised were transferred from assets under construction into software and amortised from the date the asset came into use. The Group has now moved onto the second phase of this project.

Amortisation charge
The amortisation charge has been split between administration expenses of €2.3 million (2018: €7,000) and selling and distribution costs of €3.7 million (2018: €1.6 million).

Capitalised Interest
Interest capitalised on qualifying assets during the year amounted to €0.3 million using an average rate of 2.53% (2018: €0.2 million using an average rate of 2.35%).

13. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and buildings €000	Right-of-use assets €000	Plant and equipment €000	Fixtures, fittings and motor vehicles €000	Computer hardware and software €000	Assets under construction €000	Total €000
At 01 January 2019 (restated)	441,212	-	70,616	116,222	17,250	14,245	659,545
Adjustment from adoption of IFRS 16 (note 4)	(10,463)	466,672	(646)	(3,066)	(1,097)	-	451,400
Adjusted balance at 01 January 2019	430,749	466,672	69,970	113,156	16,153	14,245	1,110,945
Additions	15,671	41,972	7,719	21,066	7,105	16,310	109,843
Disposals	(2,844)	(868)	(570)	(3,792)	(1,516)	(345)	(9,935)
Reclassifications	2,352	-	115	(280)	363	(2,550)	-
Translation adjustment	14,805	16,302	2,031	3,024	514	261	36,937
At 31 December 2019	460,733	524,078	79,265	133,174	22,619	27,921	1,247,790
Depreciation/impairment							
At 01 January 2019	40,121	-	6,308	29,318	6,903	114	82,764
Adjustment from adoption of IFRS 16	(143)	2,972	(180)	(1,916)	(733)	-	-
Adjusted balance at 01 January 2019	39,978	2,972	6,128	27,402	6,170	114	82,764
Charge for the year	18,167	33,551	4,628	14,208	4,206	-	74,760
Disposals	(2,351)	(868)	(395)	(2,804)	(1,492)	-	(7,910)
Impairment charge	4,513	1,979	247	212	15	-	6,966
Impairment reversal	(4,727)	-	-	-	-	-	(4,727)
Translation adjustment	1,075	560	161	746	129	-	2,671
At 31 December 2019	56,655	38,194	10,769	39,764	9,028	114	154,524
Net book value							
31 December 2019	404,078	485,884	68,496	93,410	13,591	27,807	1,093,266
01 January 2019 (restated)	401,091	-	64,308	86,904	10,347	14,131	576,781

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cost	Land and buildings €000	Right-of-use assets €000	Plant and equipment €000	Fixtures, fittings and motor vehicles €000	Computer hardware and software €000	Assets under construction €000	Total €000
At 01 January 2018	220,113	-	32,889	80,915	11,153	17,101	362,171
Additions	24,776	-	10,664	16,762	2,648	2,798	57,648
Acquisitions (restated) (note 27)	193,548	-	27,425	21,662	3,498	-	246,133
Disposals	(238)	-	(226)	(2,604)	(247)	(18)	(3,333)
Reclassifications	5,464	-	108	(98)	253	(5,727)	-
Translation adjustment	(2,451)	-	(244)	(415)	(55)	91	(3,074)
At 31 December 2018 (restated)	441,212	-	70,616	116,222	17,250	14,245	659,545
Depreciation/impairment							
At 01 January 2018	34,319	-	3,585	20,142	4,551	-	62,597
Charge for the year	6,815	-	2,727	9,485	2,553	-	21,580
Disposals	(120)	-	(121)	(2,047)	(234)	-	(2,522)
Impairment charge	2,958	-	118	1,822	46	114	5,058
Impairment reversal	(3,750)	-	-	-	-	-	(3,750)
Translation adjustment	(101)	-	(1)	(84)	(13)	-	(199)
At 31 December 2018	40,121	-	6,308	29,318	6,903	114	82,764
Net book value							
31 December 2018 (restated)	401,091	-	64,308	86,904	10,347	14,131	576,781
01 January 2018	185,794	-	29,304	60,773	6,602	17,101	299,574

Depreciation charge
The depreciation charge has been split between administration expenses of €1.9 million (2018: €1.6 million) and selling and distribution costs of €72.9 million (2018: €20 million).

Assets under construction
Assets under construction as at 31 December 2019 includes the following significant projects; nine service stations in the Republic of Ireland (€13 million), four motorway service areas in the UK (€6 million) and ten service stations in the US (€6 million). The remaining amounts relate to several other developments across all regions.

Joint operations
The Group has a joint arrangement with Valero Energy (Ireland) Limited in the operation of a fuel terminal at Dublin port which is the principal place of business. Assets with a net book value of €15 million are capitalised in relation to this.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Capital expenditure commitments
The Group has commitments of €3.3 million (2018: €2.7 million) for capital expenditure on property, plant and equipment at the financial year end contracted for but for which no provision has been made.

Capitalised Interest
Interest capitalised on qualifying assets during the year amounted to €0.1 million using an average rate of 2.53% (2018: €0.1 million using an average rate of 2.35%).

Assets pledged as security
Assets with a carrying value of €1.6 million (2018: €2 million) have been pledged as security to the Group's leasing providers. The Group is not permitted to pledge these assets as security for other borrowings or sell these assets to another entity without the prior consent of the Group's lenders.

Capitalised leased assets
Included in the carrying value of property, plant and equipment at 31 December 2018 is an amount for capitalised leased assets of €12.3 million. The depreciation charge for capitalised leased assets was €0.7 million.

	Year ended 31 December 2018		
	Cost €000	NBV €000	Depreciation charge €000
Land and buildings	10,463	10,320	147
Plant and equipment	646	465	32
Fixtures and fittings	3,066	1,150	384
Computer hardware	1,097	364	184
	15,272	12,299	747

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

14. IMPAIRMENT

Impairment of goodwill

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired. Goodwill acquired through business combination activity has been allocated to cash generating units (CGUs) that are expected to benefit from the synergies in that combination. The CGUs represent the lowest level at which the associated goodwill is monitored for internal management purposes, and are not larger than the operating segments determined in accordance with IFRS 8, Operating Segments. A total of two groups (2018: 2) of CGUs have been identified and these are analysed below.

Goodwill	2019 €000	2018 (restated) €000
Welcome Break	456,271	433,967
Carsley	3,064	2,914
	459,335	436,881

Impairment testing methodology and results

The recoverable amount of each CGU is based on a value in use calculation. Cash flows used in the value in use assessment are calculated based on management's best estimate of pre-tax cash flow for the CGU for 2020 and forecasted thereafter over the remaining useful life of the assets in the CGU using a long term growth rate of 2%. The growth rate used does not exceed the long-term average growth rate in the United Kingdom, the country in which both CGUs operate. The value in use represents the present value of the future cash flows, discounted at a pre-tax discount rate of 7.65% (2018: 7.61%). The 2019 annual goodwill impairment testing process has not identified any impairments. No impairments were identified in 2018.

Key sources of estimation uncertainty

Cash flow forecasts are derived from a bottom up budgeting process which features a combination of internal and external factors based on historic experience and competitor activity. However, expected future cash flows are inherently uncertain and are therefore liable to material change over time. The key assumptions employed in arriving at the estimates of future cash flows factored into impairment testing are subjective and include projected EBITDA, maintenance capital expenditure, duration of asset lives, and the discount rate used.

Of the goodwill allocated to the two groups of CGUs, the Welcome Break CGU accounts for 99% of the total carrying amount of €459 million. The additional disclosures required for Welcome Break CGU are as follows:

14. IMPAIRMENT (CONTINUED)

	2019 €000
Carrying amount of goodwill	456,271
Maintenance capital expenditure (2020)	7,622
Excess of value in use over carrying amount	83,450
Pre-tax discount rate	7.65%

The calculations use value in use as the basis of the recoverable amount.

The key assumptions and methodology used in respect of the Welcome Break CGU are consistent with those described above. The values applied to each of the key estimates and assumptions are specific to that CGU and were determined from a combination of internal and external factors based on historical experience and took into account the cash flows specifically associated with this business.

Sensitivity analysis

The table below identifies the amounts by which each of the key assumptions must change in order for the recoverable amount to be equal to the carrying value of the Welcome Break CGU.

	Percentage point (%)
Increase in pre-tax discount rate	0.52
Reduction in EBITDA	20
Increase in maintenance capital expenditure	63

Impairment of property, plant and equipment and intangibles (other than goodwill)

The Group operates a number of service station sites in Ireland, the UK and the USA. The Group considers each individual site as a cash generating unit (CGU) for the purpose of impairment assessment in accordance with IAS 36 'Impairment of assets'. Impairment assessments are conducted at this level when indicators of impairment are considered to exist. The recoverable amounts of sites that are assessed for impairment have been determined based on the higher of value-in-use methodology or fair value less costs of disposal.

An impairment charge of €7 million (2018: €5.1million) was recognised in the Consolidated Income Statement within selling and distribution costs. The impairment charge relates to service stations in Ireland, UK and US. Impairment indicators were identified when the service stations failed to meet profitability expectations and the impairment charge arose from lower forecasts for future profitability in respect of these sites because of trading conditions. The recoverable amount of these sites was €29.8 million (2018: €12.9 million) of which €28.1 million (2018: €1.6 million) represented sites determined on a value in use basis and €1.7 million (2018: €11.3 million) represented sites determined on a fair value less costs of disposal basis.

Fair value less costs of disposal

	31 December 2019				31 December 2018			
	Ireland €000	UK €000	US €000	Total €000	Ireland €000	UK €000	US €000	Total €000
Value in use	9,055	6,096	12,912	28,063	18	1,598	-	1,616
Carrying value	(11,163)	(7,048)	(15,935)	(34,146)	(1,022)	(3,929)	-	(4,951)
Impairment charge	(2,108)	(952)	(3,023)	(6,083)	(1,004)	(2,331)	-	(3,335)

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

14. IMPAIRMENT (CONTINUED)

Significant assumptions used in the value in use assessments are summarised below:

	31 December 2019			31 December 2018		
	Ireland €000	UK €000	US €000	Ireland €000	UK €000	US €000
Discount rate	6.5%	6.1%	7.0%	7.66%	7.61%	-
Long term growth rate	2%	2%	2%	2%	2%	-

Cash flows used in the value in use assessment are calculated based on management's best estimate of pre-tax cash flow for each individual site for 2020 and forecasted thereafter over the remaining useful lives of the assets in the site using long term growth rates. Cash flows used in the value in use assessment also include maintenance capital expenditure required to maintain the site assets in their current condition.

The above assumptions are subject to sensitivity analysis and the impairment review performed is predominantly dependent upon the judgements used in arriving at the future growth rates and the discount rates used in the cash flow projections. Cash flow projections have been performed over the remaining life of each cash generating unit (maximum 50 years).

The impact on the impairment charge of applying a 10% reduction to the long-term growth rate would be to increase in the impairment charge by €0.4 million (2018: €0.1 million). A 5% increase in the discount rate would result in an increase in the impairment charge of €0.6 million (2018: €0.2 million). A 10% reduction in pre-tax cash flow would result in an increase in the impairment charge of €1.6 million (2018: €1.9 million).

Fair value less cost of disposal

	31 December 2019				31 December 2018			
	Ireland €000	UK €000	US €000	Total €000	Ireland €000	UK €000	US €000	Total €000
Fair value less cost of disposal	750	-	965	1,715	6,450	4,838	-	11,288
Carrying value	(808)	-	(1,790)	(2,598)	(7,050)	(5,979)	-	(13,029)
Impairment charge	(58)	-	(825)	(883)	(600)	(1,141)	-	(1,741)

The recoverable amount of certain sites were assessed for impairment based on fair value less costs of disposal. Independent valuations of these sites were performed by external valuers to determine the fair value as at 31 December 2019. An impairment charge of €0.9 million (2018: €1.7 million) was recognised in respect of these sites.

The fair value measurement of each of these sites is categorised within level 3 of the fair value hierarchy of IFRS 13 'Fair Value Measurement' and is based on inputs, other than quoted prices, that are observable for the asset either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 fair values of sites are derived using a market based approach in accordance with level 3 of the fair value hierarchy. The valuation model used for sites involves the use of sales prices or market multiples for comparable land and buildings in close proximity to the Group's sites adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot based on market value and the sites forecasted EBITDA.

Impairment reversals

Management performs a review in respect of sites that had previously been impaired for indicators of potential impairment reversals at each reporting period. An indicator exists if the payback period of the site is less than the remaining useful life of the assets and there have been no impairments or reversals on the site in the previous three years. In 2019, impairment reversals of €5.3 million (2018: €3.9 million) were identified due to improved performance and were calculated from value in use assessments. The reversal arose following an improvement in trading conditions at the sites that is expected to be maintained. After adjusting for the impact of depreciation of €0.6 million (2018 €0.1 million), an impairment reversal of €4.7 million (2018: €3.8 million) was recorded in selling and distribution costs in the Consolidated Income Statement.

15. INVESTMENT IN JOINT VENTURE

Company	Investment held by	Principal activity	Country of incorporation	% equity held 2019	% equity held 2018
SuperStop Limited	SuperStop Holdings Limited	Operation of Motorway Service areas	Republic of Ireland	50	50

Superstop Limited was established as part of a joint consortium with Petrogas Group Limited, Tedcastles Oil Products Limited and Pierse Contracting Limited. The consortium was awarded the public-private partnership contract to design, build, maintain and operate six motorway service areas by Transport Infrastructure Ireland (TII). These six motorway service areas are operated by the Group with a fee paid to the TII based on a percentage of revenue. All other revenue and costs are attributable to the Group and are reflected in the Consolidated Income Statement.

This investment is treated as a joint venture in the Group financial statements using the existing equity method of accounting. The Company is a private entity which is not listed on any public exchange and, therefore, there is no published quotation price for the fair value of this investment.

The following table provides summarised information on the Group's investment in the undertaking:

	2019 €000	2018 €000
Investment in joint venture – unquoted		
At 01 January and at 31 December	3,135	3,135
Share of losses retained by joint venture		
At 01 January	(2,135)	(2,135)
Share of loss for the year	-	-
Provision for impairment	(1,000)	-
At 31 December	(3,135)	(2,135)
Net investment in joint venture	-	1,000

The Group ceased to recognise its share of losses in Superstop Limited during 2012 as the Group's share of losses reached the carrying value of the Group's interest in the joint venture (including long term interests of €2.1 million).

During the year, the Group assessed the recoverability of the net investment as prescribed by IFRS 9. It was determined that there was evidence that it is impaired and accordingly a €1 million impairment was recorded.

The Group's share of unrecognised losses amounts to €2.4 million (2018: €2.3 million).

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

16. INVESTMENTS IN ASSOCIATE

Company	Principal activity	Country of incorporation	% equity held 2019	% equity held 2018
JLIF Holdings (Project Service) US, Inc	Operation of Motorway Service areas	United States of America	40	-

On 01 October 2019, the Group acquired a 40% holding in JLIF Holdings (Project Service) US, Inc and entered into a consortium shareholder agreement with IST3 Investment Foundation and TD Greystone Asset Management. The principal activity of the associate is the operation of 23 service plazas along the I-95, I-395 and Route 15 highways in the State of Connecticut.

The Group participates in the acquired investee by virtue of its 40% holding of equity instruments issued and is capable of exercising significant influence over the activities of the investee but does not have the power to control the activities of the investee. Therefore, it has been treated as an associate in the financial statements.

The Group's interest in JLIF Holdings (Project Services) US, Inc is accounted for using the equity method in the consolidated financial statements.

	2019 €000	2018 €000
Investment in associate – unquoted		
At 01 January	-	-
Acquisition during the year	36,630	-
At 31 December	**36,630**	**-**
Share of losses		
At 01 January	-	-
Share of loss for the year	(920)	-
At 31 December	**(920)**	**-**
Net investment in associate	**35,710**	**-**

The share of loss in associate includes non-recurring acquisition related costs of €614,000.

17. INVENTORIES

	2019 €000	2018 €000
Raw materials and consumables	5,196	4,165
Finished goods	66,138	53,210
	71,334	**57,375**

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to €2.5 billion (2018: €1.7 billion).

18. TRADE AND OTHER RECEIVABLES

Current	2019 €000	2018 €000
Trade receivables	25,558	20,291
Provision for impairment	(1,141)	(1,011)
Deposits received from customers	(159)	(105)
Net trade receivables	**24,258**	**19,175**
Accrued income	8,964	7,240
Prepayments	14,847	18,310
Other debtors	8,499	7,093
Withholding tax receivable	24	24
VAT receivable	-	5,727
Amounts due from related companies (note 31)	664	118
	57,256	**57,687**
Non-current		
Other debtors	594	463
	594	**463**

Current trade and other receivables are non-interest bearing and are generally on less than 30 day credit terms. Non-current debtors relates to loans advanced to our dealer network and are denominated in Euro. The fair values of non-current trade and other receivables approximates to their carrying value. The fair value has been determined on the basis of discounted cash flows.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2019 €000	2018 €000
Euro	18,320	14,085
UK Pound Sterling	33,611	39,915
US Dollar	5,325	3,687
	57,256	**57,687**

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of gross trade receivables based on invoice date is as follows:

Amounts falling due within one year:	2019 €000	2018 €000
Less than 1 month	20,551	13,237
Greater than 1 month but less than 2 months	1,994	5,598
Greater than 2 months but less than 3 months	1,366	765
3 months or greater	1,647	691
	25,558	20,291

As of 31 December 2019, trade receivables of €3.9 million (2018: €6 million) were past due which have not been impaired. The ageing analysis of these trade receivables based on invoice date is as follows:

Duration overdue	2019 €000	2018 €000
Less than 1 month	1,845	5,455
Greater than 1 month but less than 2 months	1,091	474
Greater than 2 months but less than 6 months	930	114
6 months or greater	-	-
	3,866	6,043

Impairment losses

As of 31 December 2019, trade receivables of €1.1 million (2018: €1 million) were determined to be impaired.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors if there is evidence to suggest that these factors affect the ability of the customer to settle the receivables.

	2019 €000	2018 €000
At 01 January	1,011	242
Adjustment from adoption of IFRS 9	-	618
Adjusted balance at 01 January	1,011	860
Additional provisions	663	325
Unused amounts reversed	(533)	(174)
At 31 December	1,141	1,011

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing of these receivables based on invoice date is as follows:

Duration overdue	2019 €000	2018 €000
Less than 1 month	149	143
Greater than 1 month but less than 2 months	275	291
Greater than 2 months but less than 6 months	220	233
6 months or greater	497	344
	1,141	1,011

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are included in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows and, are analysed as follows:

	2019 €000	2018 €000
Cash at bank	112,740	97,161
Cash in transit	25,980	24,820
Cash and cash equivalents (excluding bank overdrafts)	138,720	121,981

Cash and cash equivalents include the following for the purposes of the Consolidated Statement of Cash Flows:

	2019 €000	2018 €000
Cash and cash equivalents	138,720	121,981
Bank overdrafts (note 20)	-	(463)
	138,720	121,518

Non-cash transactions

During the year, the Group entered into a number of leases which were accounted for under IFRS 16. This includes entering into a leasehold interest in 46 sites located in Minnesota.

In 2018, the Group acquired a 50.01% shareholding in Appia Group Limited (the parent company of the Welcome Break group). To facilitate the purchase, Applegreen acquired a 55.02% majority stake in Welcome Break from NIBC Infrastructure Fund for consideration of €360.5 million. The Group then sold an 8.6% shareholding in Welcome Break to AIP, the sole other current shareholder of Welcome Break for consideration of €56.5 million.

The Group then transferred some of its existing UK MSA and TRSA assets, as well as development pipeline assets valued at €135 million to Welcome Break in exchange for shares. Subsequent to the above transactions, the Group holds 50.01% of the equity in Appia Group Limited.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

20. BORROWINGS

Current	2019 €000	2018 €000
Bank overdrafts	-	463
Bank loans	18,052	5,869
Leases (note 30)	25,649	252
	43,701	6,584
Non-current		
Bank loans	624,005	600,761
Leases (note 30)	681,516	21,540
Eurobonds	90,591	79,549
	1,396,112	701,850
Total borrowings	1,439,813	708,434

Following the adoption of IFRS 16 as of 01 January 2019, the Group recognised an increase of €640 million in Leases. See note 4 for details.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2019 €000	2018 €000
Euro	238,968	103,012
UK Pound Sterling	1,068,810	605,422
US Dollars	132,035	-
	1,439,813	708,434

Eurobonds

Eurobonds are unsecured loans issued by Welcome Break that are required to be held by the shareholders in Welcome Break in the same proportion to their respective shareholdings in the Welcome Break Group as per the share purchase agreement executed on the 31 October 2018. Eurobonds (unsecured 14% fixed rate notes) comprise an aggregate principal amount of £81 million issued on 28 March 2008 and further loan notes issued bi annually from 31 July 2008 to 31 July 2017 inclusive under the terms of the loan. The increase in Eurobonds relates to the further issue of Eurobonds during the year. The loan notes mature on 31 March 2021.

Maturity profile of bank loans

	2019 €000	2018 €000
Within one year	18,052	8,094
Between one and two years	17,141	17,032
Between two and five years	216,545	581,504
Greater than five years	390,319	-
	642,057	606,630

20. BORROWINGS (CONTINUED)

The value of committed undrawn bank facilities at 31 December 2019 was €69.2 million (2018: €87.5 million). The carrying amounts of the current and non-current borrowings equate to their fair value as the borrowings incur interest charges based on variable rates reflected in the Consolidated Income Statement using the effective interest rate method. There has been limited change in credit or other risk characteristics of the Group since the debt was originally drawn down by the Group. The fair value has been determined on the basis of discounted cash flows.

The Group's primary source of liquidity is cash flows from operations. The Group's primary use of cash is for funding day to day operations, capital expenditure, debt service, dividends and other investment activity including acquisitions.

Bank overdrafts

Bank overdrafts are short term financing and are repayable on demand. At 31 December 2019, the Group had access to overdraft facilities totalling €10 million and £11.7 million.

Analysis of total borrowings (net of unamortised issue costs)

	2019 €000	2018 €000
Senior debt facility 2018 (1)	250,827	211,223
Senior debt facility (2) *	-	357,972
Junior debt facility (2) *	-	29,192
Senior debt facility 2019 (2)	189,435	-
Institutional term loan (2)	193,182	-
Other loans (2) *	8,613	8,243
	642,057	606,630

* These loans were acquired as part of the Welcome Break business combination. See note 27 for details of this transaction.

Within the Group, there are two banking groups; the Applegreen plc banking facility and the Welcome Break debt facilities. Both are independent of each other and therefore, the Welcome Break debt facilities are non-recourse to Applegreen plc and vice versa.

(1) Applegreen plc banking facility
In August 2018, the Group entered into a new €300 million facilities agreement. The syndicated multicurrency lending arrangements include a €150 million term facility and a €150 million revolving credit facility, each of which matures in August 2023. Commitments made by senior lenders in respect of ancillary facilities (including bank overdrafts noted above) are offset against the revolving credit facility.

In addition to the €300 million facilities noted, there is provision for a further increase to commitments of €74.8 million in future upon the satisfaction of certain criteria.

All facilities are on floating rate terms based on Euribor plus 2.5% for loans denominated in Euro and Libor plus 3.23% for loans denominated in Pound Sterling.

This loan is stated net of unamortised issue costs of €6.1 million (2018: €7.8 million). These issue costs were incurred in respect of the senior debt facilities and any subsequent amendments thereto. These costs together with the interest expense are allocated to the Consolidated Income Statement over the term of the facility using the effective interest rate method.

As security for loans advanced by the senior lenders, the following charges have been granted:

(i) Debenture or equivalent over all material subsidiaries; and
(ii) Fixed charge on shares in all material subsidiaries.

In addition, joint and several guarantees of the obligations of the borrower by Applegreen plc and several other 100% owned group companies have been granted.

The Applegreen plc banking facilities contain financial covenants. The Group was in full compliance with the requirements of its covenant agreements throughout each of the financial years presented.

(2) Welcome Break debt facilities
In October 2018, as part of the Welcome Break acquisition, the Group acquired a number of loans which included senior debt, junior debt and other loans.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

20. BORROWINGS (CONTINUED)

The senior debt facility was entered into on 30 January 2017 with a term of 5 years for £300 million, a £30 million capital facility, £10 million working capital facility and £50 million uncommitted incremental capital facility. A £100 million junior facility was entered into on 30 January 2017 with a term of 6 years.

In March 2019, the junior bank loan was repaid. In November 2019, the Group completed a refinance of its banking facilities in the Welcome Break banking group. The Group obtained new long-term borrowings comprising of a £165 million 7 year new senior bank loan and a £165 million 10 year institutional term loan. In addition to this, the new senior bank loan includes a £30 million capital facility and a £10 million revolving credit facility, both of which were undrawn at 31 December 2019.

In addition to the above, there is provision for a further increase to commitments of £50 million in future upon the satisfaction of certain criteria.

The previous senior bank loan of £300 million and £24 million capital facility were repaid on the same date. This included the write off of unamortised issue costs of €6.1 million to finance charges.

The interest rate on the new senior bank loan is at LIBOR plus 1.95% in year 1, 2.00% in years 2 and 3, 2.10% in year 4, 2.25% in year 5, 2.45% in year 6 and 2.55% in the final year. Interest is paid quarterly in arrears. In 2018, the interest rate on the previous senior facility was at LIBOR plus 2.75% in years 1 and 2, 3.0% in year 3, 3.25% in year 4 and 3.5% in the final year. The LIBOR rate has been hedged using interest rate swaps. See note 23 for details.

The interest rate on the institutional term loan is 3.47% annual. Interest is paid half yearly in arrears.

The new senior bank loan is stated net of unamortised issue costs of £3.9 million. The institutional term loan is stated net of unamortised issue costs of £1.4 million. The issue costs were incurred in respect of the debt facilities and any subsequent amendments thereto. The costs together with the interest expense are allocated to the Consolidated Income Statement over the term of the facility using the effective interest rate method.

The bank loans are secured by way of fixed and floating charges over the assets of Welcome Break Holdings (1) Limited, Welcome Break Group Limited, Welcome Break Limited and Motorway Services Limited.

The Welcome Break debt facilities contain financial covenants. The Group was in full compliance with the requirements of its covenant agreements throughout each of the financial years presented.

Other loans relate to a £7.3 million loan taken out for the redevelopment of a UK motorway service area, Sarn Park. This loan matures on 22 October 2065.

21. PROVISIONS

	2019 €000	2018 €000
At 01 January	**4,313**	**1,393**
Acquisitions (note 27)	-	1,086
Used during the year	(407)	(317)
Additional provisions	2,002	2,167
Translation adjustment	77	(16)
At 31 December	**5,985**	**4,313**

The provision relates to self-insurance costs for accidents and other claims which have been provided against. These have been incurred but not reported or paid as at the Consolidated Statement of Financial Position date and are expected to be utilised within 12 months.

22. TRADE AND OTHER PAYABLES

	2019 €000	2018 €000
Current		
Trade payables and accruals	285,224	245,704
Other creditors	7,389	8,678
Deferred income	1,627	2,086
Value added tax payable	20,149	16,147
Other taxation and social security	8,308	9,811
Amounts due to related parties (note 31)	1,000	285
	323,697	**282,711**
Non-current		
Other creditors	6,564	7,733
Deferred income	-	6,275
	6,564	**14,008**

Following the adoption of IFRS 16 on 01 January 2019, the Group derecognised deferred income of €6 million relating to leasehold sites. See note 4 for information on the adoption of IFRS 16.

Trade and other payables are non-interest bearing and are generally on 30 day credit terms. The fair values of current trade and other payables are equivalent to their carrying value.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2019 €000	2018 €000
Current		
Euro	99,501	91,497
UK Pound Sterling	207,649	178,706
US Dollar	16,547	12,508
	323,697	**282,711**
Non-current		
Euro	-	4,968
UK Pound Sterling	6,564	9,040
	6,564	**14,008**

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

23. CAPITAL AND FINANCIAL RISK MANAGEMENT

The main risks affecting the consolidated financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for the prudent management of each of these risks as documented below.

Interest rate risk

The Group's exposure to changes in interest rates arises in respect of its floating rate borrowings. The Group regularly reviews its loan agreements with a view to fixing a portion of its interest rates if deemed appropriate. At the financial year end, approximately 30% (2018: none) of bank loans were held on fixed interest rates with the remaining amounts on floating rates. Management review the need to engage in hedging activities with respect to interest rate risk on negotiating new financing facilities.

Based on the Group's net debt position at the year-end, holding all other variables constant, a movement of 100 basis points in base market interest rates would affect the Group's profit before tax and shareholders' funds by approximately €2.2 million (2018: €0.8 million).

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

The Group has entered into an interest rate swap which establishes a fixed interest rate with respect to certain of its borrowings.

The fair value of the interest rate swap has been measured in accordance with Level 2 of the fair value hierarchy. The Group has measured the fair value of its interest rate swaps based on the present value of the estimated future cash flows based on observable yield curves.

Foreign currency risk

The Group currently purchases goods for resale in foreign currency on a tactical basis where the cost and risk of foreign currency purchasing is materially less than local purchasing.

The Group's activities in the UK and USA are conducted primarily in their local currencies. Variances arising from foreign currency translations are reflected in operating costs or in cost of sales in the Consolidated Income Statement in the year in which they arise. The principal foreign exchange risk arises from fluctuations in the Euro value of the Group's investments in Pounds Sterling and US Dollars. The Group manages its borrowings where practical and cost effective, to partially hedge these foreign currency assets. Hedging is done using currency borrowings in the same currency as the assets held by the operations using the borrowings.

A portion of the Group's borrowings is denominated in Pounds Sterling and carried in Euro in the Consolidated Statement of Financial Position. A movement of 10% in exchange rates would change the carrying value of borrowings by €109 million (2018: €55 million).

Credit risk

Credit risk arising in the context of the Group's operations is not significant with the total bad debt provision at the Consolidated Statement of Financial Position date amounting to 4% of gross trade receivables (2018: 5%). Customer credit risk is managed centrally according to established policies, procedures and controls. Customer credit quality is assessed in line with strict credit rating criteria and credit limits established where appropriate. Outstanding customer balances are regularly monitored and a review for indicators of impairment (evidence of financial difficulty of the customer, payment default, breach of contract etc.) is carried out at each reporting date. Significant balances are reviewed individually while smaller balances are grouped and assessed collectively. A significant proportion of the Group's trade receivables are insured to mitigate against large losses.

Receivables balances are in general unsecured and non-interest-bearing.

Cash and cash equivalents give rise to credit risk on amounts due from counterparty financial institutions (stemming from their insolvency or a downgrade in their credit ratings). Dealings are restricted to those banks with the relevant combination of geographic presence and investment grade rating. The Group continually monitors the credit ratings of its counterparties and the credit exposure to each counterparty. Of the Group's total cash and cash equivalents at 31 December 2019, 100% of cash is held with financial institutions in the A or higher category of Standard & Poor's and Moody's. For other financial assets there is no material levels of concentrations of credit risk.

Liquidity risk

The Group's policy in relation to liquidity and cash flow risk is to ensure sufficient resources are available from cash balances or cash flows so that all obligations can be met when they fall due. To achieve this, the Group operates a demand deposit account for excess cash, as it is continuously redeveloping and incurring capital expenditure on service stations, and managing working capital peaks and troughs for trading seasonality and timing of payments.

Management monitors rolling forecasts of the Group's liquidity reserves (comprising the undrawn borrowings facilities) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

23. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December 2019 and 31 December 2018, based on contractual undiscounted payments, including interest:

2019	<1 Year €000	1–2 Years €000	2–5 Years €000	>5 Years €000	Total €000
Bank loans and overdrafts	41,878	40,292	234,755	430,741	747,666
Eurobonds	-	104,945	-	-	104,945
Derivative financial instruments	-	-	-	3,028	3,028
Leases	77,236	78,400	235,010	856,159	1,246,805
Trade payables	285,224	-	-	-	285,224
Other creditors	9,016	1,217	3,658	1,689	15,580
Amounts due to related parties	1,000	-	-	-	1,000
	414,354	224,854	473,423	1,291,617	2,404,248

2018	<1 Year €000	1–2 Years €000	2–5 Years €000	>5 Years €000	Total €000
Bank loans and overdrafts	21,607	50,688	638,019	16,691	727,005
Eurobonds	-	-	97,003	-	97,003
Derivative financial instruments	-	-	-	-	-
Leases	2,510	2,434	6,867	41,155	52,966
Trade payables	245,704	-	-	-	245,704
Other creditors	10,764	3,010	4,592	6,406	24,772
Amounts due to related parties	285	-	-	-	285
	280,870	56,132	746,481	64,252	1,147,735

Commodity price risk management

The Group is exposed to commodity cost risk in its fuel retail businesses. Market dynamics are such that these commodity cost price movements are reflected in oil commodity sales prices within a short period. However, the Group's exposure is considered minimal as a natural hedge is in place between the purchase price of the commodity from suppliers and the ultimate resale to customers. The Group does not use hedging instruments to manage commodity price risk.

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.

In order to maintain or adjust the capital structure, the Group may issue new shares or buy back existing shares, increase or reduce debt or sell assets. The Group includes borrowings in its measure of capital. The Group's borrowings are subject to covenants which have been complied with throughout the year.

The policy for net debt is to ensure a structure of longer term debt funding and cash balances with deposit maturities up to three months.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

23. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The capital structure of the Group, which includes equity and net debt, may be summarised as follows:

	2019 €000	2018 (restated) €000
Total borrowings (note 20)	1,439,813	708,434
Less: cash and cash equivalents (note 19)	(138,720)	(121,981)
Net debt	1,301,093	586,453
Total equity (restated)	153,408	278,803
Total capital	**1,454,501**	**865,256**

Fair value hierarchy

	2019 €000	2018 €000
Fair value measurement		
Derivative financial instruments		
(Liability)/asset at fair value through other comprehensive income	(3,028)	461

The fair value of the derivative instruments set out above has been measured in accordance with Level 2 of the fair value hierarchy. All are plain derivative instruments, valued within reference to observable interest rates.

Cash flow hedging

The Group principally utilises interest rate swaps to swap its variable rate debt into fixed rates. These swaps are designated as cash flow hedges and are set to closely match the critical terms of the underlying debt being hedged. They have accordingly been determined by the Group to be highly effective in achieving offsetting cash flows for its variable rate debt.

Hedge ineffectiveness for interest rate swaps may occur due to:

- the effect of the counterparty's and the Group's own credit risk of the swaps which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in the hedged risk;
- changes in the contractual terms or timing of payments on the hedged item; or
- the fair value of the hedging instrument on the hedge relationship designation date (if not zero).

There were no material levels of ineffectiveness in relation to the interest rate swaps in 2019 or 2018. Amounts accounted for in the cash flow hedging reserve in respect of these swaps during the current and preceding periods have been set out in the Consolidated Statement of Comprehensive Income. These fair value gains and losses are expected to impact on the consolidated income statement over the period from 2019 to 2026, in line with the underlying debt being hedged.

Derivatives are only used for economic hedging purposes and not as speculative investments.

The Group's accounting policy for its cash flow hedges is set out in note 2.3

24. MOVEMENTS OF LIABILITIES WITHIN CASH FLOWS ARISING FROM FINANCING ACTIVITIES AND NET DEBT RECONCILIATIONS

	Bank loans €000	Eurobonds €000	Lease liabilities €000	Liabilities arising from financing activities €000	Cash and cash equivalents €000	Net debt €000
At 01 January 2019	**(606,630)**	**(79,549)**	**(21,792)**	**(707,971)**	**121,518**	**(586,453)**
Adjustment from adoption of IFRS 16 (note 4)	-	-	(639,835)	(639,835)	-	(639,835)
Adjusted balance at 01 January 2019	**(606,630)**	**(79,549)**	**(661,627)**	**(1,347,806)**	**121,518**	**(1,226,288)**
Cash flows	(15,847)	4,065	23,123	11,341	12,228	23,569
Other non-cash movements	5,594	(10,804)	(43,596)	(48,806)	-	(48,806)
Translation adjustment	(25,174)	(4,303)	(25,065)	(54,542)	4,974	(49,568)
At 31 December 2019	**(642,057)**	**(90,591)**	**(707,165)**	**(1,439,813)**	**138,720**	**(1,301,093)**

	Bank loans €000	Eurobonds €000	Lease liabilities €000	Liabilities arising from financing activities €000	Cash and cash equivalents €000	Net debt €000
At 01 January 2018	**(64,435)**	**-**	**(3,242)**	**(67,677)**	**57,482**	**(10,195)**
Acquisitions (note 27)	(500,632)	(79,268)	(19,690)	(599,590)	135,218	(464,372)
Cash flows	(63,431)	-	1,258	(62,173)	(70,903)	(133,076)
Other non-cash movements	16,905	(1,165)	(345)	15,395	-	15,395
Translation adjustment	4,963	884	227	6,074	(279)	5,795
At 31 December 2018	**(606,630)**	**(79,549)**	**(21,792)**	**(707,971)**	**121,518**	**(586,453)**

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

25. SHARE CAPITAL

	Ordinary No.	€
Authorised shares of €0.01 each		
At 31 December 2018	1,000,000,000	10,000,000
At 31 December 2019	1,000,000,000	10,000,000
Called up, issued and fully paid shares of €0.01 each		
At 01 January 2018	91,558,158	915,852
Allotted	29,057,895	290,579
At 01 January 2019	120,616,053	1,206,161
Allotted	55,000	550
At 31 December 2019	120,671,053	1,206,711

The holders of ordinary shares are entitled to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. Ordinary shareholders also have the right to receive notice of and attend and vote at all general meetings of the Company and they are entitled, on a poll or a show of hands, to one vote for every ordinary share they hold. Votes at general meetings may be given either personally or by proxy. Subject to the Companies Acts and any special rights or restrictions as to voting attached to any shares, on a show of hands every member who (being an individual) is present in person and every proxy and every member (being a corporation) who is present by a representative duly authorised, shall have one vote, so, that no individual shall have more than one vote for every share carrying voting rights and on a poll every member present in person or by proxy shall have one vote for every share of which they are the holder.

2019

55,000 share options were exercised during 2019. Share premium of €0.1 million was recorded on these shares.

2018

During 2018, the Company issued 28,782,895 ordinary shares of €0.01 at an issue price of €6.08/£5.43 per share, resulting in gross proceeds of €176 million. Share premium of €175.4 million was recorded on these shares. Directly attributable issue costs of €6.2 million have been deducted from retained earnings.

275,000 share options were exercised during 2018. Share premium of €0.4 million was recorded on these shares.

26. RESERVES

	Share premium €000	Capital contribution €000	Cash flow hedge reserve €000	Merger reserve €000	Foreign currency translation reserve €000	Share based payment reserve €000	Retained earnings €000	Total €000
At 01 January 2019 (as previously reported)	366,240	512	(274)	(65,537)	(8,392)	9,792	57,714	360,055
Adjustment from adoption of IFRS 16 (note 4)	-	-	-	-	-	-	(96,785)	(96,785)
Adjusted balance at 01 January 2019	366,240	512	(274)	(65,537)	(8,392)	9,792	(39,071)	263,270
Profit for the year	-	-	-	-	-	-	21,539	21,539
Other comprehensive income	-	-	(650)	-	1,783	-	80	1,213
Share based payments	-	-	-	-	-	1,011	-	1,011
Deferred tax on share based payments	-	-	-	-	-	(426)	-	(426)
Issue of ordinary share capital (note 25)	74	-	-	-	-	-	-	74
Dividends	-	-	-	-	-	-	(1,898)	(1,898)
At 31 December 2019	366,314	512	(924)	(65,537)	(6,609)	10,377	(19,350)	284,783
At 01 January 2018 (as previously reported)	190,464	512	-	(65,537)	(6,818)	8,181	53,591	180,393
Adjustment from adoption of IFRS 9	-	-	-	-	-	-	(1,485)	(1,485)
Adjusted balance at 01 January 2018	190,464	512	-	(65,537)	(6,818)	8,181	52,106	178,908
Profit for the year	-	-	-	-	-	-	13,272	13,272
Other comprehensive income	-	-	(274)	-	(1,574)	-	(160)	(2,008)
Share based payments	-	-	-	-	-	1,077	-	1,077
Deferred tax on share based payments	-	-	-	-	-	534	-	534
Issue of ordinary share capital (note 25)	175,776	-	-	-	-	-	(6,193)	169,583
Dividends	-	-	-	-	-	-	(1,311)	(1,311)
At 31 December 2018	366,240	512	(274)	(65,537)	(8,392)	9,792	57,714	360,055

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

26. RESERVES (CONTINUED)

Capital contribution
The capital contribution relates to a payment made to the Group in respect of a bonus payment to employees made by the largest shareholder in 2015. The award was treated as a short term employee benefit (once committed, the employee had no further service to earn the award) of the Applegreen Group resulting in a charge (current year employee expense) to the Consolidated Income Statement in respect of the year ended 31 December 2015 and a corresponding credit to a capital contribution in equity.

Cash flow hedge reserve
This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (net of tax) related to floating rate debt which has been swapped into fixed interest using interest rate swaps on certain of the Group's borrowings.

Merger Reserve
On 01 January 2011, as part of a reorganisation of the group structure, the shareholders' interests in Petrogas Group Limited (PGL) and Applegreen Service Areas Limited (ASA) were combined in Applegreen plc. Immediately following this arrangement, the former shareholders of PGL and ASA held the same economic interest in Applegreen plc as they held in PGL and ASA immediately prior to its implementation. The Group adopted predecessor accounting to reflect this transaction in the Group financial statements under Irish GAAP in 2011. The effect of the arrangement was to increase share premium by €66.3m and create a merger reserve of €(65.5)m.

This transaction resulted in the combining of businesses under common control. IFRS 3 'Business Combinations' defines such an arrangement as a business combination in which all of the combining businesses are ultimately controlled by the same party or parties before and after the business combination. Common control transactions of this nature fall outside the scope of IFRS 3 and consequently the Directors have adopted the same accounting policy of predecessor accounting under IFRS as was adopted under Irish GAAP and explained above. Consequently no adjustments arose in respect of this transaction on transition to IFRS at 01 January 2012.

Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign currency translation adjustments arising from the translation of the Group's net investment in foreign operations including quasi equity. It also includes foreign currency translation adjustments arising from the translation of financial liabilities designated as a hedge of a net investment in a foreign operation.

Share-based payment reserve
This reserve represents the amounts credited to equity in relation to the share-based payment expense and related deferred tax recognised in the Consolidated Income Statement.

27. BUSINESS COMBINATIONS

On 31 October 2018, Applegreen acquired a 55.02% majority stake in Welcome Break from NIBC Infrastructure Fund. As part of the transaction, Applegreen sold an 8.6% shareholding in Welcome Break to AIP, the sole other current shareholder of Welcome Break. Applegreen also transferred some of its UK MSA and TRSA assets, as well as development pipeline assets to Welcome Break.
The net impact of transactions resulted in Applegreen ultimately holding a 50.01% shareholding in Welcome Break and management control.

As part of the transaction, Applegreen not only acquired the shares in Appia Group Limited (ultimate parent of Welcome Break) but also unsecured subordinated Eurobonds fixed rate notes. Eurobonds are unsecured loans that are required to be held by the shareholders in Welcome Break in the same proportion to their respective shareholdings in the Welcome Break Group as per the share purchase agreement executed on 31 October 2018.

During 2018, the Group performed an initial assignment of fair values to identifiable net assets acquired on a provisional basis given the proximity of the acquisition to year-end. The Group finalised these during 2019 within the twelve month timeframe from the date of acquisition, as stipulated by IFRS 3.

The fair value of the identifiable asset and liabilities acquired, as previously reported and subsequently adjusted is summarised in the table below:

	As previously reported €000	Adjustments to provisional Fair value €000	2018 (restated) €000
Non-current assets			
Intangible assets	34,826	-	34,826
Property, plant and equipment	252,712	(6,579)	246,133
Deferred tax asset	12,144	(2,319)	9,825
Current assets			
Inventories	13,990	-	13,990
Cash and cash equivalents	135,218	-	135,218
Trade and other receivables	27,870	-	27,870
Current liabilities			
Trade and other payables	(63,490)	-	(63,490)
Provisions	(1,086)	-	(1,086)
Non-current liabilities			
Borrowings	(500,632)	-	(500,632)
Eurobonds	(79,268)	-	(79,268)
Deferred tax liabilities	(32,768)	4,113	(28,655)
Other long-term liabilities	(8,463)	-	(8,463)
Total identifiable assets	**(208,947)**	**(4,785)**	**(213,732)**
Goodwill	435,610	2,393	438,003
Non-controlling interest	78,744	2,392	81,136
Total equity consideration	**305,407**	**-**	**305,407**
Satisfied by:			
Total cash consideration	305,407	-	305,407
	305,407	**-**	**305,407**

Non-controlling interest was measured as 49.99% of total identifiable assets adjusted for fair value measurements at 31 October 2018.

The principal factors contributing to the recognition of goodwill on the Welcome Break acquisition are the realisation of synergies and the creation of scale in the UK while deepening the Group's exposure to non-fuel food and beverages earnings.

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28. RESTATEMENT OF PRIOR PERIODS

IFRS 3, Business Combinations

As per note 27, on 31 October 2018, the Group acquired 50.01% of the Welcome Break group. The provisional fair values of the identifiable assets and liabilities were reassessed in 2019, to reflect information which became available concerning conditions that existed at the date of acquisition, in accordance with IFRS 3, Business Combinations. Adjustments made to fair values previously reported have been retrospectively restated. The fair value of the identifiable asset and liabilities acquired, as previously reported and subsequently adjusted is summarised in the table below:

	As previously stated	IFRS 3 adjustments	2018 (restated)
ASSETS	€000	€000	€000
Non-current assets			
Intangible assets	492,752	2,393	495,145
Property, plant and equipment	583,360	(6,579)	576,781
Investment in joint venture	1,000	-	1,000
Trade and other receivables	463	-	463
Derivative financial instruments	461	-	461
Deferred income tax asset	16,926	(2,319)	14,607
Current assets			
Inventories	57,375	-	57,375
Trade and other receivables	57,687	-	57,687
Current income tax receivables	560	-	560
Cash and cash equivalents	121,981	-	121,981
Total assets	1,332,565	(6,505)	1,326,060
EQUITY AND LIABILITIES			
Issued share capital	1,206	-	1,206
Share premium	366,240	-	366,240
Capital contribution	512	-	512
Cash flow hedge reserve	(274)	-	(274)
Merger reserve	(65,537)	-	(65,537)
Currency translation reserve	(8,392)	-	(8,392)
Share based payment reserve	9,792	-	9,792
Retained earnings	57,714	-	57,714
Non-controlling interest	(80,066)	(2,392)	(82,458)
Non-current liabilities			
Trade and other payables	14,008	-	14,008
Borrowings	701,850	-	701,850
Employee benefits	113	-	113
Deferred income tax liabilities	39,278	(4,113)	35,165
Current liabilities			
Trade and other payables	282,711	-	282,711
Borrowings	6,584	-	6,584
Provisions	4,313	-	4,313
Current income tax liabilities	2,513	-	2,513
Total equity and liabilities	1,332,565	(6,505)	1,326,060

There was no impact on the consolidated income statement or the consolidated statement of cash flows.

29. NON-CONTROLLING INTEREST

	€000
At 01 January 2019 (restated)	82,458
Adjustment from adoption of IFRS 16 (note 4)	63,695
Adjusted balance at 01 January 2019	146,153
Profit for the year attributable to non-controlling interest	(9,422)
Share of other comprehensive income	570
Investment by non-controlling interest	(16,222)
Dividends to non-controlling interest	11,503
At 31 December 2019	132,582

	€000
At 01 January 2018	-
Arising on acquisition (restated) (note 27)	81,136
Loss for the year attributable to non-controlling interest	1,122
Share of other comprehensive income	434
Dividends to non-controlling interest	631
Translation adjustment	(865)
At 31 December 2018 (restated)	82,458

In 2018, the Group acquired 50.01% of the ordinary share capital of Welcome Break, a UK company. As part of the acquisition, the Group recognised the 49.99% non-controlling interest of €81 million. Further details are provided in note 27. The profit allocated to the non-controlling interest of this subsidiary in the Group's financial statement is €9.4 million (2018: loss of €1.1 million).

In 2019, the Group and the non-controlling interest increased their investment in the Welcome Break group. 6.8 million new shares were issued at a share premium of €24.5 million along with Eurobonds of €6.5 million. Both before and after the above transaction, the shareholding remained at 50.01% and 49.99% respectively.

The Group also paid non-controlling dividends of €11.5 million. The amount paid to the Group has been eliminated on consolidation.

Set out below is the summarised financial information of the subsidiary that has non-controlling interest and is material to the Group.

	2019 €000	2018 (restated) €000
Summarised statement of financial position		
Non-current assets	1,186,966	846,752
Non-current liabilities	(972,623)	(571,234)
Non-current net assets	214,343	275,518
Current assets	87,757	81,633
Current liabilities	(115,022)	(89,678)
Current net liabilities	(27,265)	(8,045)
Net assets	187,078	267,473
Accumulated non-controlling interest	132,582	82,458
Profit/(loss) before tax for the period	13,135	(4,073)
Dividends payable to non-controlling interest	11,503	631
Net decrease in cash and cash equivalents	(24,108)	(75,093)

Included in the summarised statement of financial position are:

- intercompany balances applicable to non-controlling interests which are eliminated in full on consolidation; and
- the gross amount of Eurobonds. On consolidation the investment in Eurobonds are netted against the financial liability.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

30. LEASES

The Consolidated Statement of Financial Position includes the following amounts relating to leases:

Right-of-use assets	2019 €000	01 January 2019* €000
Properties	483,410	460,017
Plant and equipment	433	466
Fixtures, fittings and motor vehicles	1,791	2,853
Computer hardware and software	250	364
	485,884	463,700

The Group presents lease assets in the line item 'property, plant and equipment' in the Consolidated Statement of Financial Position.

Lease liabilities	2019 €000	01 January 2019* €000
Properties	705,620	659,090
Plant and equipment	279	284
Fixtures, fittings and motor vehicles	948	1,793
Computer hardware and software	318	460
	707,165	661,627
Split as follows:		
Current	25,649	20,943
Non-current	681,516	640,684
	707,165	661,627

The Group presents lease liabilities in the line item 'Borrowings' in the Consolidated Statement of Financial Position

* In 2018, the Group recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 only. For adjustments recognised on adoption of IFRS 16 on 01 January 2019, please refer to note 4.

Additions to the right-of-use assets during 2019 were €41.9 million.

30. LEASES (CONTINUED)

Amounts recognised in the Consolidated Income Statement

The Consolidated Statement of Financial Position includes the following amounts relating to leases:

	Year to 31 December 2019 €000
Depreciation charge:	
Right-of-use assets (1)	33,551
Finance costs:	
Interest expense on lease liabilities	51,109
Expenses:	
Expenses relating to short-term leases	461
Expenses relating to leases of low-value assets	390
Expenses relating to variable lease payments not included in the lease liabilities	1,089
	1,940

(1) Right-of-use depreciation charge is split as follows:

	Year to 31 December 2019 €000
Properties	32,090
Plant and equipment	32
Fixtures, fittings and motor vehicles	1,278
Computer hardware and software	151
	33,551

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Leasing activities

The Group enters into leases for a range of assets, principally relating to property. These property leases, which consist of sites and office buildings, have varying terms, renewal rights and escalation clauses, including periodic rent reviews. The Group also leases vehicles which include motor vehicles for management and trucks for distribution.

Extension and termination options

Extension and termination options are included in a number of property leases throughout the Group. They are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

30. LEASES (CONTINUED)

In determining whether a renewal or termination option will be taken, the following factors are normally the most relevant:

- The future of the petrol filling stations and future developments;
- If there are significant penalties to terminate (or not to extend), the Group is typically reasonably certain to extend (or not terminate);
- If leasehold improvements are expected to have a significant remaining value, when the option becomes exercisable, the Group is typically reasonably certain to extend (or not to terminate);
- Strategic importance of the asset to the Group;
- Past practice; and
- Costs and business disruption to replace the asset.

The lease term is reassessed if an option is exercised (or not exercised) and this decision has not already been reflected in the lease term as part of a previous determination. The assessment of reasonable certainty is revised only if a significant change in circumstances occurs, which affects this assessment, and this is within the control of the lessee.

Comparative lease disclosures under IAS 17

Operating lease commitments

Future minimum lease payments under non-cancellable operating leases were as follows:

Land and buildings	2018 €000
Due within one year	70,032
Due after one year but not more than five years	303,626
Due after five years	791,800
Total operating lease commitments	1,165,458

The Group leased properties, plant and equipment and vehicles under operating leases. The leases had various terms, escalation clauses and renewal rights.

Finance lease commitment

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments were as follows:

	2018 Minimum payments €000	2018 Present value €000
Within one year	2,510	714
Between two and five years	9,301	2,619
More than five years	41,155	18,459
	52,966	21,792
Amounts allocated to future finance costs	(31,174)	-
Present value of minimum lease payments	21,792	21,792

31. RELATED PARTY DISCLOSURES

A – Key management personnel

Compensation of key management personnel is as follows:

	2019 €000	2018 €000
Short term employee benefits	1,720	1,652
Post-employment benefits	61	56
Share based payments	267	537
	2,048	2,245

For the purposes of the disclosure requirements of IAS 24, the term "key management personnel" (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Group) comprises the Board of Directors.

B – Transactions with directors

The Group's largest shareholder is B&J Holdings Limited (incorporated in Malta), which owns 41.3% of the Company's shares. This company is owned by Joseph Barrett and Robert Etchingham who hold 100% of the shares in B&J Holdings Limited.

Directors' interest in share options

Information on directors' share options to subscribe for ordinary shares of the Company are set out below:

	Options held at 31 December 2018	Granted during 2019	Exercised during 2019	Options held at 31 December 2019
Joe Barrett	100,000	300,000	-	400,000
Niall Dolan	550,000	300,000	-	850,000

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

31. RELATED PARTY DISCLOSURES (CONTINUED)

C – Joint ventures

Superstop Limited is a consortium between Petrogas Group Limited and Tedcastles Oil Products Limited. The consortium was awarded the public-private partnership contract to design, build, maintain and operate six motorway service areas in Ireland by Transport Infrastructure Ireland (TII). This is treated as a joint venture in the Group financial statements. Petrogas Group Limited hold unsecured loan notes in Superstop (Holdings) Limited of €3.1 million. For details of the Group's investment in its joint venture, see note 15.

Details of amounts owed to and by the Group at the year-end net of impairment provisions are as follows:

	2019 €000	2018 €000
Trade and other receivables		
Interest receivable on loan notes (1)	-	-
Operating and maintenance advance (2)	-	-
Maintenance works (3)	-	118
	-	118
Trade and other payables		
Commission payable (4)	1,000	285

(1) Interest receivable on the unsecured loan note of €3.1 million (2018: €3.1 million). At the year end, an amount of €1 million (2018: €1 million) is outstanding with a corresponding impairment provision against this.

(2) This is an advancement of €0.1 million to Superstop Limited as per the terms of the operating and maintenance agreement. An impairment provision has been booked against this.

(3) Selling and distribution costs include a credit of €0.1 million (2018: €0.1 million) receivable from Superstop Limited for maintenance work carried out by the Group at the motorway service areas. The Group also purchased assets on behalf of Superstop Limited in accordance with the Lifecycle Costs agreement. These costs were recharged back to Superstop Limited.

(4) Included in cost of sales is an amount of €5 million (2018: €5.2 million) paid to Superstop Limited, a wholly owned subsidiary of Superstop (Holdings) Limited, in respect of commission due from the Group for the operation of Motorway Service Areas. At 31 December 2019 there was a balance of €1 million (2018: €0.3 million) due to Superstop Limited.

D – Associates

On 01 October 2019, the Group acquired a 40% holding in JLIF Holdings (Project Service) US, Inc and entered into a consortium shareholder agreement with IST3 Investment Foundation and TD Greystone Asset Management. The principal activity of the associate is the operation of 23 service plazas along the I-95, I-395 and Route 15 highways in the State of Connecticut. See note 16 for further details.

During the year, the Group invoiced €0.7 million to its associate; €0.6 million in relation to acquisition costs and €0.1 million for management fees. This amount remains outstanding at the year end.

31. RELATED PARTY DISCLOSURES (CONTINUED)

E – Subsidiaries

The Company's subsidiary companies, which (except where indicated) are incorporated in Ireland and have their registered office at Block 17, Joyce Way, Parkwest, Dublin 12, the principal activities and the changes, where applicable, during the financial period, as required by the Companies Act 2014, are set out below:

Republic of Ireland

Subsidiary	Principal activity	2019
Petrogas Holdings Limited	Holding company	100%
Petrogas Group Limited	Operation of service stations	100%
Applegreen Service Areas Limited	Operation of service stations	100%
Petrogas Brands Limited	Licencing of intellectual property	100%
Applegreen BK Limited	Franchise holder	100%
Applegreen Cafe Limited	Franchise holder	100%
Petrogas International Limited	Not operating	100%
Petrogas Facilities Limited	Holding company	100%
Applegreen Finance (Ireland) DAC	Treasury company	100%

The Netherlands

Subsidiary	Principal activity	2019
Petrogas Services B.V. (i)	Licencing of intellectual property	100%

United Kingdom

Subsidiary	Principal activity	2019
Petrogas Holdings UK Limited (ii)	Holding company	100%
Petrogas Group UK Limited (ii)	Operation of service stations	100%
Petrogas Western Limited (ii)	Not operating	100%
Petrogas Group NI Limited (iii)	Operation of service stations	50.01%
Applegreen Service Areas NI Limited (iv)	Operation of service stations	50.01%
Applegreen BK (NI) Limited (iv)	Franchise holder	50.01%
BMC Petroleum Limited (ii)	Dormant company	100%
MCM Forecourts Limited (ii)	Dormant company	100%
Wyboston Service Station Limited (ii)	Dormant company	100%
Cromwell Service Station Limited (ii)	Dormant company	100%
Muskham Services Limited (ii)	Dormant company	100%
Casterton Hill Service Station Limited (ii)	Dormant company	100%
MCM Sandwiches Limited (ii)	Dormant company	100%
Appia Group Limited (v)	Holding company	50.01%
Appia Europe Limited (v)	Holding company	50.01%
Iver Motorway Service Area Limited (v)	Holding company	50.01%
Welcome Break Holdings Limited (v)	Holding company	50.01%
Welcome Break Holdings (2) Limited (v)	Holding company	50.01%
Welcome Break Finance (2) Limited (v)	Dormant company	50.01%
Welcome Break Finance (3) Limited (v)	Dormant company	50.01%
Welcome Break Services Limited (v)	Hospitality	50.01%
Welcome Break No. 2 Limited (v)	Dormant company	50.01%
Welcome Break No. 1 Limited (v)	Dormant company	50.01%
Welcome Break Holdings (1) Limited (v)	Holding company	50.01%
Welcome Break Group Limited (v)	Hospitality	50.01%

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

31. RELATED PARTY DISCLOSURES (CONTINUED)

E – Subsidiaries (continued)

United Kingdom (continued)

Subsidiary (continued)	Principal activity	2019
Welcome Break Limited (v)	Hospitality	50.01%
Motorway Services Limited (v)	Hospitality	45.86%
Welcome Break KFC Limited (v)	Dormant company	50.01%
Welcome Break Coffee Primo Limited (v)	Dormant company	50.01%
Welcome Break KFC Starbucks Limited (v)	Dormant company	50.01%
Welcome Break Birchanger Limited (v)	Dormant company	50.01%
Welcome Break Burger King Limited (v)	Dormant company	50.01%
Welcome Break Waitrose Limited (v)	Dormant company	50.01%
Welcome Break McDonald's Limited (v)	Dormant company	50.01%
Coffee Primo Burger King Limited (v)	Dormant company	50.01%
Welcome Break Waitrose KFC Limited (v)	Dormant company	50.01%
Welcome Break Starbucks Waitrose KFC Limited (v)	Dormant company	50.01%
Welcome Break Starbucks Burger King Limited (v)	Dormant company	50.01%
Welcome Break Starbucks McDonald's Limited (v)	Dormant company	50.01%
Welcome Break Starbucks Waitrose Burger King Limited (v)	Dormant company	50.01%
Starbucks Coffee Burger King Limited (v)	Dormant company	50.01%
Starbucks Coffee KFC Limited (v)	Dormant company	50.01%
Starbucks Coffee McDonald's Limited (v)	Dormant company	50.01%
Starbucks Coffee Waitrose Limited (v)	Dormant company	50.01%
Starbucks Coffee Waitrose KFC Limited (v)	Dormant company	50.01%
Starbucks Coffee McDonald's Waitrose Limited (v)	Dormant company	50.01%
Welcome Break Gretna Green Partnership (v)	Hospitality	50.01%

United States of America

Subsidiary	Principal activity	2019
Petrogas Group US Inc (vi)	Operation of service stations	100%
Petrogas Group New England Inc (vi)	Operation of service stations	100%
Petrogas Group South Carolina, LLC (vii)	Operation of service stations	100%
Petrogas Group South Carolina (SUB) LLC (vii)	Franchise holder	100%
Petrogas Group South Carolina (FTG) LLC (vii)	Franchise operator	100%
Petrogas Group New England (FTG) LLC (vii)	Not operating	100%
Applegreen Florida LLC (vii)	Operation of service stations	100%
Applegreen Florida (sub) LLC (vii)	Franchise operator	100%
Applegreen Management US LLC (vii)	Service provider	100%
Applegreen Midwest LLC (vii)	Operation of service stations	100%

(i) The registered office of Petrogas Services B.V. is Paasheuvelweg 16, 1105 BH Amsterdam, Zuidoost, Netherlands.
(ii) The registered office of these companies is 200 Strand Road, London WC2R 1DJ, United Kingdom.
(iii) The registered office of this company is 1 Lanyon Quay, Belfast BT1 3LG, Northern Ireland.
(iv) The registered office of these companies is 50 Bedford Street, Belfast BT2 7FW, Northern Ireland.
(v) The registered office of these companies is 2 Vantage Court, Tickford Street, Newport Pagnell, Buckinghamshire MK 16 9EZ, United Kingdom.
(vi) The registered office of these companies is 3500 South Dupont Highway, Dover, Kent, DE 19901, USA.
(vii) The registered office of these companies is 251 Little Falls Drive, Wilmington, New Castle, Delaware 19808, USA.

Shares in Petrogas Holdings Limited are held directly by Applegreen plc. Shares in Petrogas Facilities Limited are hold by both Applegreen plc and Petrogas Holdings Limited. Shares in the other subsidiaries are held directly or indirectly by Petrogas Holdings Limited. All of the above companies have been included in the Group consolidation.

32. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates a number of defined contribution pension plans in Ireland and the UK and separately a defined benefit plan in the UK. Under the defined contribution scheme, the Group has no further payment obligations once contributions have been paid. Contributions are recognised as an employee benefit expense in the Consolidated Income Statement in the periods during which the related services are received. The expense for the defined contribution pension plan for the year was €3.1 million (2018: €0.9 million).

Welcome Break Group Limited is the sponsoring employer of and has legal responsibility for the defined benefit plan.

The level of benefits provided from the defined benefit plan depends on members' length of service and their compensation. The defined benefit plan is administered by Trustees that are legally separate from the Group. Trustees of pension schemes are required by law to act in the best interest of scheme members and are responsible for setting certain policies, such as investment and contribution policies, and governance of the schemes. The Trustees include representatives of the sponsoring employer and plan participants.

The valuation used has been based on the most recent actuarial valuation at 31 December 2019 by a qualified independent actuary to take account of the requirements of IAS 19.

The plan closed to future accrual for defined benefits on 09 January 2011. As members are no longer accruing further defined benefits, there is no current service cost.

Any surplus in the defined benefit plan at the Consolidated Statement of Financial Position date is recognised on the basis that future economic benefits would be available to the Group in the form of an eventual cash refund were the pension scheme to be wound up.

Scheme liabilities are estimated using the projected unit credit method. Under this method each participant's benefits under the plan are attributed to years of service, taking into consideration future increases and the plan's benefit allocation formula. The scheme liability is the present value of the individuals' attributed benefits for valuation purposes at the measurement date, and the service cost is the total present value of the individuals' benefits attributable to service during the year.

Scheme assets are stated at their fair value at the Consolidated Statement of Financial Position dates as provided by the plan's investment consultants.

The following is a summary of the Group's employee benefit obligations and their related funding status:

	2019 €000	2018 €000
Present value of funded obligations	(51,401)	(44,080)
Fair value of plan assets	52,973	43,967
Net pension asset/(liability)	**1,572**	**(113)**

Movement in present value of defined benefit obligation:

	2019 €000	2018 €000
At 01 January	(44,080)	-
Acquisitions	-	(43,788)
Interest cost	(1,218)	(192)
Past service costs	-	(681)
Actuarial (loss)/gain	(4,596)	260
Benefits paid	916	321
Translation adjustment	(2,423)	-
At 31 December	**(51,401)**	**(44,080)**

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

32. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Movement in fair value of plan assets:	2019 €000	2018 €000
At 01 January	43,967	-
Acquisitions	-	43,771
Interest income on plan assets	952	-
Return on plan assets (excluding amounts in interest income)	5,035	(601)
Contributions by employer	1,466	1,118
Benefits paid	(916)	(321)
Translation adjustment	2,469	-
At 31 December	52,973	43,967

Composition of fair value of plan assets:		
Equity securities	21,535	25,122
Debt securities	29,805	17,087
Other	1,633	1,758
Total fair value of plan assets	52,973	43,967

Fair value of plan assets	52,973	43,967
Present value of plan liabilities	(51,401)	(44,080)
Net pension scheme asset/(liability)	1,572	(113)

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	2019 €000	2018 €000
Interest income on plan assets	952	-
Interest cost	(1,218)	(192)
Net interest cost on net pension liability	(266)	(192)

Analysis of actuarial (losses) recognised in the Consolidated Statement of Comprehensive Income:		
Return on plan assets (excluding amounts in interest income)	5,035	(601)
Actuarial (loss)/gain due to experience adjustments	(876)	1,016
Actuarial loss due to changes in financial assumptions	(4,043)	(773)
Actuarial gain due to changes in demographic assumptions	323	18
Total profit/(loss) recognised in the Consolidated Statement of Comprehensive Income	439	(340)

32. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Maturity analysis

The expected maturity analysis is set out in the table below:

	Projected amounts	
	2019 €000	2018 €000
Expected benefit payments:		
Financial period 2020	902	1,030
Financial period 2021	921	1,054
Financial periods 2022 – 2024	2,884	3,322

The weighted average duration of the defined benefit obligation at 31 December 2019 is 15 years (31 December 2018: 15 years).

The Group is committed to pay a further €0.4 million payment into the defined benefit scheme during the year to 31 December 2020.

Principal actuarial assumptions at the balance sheet date are as follows:

	2019 %	2018 %
Weighted-average assumptions to determine defined benefit obligation		
Discount rate	2.10	2.75
Pensions in payment increase rate	2.25	2.25
Retail price inflation	2.80	3.20
Assumed life expectancies on retirement at age 65		
Retiring today (male member age 65)	22.6	22.8
Retiring in 20 years (male member age 45 today)	24.0	24.2
Retiring today (female member age 65)	24.5	24.7
Retiring in 20 years (female member age 45 today)	26.1	26.3

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

32. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis

The following table illustrates the key sensitivities to the amounts included in the consolidated financial statements which would arise from adjusting certain key actuarial assumptions. The sensitivity of the defined benefit obligation to changes in actuarial assumptions has been calculated using the projected credit method, which is the same method used to calculate the pension liability in the Consolidated Statement of Financial Position. The methods and assumptions used in preparing the sensitivity analysis have not changed compared to the prior year. In each case all of the other assumptions remain unchanged:

Increase/(decrease) in pension liabilities Change in assumption:	2019 €000	2018 €000
Increase discount rate by 0.25%	(1,875)	(1,631)
Decrease discount rate by 0.25%	1,997	1,666
Increase inflation rate by 0.25%	1,589	1,530
Decrease inflation rate by 0.25%	(1,395)	(1,514)
Increase in life expectancy by one year	1,390	1,066

The sensitivity information shown above has been determined by performing calculations of the liabilities using different assumptions on a stand alone-basis.

Analysis of plan assets and liabilities

	2019 €000	2018 €000
Equities	21,535	25,122
Corporate bonds	4,080	1,470
Government bonds	5,840	8,635
Cash	1,633	1,758
Liability driven investments	19,885	6,982
Fair value of plan assets	**52,973**	**43,967**

Employee benefit plan risks

The employee benefit plan exposes the Group to a number of risks, the most significant of which are:

Asset volatility:	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to equities is monitored to ensure it remains appropriate given the plans' long-term objectives.
Changes in bond yields:	A decrease in corporate bond yields will increase the value placed on the plans' liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Inflation risk:	The plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation could create a deficit.
Life expectancy:	The majority of the plans' obligations are to provide benefits based on the life of the member, so increases in life expectancy will result in an increase in the liabilities.

33. SHARE BASED PAYMENT PLANS

Long Term Incentive Plan (LTIP) - 2014 Share Option Scheme

The Group operates an equity-settled, share-based compensation plan, under which subsidiaries receive services from employees as consideration for equity instruments (options) of the Group. The share options are granted to directors and selected employees. The options are granted with a fixed exercise price which is determined firstly based on the implied market value per share of the Company at the grant date of the options and secondly based on the tenure of the employee. Part of the share options vested when the Company's shares became publicly traded. The remainder vested three years after the date of grant. Employees are required to remain in employment with the Group until the options become exercisable. The options expire seven years after the date of grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The expense recognised for this plan for the year is shown in the following table:

	2019 €000	2018 €000
Expense arising from equity settled transactions	-	2
Expense arising from cash settled transactions	-	-
Total expense arising for share based payments	**-**	**2**

Movements in share option schemes during the year

	No. of share options	Weighted average exercise price €
At 01 January 2018	1,645,000	1.30
Exercised during the year	(275,000)	1.38
Outstanding 01 January 2019	**1,370,000**	**1.28**
Exercised during the year	(55,000)	1.36
Outstanding 31 December 2019	**1,315,000**	**1.28**
Vested and exercisable 31 December 2018	**1,370,000**	**1.28**
Vested and exercisable 31 December 2019	**1,315,000**	**1.28**

The weighted average share price at the date of exercise for share options exercised during 2019 was €5.56.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Actual vest date	Expiry date	Exercise price per share option	No. of share options
05 December 2014	19 June 2015	05 December 2021	€1.00	230,000
05 December 2014	05 December 2017	05 December 2021	€1.00	715,000
05 December 2014	05 December 2017	05 December 2021	€1.67	20,000
05 December 2014	05 December 2017	05 December 2021	€2.00	300,000
28 April 2015	28 April 2018	28 April 2022	€2.00	50,000
				1,315,000

The weighted average remaining contractual life for the share options outstanding as at 31 December 2019 is 2 years (2018 is 3 years).

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

33. SHARE BASED PAYMENT PLANS (CONTINUED)

The Group has used the Black Scholes valuation model to determine the grant date fair value of share options. The weighted average fair value of the options at the grant date was €0.72. The following table lists the inputs used in the model:

Expected volatility (%)	28.3 – 30.6
Risk free interest rate (%)	0.10 – 0.38
Expected life of share options (years)	7
Weighted average share price (€)	1.67
Valuation model for new grants	Black Scholes

Expected volatility reflects historic volatility of similar companies over a period equal to the expected life of the share options.

The risk-free rate is the rate of interest obtainable from government securities over the expected life of the share options.

Applegreen Employee Share Option Trust - 2016 share option scheme

During 2016, Applegreen plc's majority shareholder B&J Holdings established the Applegreen Employee Share Option Trust ('the trust') for the purpose of holding shares to be awarded to employees. The trust granted 515,000 share options on 31 March 2016 to selected employees to reward them for their service to the Group. The options were granted with a fixed exercise price. The Group considers this an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The award of the options will have no cash impact on the Group nor will it result in any reduction in shareholder's equity. However, the award falls fully within the scope of IFRS 2 as an equity settled share based payment and therefore the following has been booked in the Consolidated Income Statement:

	2019 €000	2018 €000
Expense arising from equity settled transactions	-	241
Expense arising from cash settled transactions	-	-
Total expense arising for share based payments	**-**	**241**

Movements in share option schemes during the year

	No. of share options	Weighted average exercise price €
At 01 January 2018	476,000	**2.00**
Exercised during the year	(274,000)	**2.00**
Issued during the year	39,000	2.00
Outstanding 01 January 2019	**241,000**	**2.00**
Exercised during the year	(92,000)	2.00
Issued during the year	-	2.00
Outstanding 31 December 2019	**149,000**	**2.00**

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Actual vest date	Expiry date	Exercise price per share option	No. of share options
31 March 2016	31 March 2018	31 March 2023	€2.00	149,000

The weighted average remaining contractual life for the share options outstanding as at 31 December 2019 is 3 years (2018 is 4 years).

33. SHARE BASED PAYMENT PLANS (CONTINUED)

The Group has used the Black Scholes valuation model to determine the grant date fair value of share options. The weighted average fair value of the options at the grant date was €2.34. The following table lists the inputs used in the model:

Expected volatility (%)	29.61
Risk free interest rate (%)	(0.01)
Expected life of share options (years)	7
Dividend yield (%)	2
Weighted average exercise price (€)	2.00
Weighted average share price at grant date (€)	4.75
Valuation model for new grants	Black Scholes

Long Term Incentive Plan (LTIP) - 2015 Share Option Scheme

The Group established a further share based payment plan which was approved by the Board of Directors on 27 May 2015.

The conditions attached to the transfer of ownership of any equity entitlements and/or vesting of share options are as follows:

- The employee must remain in service throughout a three year performance period.
- There is an additional holding period of one year to facilitate any clawback.
- Awards will not be granted to a participant with a market value in excess of 150% of salary in respect of any financial year.
- The plan is subject to the overall limits where, in any ten year period, the number of shares which may be issued under the LTIP together with the number of shares issued under any other employee share plan adopted by the Company (in a general meeting) after 19 June 2015 may not exceed 5% of the issued share capital of the Company.

Transfer of ownership of any equity entitlements and/or vesting of any share options will be determined by reference to the following conditions:

- Options granted in 2017 and 2018
  - 50% will vest contingent on the Total Shareholder Return ("TSR") of Applegreen plc relative to ten listed peers.

The portion of this award will vest as follows:

	Award
Applegreen TSR is below the median	0%
Applegreen TSR is at the median level	25%
Applegreen TSR is at or above the upper quartile.	25% up to 100% on a sliding scale

- Options granted in 2019
  - 50% will vest contingent on the TSR of Applegreen plc relative to the TSR performance of FTSE 250 market index.

The portion of this award will vest as follows:

	Award
50th percentile	25%
75th percentile	100%

- The other 50% portion will vest dependent on EPS growth as follows:

	Award
Less than Consumer Price Index +3%	0%
At Consumer Price Index +3%	25%
Reaches Consumer Price Index +9%	25% up to 100% on a sliding scale

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2019

33. SHARE BASED PAYMENT PLANS (CONTINUED)

The expense recognised for this plan for the year is shown in the following table:

	2019 €000	2018 €000
Expense arising from equity settled transactions	1,011	834
Expense arising from cash settled transactions	-	-
Total expense arising for share based payments	**1,011**	**834**

Movements in share option schemes during the year

	No. of share options	Weighted average exercise price €
At 01 January 2018	1,600,000	4.78
Granted during the year	1,000,000	6.36
Forfeited during the year	(50,000)	6.36
Outstanding 01 January 2019	**2,550,000**	**5.37**
Granted during the year	2,130,000	5.00
Outstanding 31 December 2019	**4,680,000**	**5.20**

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Actual/expected vest date	Expiry date	Exercise price per share option	No. of share options
25 April 2017	25 April 2020	25 April 2024	€4.78	1,600,000
09 May 2018	09 May 2021	09 May 2025	€6.36	950,000
09 May 2019	09 May 2022	09 May 2026	€5.00	2,130,000

The weighted average remaining contractual life for the share options outstanding as at 31 December 2019 and 2018 is 5.5 and 5.7 years, respectively.

The Group has used the Monte Carlo valuation model to determine the grant date fair value of share options. The weighted average fair value of the options at the grant date was €0.885, €0.915 and €0.680 respectively. The following table lists the inputs used in the model:

	Grant date 25 April 2017	Grant date 09 May 2018	Grant date 09 May 2019
Expected volatility (%)	27.75	22.05	27.13
Risk free interest rate (%)	(0.6)	(0.47)	(0.62)
Expected life of share options (years)	7	7	7
Dividend yield (%)	0.3	0.3	0.3
Weighted average exercise price (€)	4.78	6.36	5.00
Weighted average share price at grant date (€)	4.78	6.36	5.00
Valuation model for new grants	Monte Carlo	Monte Carlo	Monte Carlo
Fair value of TSR share award at grant date (€)	0.69	0.75	0.49
Fair value of EPS share award at grant date (€)	1.09	1.08	0.87

Expected volatility reflects historic volatility of similar companies over a period equal to the expected life of the share options. The risk-free rate is the rate of interest obtainable from government securities over the expected life of the share options.

34. DIVIDENDS

	2019 €000	2018 €000
Final dividend 2017	-	708
Interim dividend	802	603
Final dividend 2018	1,096	-
	1,898	**1,311**

On 28 June 2019, a final dividend for the year ended 31 December 2018 of 0.91 cent per share was paid. On 18 October 2019, an interim dividend for 2019 of 0.66 cent per share was paid (2018: 0.63 cent per share).

The Directors are not proposing a final dividend in respect of the 2019 financial year due to the unprecedented environment in light of COVID-19.

35. POST YEAR END EVENTS

The Group made a strong start to the year, particularly in its catering and retail brands. However, footfall and volumes were impacted as governments and customers took measures to contain the spread of the COVID-19 virus. Applegreen provides an essential service and our stores remained open throughout the period of lockdown in our major markets, albeit some with significantly reduced food franchise offerings.

Our first priority since the emergence of the virus has been the wellbeing of our people and we are continuing to follow the health and safety recommendations of the local and national authorities in the regions in which we operate.

As expected, the Group saw significant volume reductions in all of its regions through April and May. Recovery in volumes was experienced in June as travel restrictions were gradually eased in our core markets, though they remain some way off our normal levels of activity. Welcome Break has been most heavily impacted by COVID-19; however, traffic volumes on the UK motorway road network are continuing to recover. Trading at the remaining Applegreen businesses during Q2 2020 was supported by strong store sales in the local petrol filling station sites, good fuel margins and extensive cost saving measures.

COVID-19 has presented an unprecedented challenge for our business and the wider economies in which we operate. The scale of the financial impact on the Group in the 2020 financial year is difficult to quantify given the uncertainty created by the virus. We have taken measures to secure additional liquidity, manage our working capital and reduce our cost base.

Given the above, the Directors are not proposing a final dividend in respect of the 2019 financial year.

COVID-19 is a non-adjusting post balance sheet event. Its impact is not therefore reflected in the carrying values of assets and liabilities at 31 December 2019.

At Budget 2020, the UK Government announced that the corporation tax main rate for the years starting 01 April 2020 and 2021 would remain at 19%. Items such as deferred tax have been calculated used the enacted rate of 17% and therefore, this change could have a material effect on the accounts. As this is a non-adjusting post balance sheet event, these revised tax rates were not factored into these financial statements at the Statement of Financial Position date.

36. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the financial statements in respect of the year ended 31 December 2019.

COMPANY FINANCIAL STATEMENTS

Company Statement of Financial Position
As at 31 December 2019

	Notes	2019 €000	2018 €000
Assets			
Non-current assets			
Financial assets	3	552,622	514,631
Trade and other receivables	4	90,243	85,813
		642,865	600,444
Current assets			
Trade and other receivables	4	3,970	4,931
Cash and cash equivalents	5	4,883	2,470
		8,853	7,401
Total assets		651,718	607,845
Equity and liabilities			
Issued share capital	10	1,207	1,206
Share premium	11	366,314	366,240
Capital contribution	11	512	512
Foreign currency translation reserve	11	(5,605)	-
Share based payment reserve	11	6,957	5,946
Retained earnings	11	11,453	2,368
Total equity		380,838	376,272
Non-current liabilities			
Borrowings	6	233,686	208,140
		233,686	208,140
Current liabilities			
Trade and other payables	7	20,053	20,350
Borrowings	6	17,141	3,083
		37,194	23,433
Total liabilities		270,880	231,573
Total equity and liabilities		651,718	607,845

The Company made a profit of €10,983,000 for the financial year ended 31 December 2019 (2018: loss €9,739,000).

On behalf of the Directors

Robert Etchingham
17 July 2020

Niall Dolan
17 July 2020

Company Statement of Changes in Equity
Year ended 31 December 2019

	Issued share capital	Share premium	Capital contribution	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total
At 01 January 2019	1,206	366,240	512	-	5,946	2,368	376,272
Profit for the year	-	-	-	-	-	10,983	10,983
Other comprehensive income	-	-	-	(5,605)	-	-	(5,605)
Total comprehensive income	-	-	-	(5,605)	-	10,983	5,378
Issue of ordinary share capital (note 10)	1	74	-	-	-	-	75
Share Based Payments	-	-	-	-	1,011	-	1,011
Dividends paid	-	-	-	-	-	(1,898)	(1,898)
At 31 December 2019	1,207	366,314	512	(5,605)	6,957	11,453	380,838
At 01 January 2018	916	190,464	512	-	5,110	18,734	215,736
Adjustment from adoption of IFRS 9	-	-	-	-	-	877	877
Adjusted balance at 01 January 2018	916	190,464	512	-	5,110	19,611	216,613
Loss for the year	-	-	-	-	-	(9,739)	(9,739)
Total comprehensive income	-	-	-	-	-	(9,739)	(9,739)
Issue of ordinary share capital (note 10)	290	175,776	-	-	-	(6,193)	169,873
Share based payments	-	-	-	-	836	-	836
Dividends	-	-	-	-	-	(1,311)	(1,311)
At 31 December 2018	1,206	366,240	512	-	5,946	2,368	376,272

Company Statement of Cashflows
Year ended 31 December 2019

	Notes	2019 €000	2018 €000
Cash flows from operating activities			
Profit/(loss) before income tax		10,656	(9,739)
Adjustments for:			
Finance income		-	-
Finance costs		8,463	3,417
Dividend income		(14,502)	-
Cash used in operations		4,617	(6,322)
Decrease/(increase) in trade and other receivables		1	(23)
(Decrease)/increase in trade payables		(1,386)	1,369
Net cash from/(used in) operating activities		**3,232**	**(4,976)**
Cash flows from investing activities			
Increase in investment in subsidiary		(37,000)	(263,639)
Loans advanced to subsidiary undertakings		(1,560)	(65,443)
Dividend income received		14,502	-
Net cash used in investing activities		**(24,058)**	**(329,082)**
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		75	169,873
Net proceeds from long-term borrowings		37,073	301,165
Repayment of borrowings		(4,687)	(153,676)
Interest paid		(7,324)	(3,512)
Dividends paid	14	(1,898)	(1,311)
Net cash from financing activities		**23,239**	**312,539**
Net increase/(decrease) in cash and cash equivalents		2,413	(21,519)
Cash and cash equivalents at beginning of year		2,470	23,989
Cash and cash equivalents at end of year	5	**4,883**	**2,470**

Notes to the Company Financial Statements
Year ended 31 December 2019

1. AUDITORS REMUNERATION

Total auditors' remuneration paid to PwC and its affiliated firms was as follows:

	Year to 31 December 2019 €000	Year to 31 December 2018 €000
Audit of Company's financial statements	8	8

2. EMPLOYEE BENEFITS

The Company had no employees in 2019 and 2018. The Company's directors are not employees but are remunerated for their service by another Group company. See note 9 Directors' Remuneration of the consolidated financial statements for a summary of their remuneration.

3. FINANCIAL ASSETS

Investment in subsidiaries - unquoted	**2019**	**2018**
Shares at cost	**€000**	**€000**
At 01 January	**514,631**	**250,156**
Additions	37,991	264,475
At 31 December	**552,622**	**514,631**

The increase in investments in the year relates to the issue of shares and share based payments transactions. Details of the Company's subsidiary company are contained in note 12.

4. TRADE AND OTHER RECEIVABLES

	2019 €000	2018 €000
Current		
Prepayments	22	23
Withholding tax receivable	24	24
Amounts owed by group undertakings (note 12)	3,924	4,884
	3,970	**4,931**
Non-current		
Amounts owed by group undertakings (note 12)	90,243	85,813
	90,243	**85,813**

Amounts owed by group company undertakings are unsecured, non-interest bearing, and are repayable on demand. There are no provisions against amounts receivable from group companies. The Company exercises judgement as to the classification of amounts due from group companies based upon the substance of the instrument.

The carrying amounts of the Company's receivables are denominated in Euro.

Notes to the Company Financial Statements (continued)
Year ended 31 December 2019

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are included in the Company Statement of Financial Position and Company Statement of Cash Flows and are analysed as follows:

	2019 €000	2018 €000
Cash at bank	4,883	2,470
Cash and cash equivalents (excluding bank overdrafts)	**4,883**	**2,470**

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2019 €000	2018 €000
Cash and cash equivalents	4,883	2,470
	4,883	**2,470**

Non-cash transactions

Applegreen plc operates a number of share based payment schemes. These schemes reward employees of subsidiary entities. These transactions represent a capital contribution to the subsidiaries and therefore, are treated as an investment in the subsidiaries.

There were no other significant non-cash transactions during 2019 or 2018.

6. BORROWINGS

	2019 €000	2018 €000
Current		
Bank loans	17,141	3,083
	17,141	**3,083**
Non-current		
Bank loans	233,686	208,140
	233,686	**208,140**
Total borrowings	**250,827**	**211,223**

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2019 €000	2018 €000
Euro	136,177	102,178
UK Pound Sterling	114,650	109,045
	250,827	**211,223**

6. BORROWINGS (CONTINUED)

Maturity profile of bank loans

	2019 €000	2018 €000
Within one year	17,141	3,044
Between one and two years	17,141	17,032
Between two and five years	216,545	191,147
	250,827	**211,223**

The value of committed undrawn bank facilities at 31 December 2019 was €22.2 million (2018: €64.8 million). The carrying amounts of the current and non-current borrowings equate to their fair value as the borrowings incur interest charges based on variable rates reflected in the Income Statement using the effective interest rate method. There has been limited change in credit or other risk characteristics of the Company since the debt was originally drawn down by the Company at the end of October 2018.

Bank overdrafts

Bank overdrafts are short term financing and are repayable on demand. At 31 December 2019, the Company had access to overdraft facilities totalling €10 million.

Bank loans

In August 2018, the Group entered into a new €300 million facilities agreement. The syndicated multicurrency lending arrangements include a €150 million term facility and a €150 million revolving credit facility, each of which mature in August 2023. Commitments made by senior lenders in respect of ancillary facilities (including bank overdrafts noted above) are offset against the revolving credit facility.

In addition to the €300 million facilities noted, there is provision for a further increase to commitments of €75 million in the future upon the satisfaction of certain criteria.

All facilities are on floating rate of terms based on Euribor plus 2.5% for loans denominated in Euro and Libor plus 3.23% for loans denominated in Pound Sterling.

Bank loans are stated net of unamortised issue costs of €6.1 million (2018: €7.8 million). These issue costs were incurred in respect of the senior debt facilities and any subsequent amendments thereto. These costs together with the interest expense are allocated to the Consolidated Income Statement over the term of the facility using the effective interest rate method.

Guarantees and security

As security for loans advanced by the senior lenders, the following charges have been granted:

(i) Debenture or equivalent over all material group subsidiaries; and

(ii) Fixed charge on shares in all material subsidiaries.

In addition, joint and several guarantees of the obligations of the borrower by Applegreen plc and several other 100% owned group companies have been granted.

Notes to the Company Financial Statements (continued)
Year ended 31 December 2019

7. TRADE AND OTHER PAYABLES

	2019 €000	2018 €000
Current		
Trade payables and accruals	23	1,526
Amounts owed to group undertakings (note 12)	20,030	18,824
	20,053	20,350

The fair value of trade and other payables is equivalent to their carrying values. The carrying amounts of the Company's payables are denominated in Euro. Amounts owed to group company undertakings are unsecured, non-interest bearing and repayable on demand.

8. CAPITAL AND FINANCIAL RISK MANAGEMENT

Interest rate and foreign currency risk
The Company has exposure to changes in interest rates arising in respect of its floating rate borrowings and to foreign currency risk in respect of its borrowing denominated in Pound Sterling. See note 23 of the consolidated financial statements for further details.

Based on the Company's net debt position at the year-end, a movement of 100 basis points in base market interest rates would affect the Company's profit before tax and shareholder funds by approximately €2.2 million (2018: €0.5 million).

A movement of 10% in Euro v Sterling exchange rates would change the carrying value of borrowings by €10.4 million (2018: €9.9 million).

9. MOVEMENTS OF LIABILITIES WITHIN CASH FLOWS ARISING FROM FINANCING ACTIVITIES AND NET DEBT RECONCILIATIONS

	Bank loans €000	Cash and cash equivalents €000	Net debt €000
At 01 January 2019	(211,223)	2,470	(208,753)
Cash flows	(32,386)	2,413	(29,973)
Other non-cash movements	(1,613)	-	(1,613)
Translation adjustment	(5,605)	-	(5,605)
At 31 December 2019	(250,827)	4,883	(245,944)

	Bank loans €000	Cash and cash equivalents €000	Net debt €000
At 01 January 2018	(64,435)	23,989	(40,446)
Cash flows	(147,489)	(21,519)	(169,008)
Other non-cash movements	129	-	129
Translation adjustment	572	-	572
At 31 December 2018	(211,223)	2,470	(208,753)

10. SHARE CAPITAL

	Ordinary No.	€
Authorised shares of €0.01 each		
At 31 December 2018	1,000,000,000	10,000,000
At 31 December 2019	1,000,000,000	10,000,000
Called up, issued and fully paid shares of €0.01 each		
At 01 January 2018	91,558,158	915,852
Allotted	29,057,895	290,579
At 31 December 2018	120,616,053	1,206,161
Allotted	55,000	550
At 31 December 2019	120,671,053	1,206,711

The holders of ordinary shares are entitled to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. Ordinary shareholders also have the right to receive notice of and attend and vote at all general meetings of the Company and they are entitled, on a poll or a show of hands, to one vote for every ordinary share they hold. Votes at general meetings may be given either personally or by proxy. Subject to the Companies Acts and any special rights or restrictions as to voting attached to any shares, on a show of hands every member who (being an individual) is present in person and every proxy and every member (being a corporation) who is present by a representative duly authorised, shall have one vote, so, that no individual shall have more than one vote for every share carrying voting rights and on a poll every member present in person or by proxy shall have one vote for every share of which they are the holder.

2019
55,000 share options were exercised during 2019. Share premium of €74,000 was recorded on these shares.

2018
During 2018, the Company issued 28,782,895 ordinary shares of €0.01 at an issue price of €6.08/£5.43 per share, resulting in gross proceeds of €176 million. Share premium of €175.4 million was recorded on these shares. Directly attributable issue costs of €6.2 million have been deducted from retained earnings.

275,000 share options were exercised during 2018. Share premium of €0.4 million was recorded on these shares.

Notes to the Company Financial Statements (continued)
Year ended 31 December 2019

11. RESERVES

	Share premium €000	Capital Contribution €000	Foreign currency translation reserve €000	Share based payment reserve €000	Retained earnings €000	Total €000
At 01 January 2018	190,464	512	-	5,110	18,734	214,820
Adjustment from adoption of IFRS 9	-	-	-	-	877	877
Adjusted balance at 01 January 2018	190,464	512	-	5,110	19,611	215,697
Loss for the year	-	-	-	-	(9,739)	(9,739)
Share based payments	-	-	-	836	-	836
Issue of ordinary share capital	175,776	-	-	-	(6,193)	169,583
Dividends	-	-	-	-	(1,311)	(1,311)
At 31 December 2019	366,240	512	-	5,946	2,368	375,066
At 01 January 2019	366,240	512	-	5,946	2,368	375,066
Profit for the year	-	-	-	-	10,983	10,983
Other comprehensive income	-	-	(5,605)	-	-	(5,605)
Share based payments	-	-	-	1,011	-	1,011
Issue of ordinary share capital (note 10)	74	-	-	-	-	74
Dividends	-	-	-	-	(1,898)	(1,898)
At 31 December 2019	366,314	512	(5,605)	6,957	11,453	379,631

Share-based payment reserve
This reserve represents the amounts credited to equity in relation to the share-based payment expense recognised in the applicable subsidiary's income statement in which the employees are employed.

Capital contribution
The capital contribution relates to a payment made to the Group in 2015 in respect of a bonus payment to employees made by the largest shareholder. The award was treated as a short term employee benefit (once committed, the employee had no further service to earn the award) of the Applegreen Group resulting in a charge (employee expense) to the Income Statement in respect of the year ended 31 December 2015 and a corresponding credit to a capital contribution in equity.

Foreign currency translation reserve
The foreign currency translation reserve relates to foreign currency translation adjustments arising from the translation of financial liabilities designated as a hedge of a net investment in a foreign operation.

12. RELATED PARTY DISCLOSURES

A - Transactions with directors

The Group's largest shareholder is B&J Holdings Limited (incorporated in Malta), which owns 41.3% of the Company's shares. This company is owned by Joseph Barrett and Robert Etchingham who hold 100% of the shares in B&J Holdings Limited.

Directors' interest in share options
Information on directors' share options to subscribe for ordinary shares of the Company are set out below:

	Options held at 31 December 2018	Granted during 2019	Exercised during 2019	Options held at 31 December 2019
Joe Barrett	100,000	300,000	-	400,000
Niall Dolan	550,000	300,000	-	850,000

The Company conducted transactions and held balances with fellow Group companies and other related parties during the year. Details of these related parties are disclosed below:

	Nature of Relationship	Balance owing (to)/from 01-Jan-18 €000	Transfers to/(from) group companies €000	Expenses paid on behalf of/ (by) group companies €000	Intra-group interest charge €000	Foreign exchange on Intra-group loans €000	Balance Owing (to)/from 31-Dec-18 €000
Trade and other receivables							
Applegreen Service Areas Limited	Subsidiary	1,229	-	-	-	-	1,229
Applegreen Service Areas NI Limited	Subsidiary	655	(655)	-	-	-	-
Petrogas Holdings Limited	Subsidiary	3,000	655	-	-	-	3,655
Petrogas Group UK Limited	Subsidiary	10,630	(10,630)	-	-	-	-
Petrogas Services B.V.	Subsidiary	(1,622)	87,435	-	-	-	85,813
		13,892	76,805	-	-	-	90,697
Trade and other payables							
Petrogas Group Limited	Subsidiary	(7,570)	(1,475)	173	-	-	(8,872)
Petrogas Holdings UK Limited	Subsidiary	-	(9,309)	-	-	-	(9,309)
Petrogas Group UK Limited	Subsidiary	(206)	(390)	(47)			(643)
		(7,776)	(11,174)	126	-	-	(18,824)

Notes to the Company Financial Statements (continued)

Year ended 31 December 2019

12. RELATED PARTY DISCLOSURES (CONTINUED)

	Nature of Relationship	Balance owing (to)/from 01-Jan-19 €000	Transfers to/(from) group companies €000	Expenses paid on behalf of/ (by) group companies €000	Intra-group interest charge €000	Foreign exchange on Intra-group loans €000	Balance Owing (to)/from 31-Dec-19 €000
Trade and other receivables							
Applegreen Service Areas Limited	Subsidiary	1,229	(1,006)	-	-	-	223
Petrogas Holdings Limited	Subsidiary	3,655	-	46	-	-	3,701
Petrogas Services B.V.	Subsidiary	85,813	-	-	(64)	4,494	90,243
		90,697	(1,006)	46	(64)	4,494	94,167
Trade and other payables							
Petrogas Group Limited	Subsidiary	(8,872)	-	(2,453)	-	-	(11,325)
Petrogas Group UK Limited	Subsidiary	(643)	-	(3)	-	-	(646)
Petrogas Holdings UK Limited	Subsidiary	(9,309)	-	2,057	-	-	(7,252)
Applegreen Finance (Ireland) DAC	Subsidiary	-	(807)	-	-	-	(807)
		(18,824)	(807)	(399)	-	-	(20,030)

During the year, Petrogas Holdings Limited paid a dividend of €14.5 million (2018: €nil) to Applegreen plc.

There are no provisions against amounts receivable from group companies. The Company exercises judgement as to the classification of amounts due from group companies based upon the substance of the instrument.

C – Subsidiaries

The Company's subsidiary companies are incorporated in Ireland and have their registered office at Block 17, Joyce Way, Parkwest, Dublin 12. The principal activities and the changes, where applicable, during the financial period, as required by the Companies Act 2014, are set out below:

Subsidiary	Principal activity	Country of incorporation	2019	2018
Petrogas Holdings Limited	Holding company	Republic of Ireland	100%	100%
Petrogas Facilities Limited	Holding company	Republic of Ireland	97%	-

Shares in the other subsidiaries are held directly or indirectly by Petrogas Holdings Limited. See note 31 of consolidated financial statements for details.

13. COMMITMENTS AND CONTINGENCIES

There were no commitments for capital expenditure or contingent liabilities as at 31 December 2019 (2018: €nil).

Guarantees

Pursuant to the provisions of Section 357 of the Companies Act 2014, the Company has irrevocably guaranteed the liabilities of its directly and indirectly wholly owned subsidiary undertakings in the Republic of Ireland (as listed below), for the financial year ended 31 December 2019 and, as a result, such subsidiary undertakings have been exempted from the filing provisions of Section 347 of the Companies Act 2014.

Petrogas Holdings Limited
Petrogas Group Limited
Applegreen Service Areas Limited
Petrogas Brands Limited
Applegreen BK Limited
Applegreen Cafe Limited
Petrogas International Limited
Petrogas Facilities Limited
Applegreen Finance (Ireland) DAC

14. DIVIDENDS

	2019 €000	2018 €000
Final dividend 2017	-	708
Interim dividend	802	603
Final dividend 2018	1,096	-
	1,898	1,311

On 28 June 2019, a final dividend for the year ended 31 December 2018 of 0.91 cent per share was paid. On 18 October 2019, an interim dividend for 2019 of 0.66 cent per share was paid (2018: 0.63 cent per share).

The Directors are not proposing a final dividend in respect of the 2019 financial year due to the unprecedented environment in light of COVID-19.

15. POST YEAR END EVENTS

The Directors are not proposing a final dividend in respect of the 2019 financial year due to the unprecedented environment in light of COVID-19.

16. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the financial statements in respect of the year ended 31 December 2019.

GLOSSARY OF FINANCIAL TERMS

The key financial terms used by the Group in this report are as follows:

MEASURE	DESCRIPTION
Constant currency	Constant currency measure eliminates the effects of exchange rate fluctuations that occur when calculating financial performance numbers. They are calculated by taking the current year figures and applying the prior year exchange rates.
EBITDA and adjusted EBITDA	EBITDA is defined as earnings before interest, tax, depreciation, amortisation and impairment charges. Adjusted EBITDA refers to EBITDA adjusted for share based payments and non-recurring items. The adjusted EBITDA calculation can be found in note 5.
Adjusted EBITDA (Pre-IFRS 16)	Adjusted EBITDA (Pre-IFRS 16) refers to adjusted EBITDA (as above) adjusted further for the impact of IFRS 16 and acquisition related rent adjustments arising from business combinations. Adjusted EBITDA (Pre-IFRS 16) is calculated as follows:

	2019 €000	2018 €000
Adjusted EBITDA	209,472	58,070
Net impact of IFRS 16	(71,494)	-
Acquisition related rent adjustments	2,436	-
Adjusted EBITDA (Pre-IFRS 16)	140,414	58,070

MEASURE	DESCRIPTION
Adjusted PBT	Adjusted PBT is calculated using the profit for the financial year adjusted for share based payments, non-recurring operating charges, net impairment charge, interest on shareholder loans, non-recurring finance costs, the impact of IFRS 16 and acquisition related adjustments arising from business combinations. Adjusted PBT is calculated as follows:

	2019 €000	2018 €000
Profit before tax	37,196	15,359
Share based payments	1,011	1,077
Non-recurring charges	2,739	8,534
Net impairment charge	2,239	1,325
Acquisition related adjustments	6,259	1,136
Net impact of IFRS 16	10,877	-
Interest on shareholder loans	7,530	1,165
Non-recurring finance costs	2,609	1,015
Adjusted PBT	70,460	29,611

MEASURE	DESCRIPTION
Adjusted EPS	Adjusted Diluted EPS is calculated using the profit for the financial year adjusted for share based payments, non-recurring operating charges, net impairment charge, interest on shareholder loans, non-recurring finance costs, the impact of IFRS 16, acquisition related amortisation charges and the related non-controlling interest and tax impact on these items divided by the weighted average number of ordinary shares in issue for diluted earnings per share. Adjusted EPS is calculated as follows:

	2019 €000	2018 €000
Profit for the financial year	21,539	13,272
Share based payments	1,011	1,077
Non-recurring charges	2,739	8,534
Net impairment charge	2,239	1,325
Acquisition related adjustments	6,259	1,136
Net impact of IFRS 16	10,877	-
Interest on shareholder loans	7,530	1,165
Non recurring finance costs	2,609	1,015
Tax	(3,670)	(80)
Non-controlling interest	(9,953)	(1,013)
Adjusted profit after tax and non-controlling interest	41,180	26,431
Weighted average number of ordinary shares for diluted earnings per share ('000)	121,853	98,483
Adjusted Diluted EPS	33.79	26.84

MEASURE	DESCRIPTION
Like for like	Like for like statistics measure the performance of stores that were open at 01 January 2018 and excluding any stores that were closed or divested since that date.
Net debt position	Net debt position comprises current and non-current debt (excluding shareholder loans and IFRS 16 lease liabilities) and cash and cash equivalents. This is calculated as follows:

	2019 €000	2018 €000
Total net debt (note 24)	1,301,093	586,453
Shareholder loans (Eurobonds)	(90,591)	(79,549)
IFRS 16 lease liabilities	(685,003)	-
Net debt position	525,499	506,904

Total external debt comprises bank overdrafts, bank loans and leases which would have previously been classified as finance leases under IAS 17 and is calculated as follows:

	2019 €000	2018 €000
Bank overdrafts	-	463
Bank loans	642,057	606,630
Leases	22,162	21,792
	664,219	628,885

MEASURE	DESCRIPTION
Pro forma adjusted leverage	Pro forma adjusted leverage is defined as net debt divided by adjusted EBITDA (Pre-IFRS 16). Net debt is adjusted for shareholder loans and adjusted EBITDA incorporates the last 12 months Welcome Break performance. Applegreen plc leverage refers to the Applegreen plc banking group which excludes Welcome Break.

DIRECTORS AND OTHER INFORMATION

Directors

Daniel Kitchen
(Independent Non-Executive Chairman)

Robert Etchingham
(Chief Executive Officer)

Joseph Barrett
(Chief Operating Officer)

Niall Dolan
(Chief Financial Officer)

Howard Millar
(Independent Non-Executive Director)

Martin Southgate
(Independent Non-Executive Director)

Brian Geraghty
(Independent Non-Executive Director)

Company Secretary

Niall Dolan

Company Registration Number

491702

Registered Office

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Nominated Adviser

Shore Capital & Corporate Limited
Bond Street House
14 Clifford Street
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United Kingdom

Joint Brokers

Shore Capital Stockbrokers Limited
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14 Clifford Street
London W1S 4JU
United Kingdom

Goodbody Stockbrokers
Ballsbridge Park
Ballsbridge
Dublin 4
Ireland

Design by Spinach

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