

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

*Condensed consolidated interim financial statements
for the 9 months ended 30 September 2021 (unaudited)*

Table of Contents

Condensed consolidated interim financial statements	3
Notes to the condensed consolidated interim financial statements	9
1. General Information	9
2. Basis of preparation	9
3. Summary of significant accounting policies	10
4. Use of estimates and key sources of estimation uncertainties	10
5. Segmental reporting	11
6. Revenue by channel	12
7. Vending fees and revenue net of vending fees	13
8. Total Depreciation and amortisation expense	14
9. Finance costs and finance income	14
10. Property, plant and equipment	15
11. Intangible assets	16
12. Borrowings	16
13. Equity	18
14. Purchase price allocation adjustment	20
15. Financial instruments	20
16. Contingent liabilities and contingent assets	21
17. Events after the balance sheet date	22
18. Approval of the consolidated financial statements	22

Condensed consolidated interim financial statements

Condensed consolidated interim statement of profit or loss

	Notes	9 months ended 30 September 2021 € (000's)	9 months ended 30 September 2020 € (000's)	3 months ended 30 September 2021 € (000's)	3 months ended 30 September 2020 € (000's)
Revenue	5, 6	857'494	860'165	306'036	289'265
Vending fees	7	(104'133)	(99'840)	(45'227)	(38'789)
Materials and consumables used		(284'861)	(299'248)	(98'082)	(95'796)
Employee benefits expense		(253'016)	(288'589)	(84'512)	(97'011)
Depreciation and amortisation expense	8,5	(154'187)	(169'392)	(49'496)	(55'423)
Other operating expenses		(113'584)	(152'568)	(35'795)	(47'393)
Other operating income		8'011	7'539	1'900	969
Loss before net finance costs and income tax		(44'276)	(141'933)	(5'176)	(44'178)
Finance costs	9	(76'270)	(91'837)	(24'628)	(46'282)
Finance income	9	289	15'519	9'662	148
Loss before income tax		(120'257)	(218'251)	(20'142)	(90'312)
Income taxes		7'972	11'842	2'480	3'854
Loss for the period		(112'285)	(206'409)	(17'662)	(86'458)
Revenue net of vending fees ¹	5, 7	753'361	760'325	260'809	250'476

The notes on pages 9 to 22 are an integral part of these condensed consolidated interim financial statements.

¹The Group presents revenue net of vending fees which is an internal performance measure but not a defined performance measure in IFRS (refer to note 7). Thus, vending fees are separately disclosed below the revenue line and excluded from the line other operating expenses.

Condensed consolidated interim statement of comprehensive income

	9 months ended	9 months ended	3 months ended	3 months ended
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Loss for the period	(112'285)	(206'409)	(17'662)	(86'458)
<u>Items that are or may subsequently be reclassified to the consolidated statement of profit or loss</u>				
Foreign exchange translation differences for foreign operations	10'780	(19'089)	(7'319)	19'397
Other comprehensive income for the period	10'780	(19'089)	(7'319)	19'397
Total comprehensive income for the period	(101'505)	(225'498)	(24'981)	(67'061)

The notes on pages 9 to 22 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

	Notes	30 September 2021 € (000's)	31 December 2020 € (000's)
Non-current assets			
Property, plant and equipment	10	450'421	509'507
Goodwill		978'881	978'803
Trademarks	11	345'446	347'914
Customer contracts	11	245'040	280'843
Other intangible assets	11	22'256	20'795
Deferred income tax assets		25'906	25'665
Non-current financial assets	15	16'343	16'341
Net defined benefit asset		82'190	78'524
Total non-current assets		2'166'483	2'258'392
Current assets			
Inventories		111'956	99'294
Trade receivables	15	79'497	64'410
Other current assets		53'229	45'654
Cash and cash equivalents	15	84'820	127'902
Total current assets		329'502	337'260
Total assets		2'495'985	2'595'652

The notes on pages 9 to 22 are an integral part of these condensed consolidated interim financial statements.

	Notes	30 September 2021 € (000's)	31 December 2020 € (000's)
Equity and liabilities			
Equity			
Share capital	13	344	344
Share premium	13	2'033'091	2'033'091
Currency translation reserve	13	(212'257)	(223'037)
Accumulated deficit	13	(1'201'439)	(1'089'154)
Total equity		619'739	721'244
Non-current liabilities			
Borrowings	12	1'025'202	975'332
Finance lease liabilities	10,15	142'820	174'389
Net defined benefit liability		16'216	16'779
Provisions		8'211	11'253
Other non-current liabilities		15'234	11'284
Deferred income tax liabilities		178'174	187'225
Total non-current liabilities		1'385'857	1'376'262
Current liabilities			
Finance lease liabilities	10,15	45'587	52'240
Trade payables	15	152'815	147'413
Provisions		56'508	68'901
Current income tax liabilities		8'882	8'863
Other current liabilities		226'597	220'729
Total current liabilities		490'389	498'146
Total liabilities		1'876'246	1'874'408
Total equity and liabilities		2'495'985	2'595'652

The notes on pages 9 to 22 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

	<i>Share capital</i> € (000's)	<i>Share premium</i> € (000's)	<i>Currency translation reserve</i> € (000's)	<i>Accumulated deficit</i> € (000's)	<i>Total equity</i> € (000's)
Balance at 1 January 2020	187	1'039'957	(200'117)	(677'554)	162'473
Other comprehensive income	-	-	(22'920)	8'892	(14'028)
Loss for the period	-	-	-	(420'492)	(420'492)
<i>Total comprehensive income for the period</i>	-	-	(22'920)	(411'600)	(434'520)
<i>Equity contribution</i>	157	993'134	-	-	993'291
Balance at 31 December 2020	344	2'033'091	(223'037)	(1'089'154)	721'244
Other comprehensive income	-	-	10'780	-	10'780
Loss for the period	-	-	-	(112'285)	(112'285)
<i>Total comprehensive income for the period</i>	-	-	10'780	(112'285)	(101'505)
Balance at 30 September 2021	344	2'033'091	(212'257)	(1'201'439)	619'739

The notes on pages 9 to 22 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

	9 months ended 30 September 2021 € (000's)	9 months ended 30 September 2020 € (000's)
Cash flows from operating activities		
Loss before income tax	(120'257)	(218'251)
Depreciation and amortisation expense	154'187	169'392
Gain on disposal of property, plant and equipment, net	(4'735)	(4'708)
Non-cash transactions	(1'741)	2'461
Finance costs, net	75'981	76'318
Changes in working capital:		
(Increase)/Decrease in inventories	(12'095)	17'370
(Increase)/Decrease in trade receivables	(14'333)	23'780
(Increase)/Decrease in other current assets	(7'662)	8'701
Increase/(Decrease) in trade payables	4'676	(52'153)
Increase/(Decrease) in other liabilities	(11'394)	66'449
Income taxes paid	(1'454)	(1'230)
Net cash generated from operating activities	61'173	88'176
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(359)	(3'192)
Purchases of property, plant and equipment	(41'709)	(33'920)
Purchases of intangible assets	(6'267)	(4'289)
Proceeds from sale of property, plant and equipment	11'063	10'621
Interest received	604	113
Other proceeds paid/(granted)	143	(473)
Net cash used in investing activities	(36'525)	(31'140)
Cash flows from financing activities		
Proceeds/(Repayment) of loans and borrowings	16'912	97'294
Capital element of lease liabilities	(52'939)	(46'290)
Proceeds/(Repayment) from factoring	(3'972)	(857)
Interest paid	(26'727)	(60'012)
Financing costs paid	-	(7'377)
Net cash (used in)/generated from financing activities	(66'726)	(17'242)
Net (decrease)/increase in cash and cash equivalents	(42'078)	39'794
Cash and cash equivalents at the beginning of the period	127'902	64'675
Exchange gains/(losses) on cash and cash equivalents	(1'004)	(881)
Cash and cash equivalents at the end of the period	84'820	103'588

The notes on pages 9 to 22 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. General Information

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

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

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. The business of the Group is significantly impacted by the pandemic and the related decrease in mobility and office presence which has negatively impacted the financial performance of the year. Despite the pandemic the Group continued to operate in all of its market during 2020 and 2021.

The new management team, on board since May, 2020, has carried out a detailed plan to deeply transform the Company, respond to the challenges brought by the pandemic and make it better suited to long term development:

- There were decisive and rapid actions implemented in order to partially mitigate the adverse impact on both income statement and liquidity. Amongst other the actions include strict cost saving measures and re-negotiation of contracts with focus on the fixed vending rents. In addition, the Group has taken advantage of furlough programs available in most of the markets.
- A detailed structural review to ensure the Group is positioned for future growth was performed which resulted in a plan to permanently reduce full time employees from roughly 10,000 in 2019 to 7,000 by the end of 2021. The execution of the plan is now largely completed, with important milestones reached including the full execution of the downsizing in the UK and the validation of a social plan in France.

There is still some uncertainty over the longer-term effects of the pandemic and the impact it may have on the future financial performance of the Group. However, given the solid cash position and the successful recapitalization in 2020, management continues to believe that the Company has the adequate resources to navigate this landscape.

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

2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34” as issued by the IASB).

The disclosure requirements of IAS 34 are based on the assumption that the reader of the condensed consolidated interim financial statements is doing so together with the most recent annual consolidated financial statements.

The condensed consolidated interim financial statements do not include all information required for a complete set of IFRS financial statements and should therefore be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020.

Selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements for the year ended 31 December 2020.

3. Summary of significant accounting policies

3.1. Accounting policies

The Group has adopted all International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (the IASB) as well as Interpretations given by the IFRS Interpretations Committee (the IFRIC) and the former Standing Interpretations Committee (SIC) that are relevant to the Group's operations and effective for annual reporting periods beginning on 1 January 2021.

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2020.

3.2. New and revised/amended standards and interpretations

As of 1 January 2021, the Group adopted various amendment to the existing International Financial Reporting Standards, none of which have a material impact on the results or the financial position of the Group.

The following new or amended standards and interpretations that may be relevant to the condensed consolidated interim financial statements have been issued but are not yet effective. They have not been applied early in these condensed consolidated interim financial statements.

	<i>Impact</i>	<i>Effective date</i>	<i>Planned application by Selecta Group B.V.</i>
<i>New standards or interpretations</i>			
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	2)	1 January 2022	Reporting year 2022
Annual Improvements to IFRS Standards 2018-2020	2)	1 January 2022	Reporting year 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1)	1 January 2022	Reporting year 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1)	1 January 2022	Reporting year 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	2)	1 January 2023	Reporting year 2023
Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)	2)	1 January 2023	Reporting year 2023
Definition of Accounting Estimate (Amendments to IAS 8)	2)	1 January 2023	Reporting year 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	2)	1 January 2023	Reporting year 2023

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

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

3.3. Statement of seasonality of operations

Whilst the business of Selecta fluctuates from month to month, the impact between quarters is limited, except for working capital.

Seasonal fluctuations across the months offset each other to a certain degree at Group level.

4. Use of estimates and key sources of estimation uncertainties

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

on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

5. Segmental reporting

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

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

- **Segment South, UK & Ireland:** characterised by paid-vend², predominantly private vending and includes Italy, Spain and the UK (including Ireland).
- **Segment Central:** characterised by paid-vend, mixed channel vending and includes Switzerland, Germany, Austria and France, with a strong presence and expertise in the public business.
- **Segment North:** characterised by free-vend³, office coffee services (OCS) and includes Sweden, Norway, Finland, Denmark, Belgium, Netherlands and the Pelican Rouge Roaster in the Netherlands.

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

Result for the 9 months ended 30 September 2021

	<i>South, UK & Ireland</i>	<i>Central</i>	<i>North</i>	<i>Total reportable segments</i>	<i>HQ and Interco</i>	<i>Total Group</i>
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue	278'897	321'789	267'716	868'411	(10'917)	857'494
Revenue net of vending fees	250'667	261'227	252'384	764'278	(10'917)	753'361
Profit/(loss) before net finance costs and income taxes, depreciation and amortisation expense	27'818	55'009	44'172	126'999	(17'088)	109'911
Depreciation and amortisation expense	(40'521)	(45'188)	(29'705)	(115'414)	(38'773)	(154'187)
Loss before net finance costs and income tax						(44'276)
Finance costs, net						(75'981)
Loss before income tax						(120'257)

² Paid vend means that consumer pays (e.g., at the coffee machines in the offices)

³ Free vend is defined by consumer not paying but the employer is paying (e.g., coffee consumption)

Result for the 9 months ended 30 September 2020

	South, UK & Ireland	Central	North	Total reportable segments	HQ and Interco	Total Group
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue	284'163	316'671	269'677	870'511	(10'346)	860'165
Revenue net of vending fees	249'968	263'991	256'712	770'671	(10'346)	760'325
Profit/(loss) before net finance costs and income taxes, depreciation and amortisation expense	10'259	31'037	36'543	77'839	(50'335)	27'504
Depreciation and amortisation expense	(46'609)	(51'395)	(32'158)	(130'162)	(39'230)	(169'392)
Loss before net finance costs and income tax						(141'933)
Finance costs, net						(76'318)
Loss before income tax						(218'251)

6. Revenue by channel

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

Result for the 9 months ended 30 September 2021

	South, UK & Ireland	Central	North	Total reportable segments	HQ and Interco	Total Group
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue from contracts with customers	278'897	321'798	258'935	859'630	(10'917)	848'713
Rental revenue	-	-	8'781	8'781	-	8'781
Total revenue	278'897	321'798	267'716	868'411	(10'917)	857'494
Revenue from On-the-Go channel	94'053	174'321	47'450	315'824	-	315'824
Third party revenue from Workplace channel	141'742	117'561	115'540	374'843	-	374'843
Intersegment revenue from Workplace channel	-	40	-	40	(40)	-
Third party revenue from Trading channel	43'097	29'919	85'030	158'046	-	158'046
Intersegment revenue from Trading channel	5	(43)	10'915	10'877	(10'877)	-
Total revenue from contracts with customers	278'897	321'798	258'935	859'630	(10'917)	848'713

Result for the 9 months ended 30 September 2020

	South, UK & Ireland	Central	North	Total reportable segments	HQ and Interco	Total Group
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue from contracts with customers	284'163	316'671	260'415	861'249	(10'346)	850'903
Rental revenue	-	-	9'262	9'262	-	9'262
Total Revenue	284'163	316'671	269'677	870'511	(10'346)	860'165
Revenue from On-the-Go channel	103'823	157'958	43'811	305'592	-	305'592
Intersegment revenue from On-the-Go channel	-	138	-	138	(138)	-
Third party revenue from Workplace channel	140'056	129'749	122'635	392'440	-	392'440
Intersegment revenue from Workplace channel	-	38	-	38	(38)	-
Third party revenue from Trading channel	40'284	28'773	83'814	152'871	-	152'871
Intersegment revenue from Trading channel	-	15	10'155	10'170	(10'170)	-
Total revenue from contracts with customers	284'163	316'671	260'415	861'249	(10'346)	850'903

On-the-Go (Public & semi-public):

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

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

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

Workplace (private):

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

Trading:

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

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

7. Vending fees and revenue net of vending fees

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

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

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

8. Total Depreciation and amortisation expense

	9 months ended 30 September 2021	9 months ended 30 September 2020	3 months ended 30 September 2021	3 months ended 30 September 2020
	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Depreciation	(110'168)	(122'709)	(34'935)	(39'814)
Amortisation customer relationship contracts and trademark	(38'656)	(39'101)	(13'131)	(13'243)
Amortisation other	(5'363)	(7'582)	(1'430)	(2'366)
Total depreciation and amortisation expense	(154'187)	(169'392)	(49'496)	(55'423)

9. Finance costs and finance income

	9 months ended 30 September 2021	9 months ended 30 September 2020	3 months ended 30 September 2021	3 months ended 30 September 2020
	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Interest on loan due to parent undertaking	-	(8'154)	-	-
Interest on loans	(63'509)	(67'000)	(21'840)	(23'306)
Refinancing costs amortisation	-	(6'334)	-	(2'133)
Finance lease interest expense	(5'355)	(4'588)	(1'643)	(1'675)
Other interest and finance expense	(2'000)	(5'761)	(1'145)	(2'008)
Foreign exchange losses, net	(5'406)	-	-	(12'080)
Change in fair value of financial instruments	-	-	-	(4'992)
Total finance costs	(76'270)	(91'837)	(24'628)	(46'194)
Foreign exchange gains, net	-	14'894	9'371	-
Change in fair value of derivative financial instruments	-	512	-	-
Other interest and finance income	289	113	291	148
Total finance income	289	15'519	9'662	148

10. Property, plant and equipment

<i>Cost</i>	<i>Freehold land and buildings € (000's)</i>	<i>Vending equipment € (000's)</i>	<i>Vehicles € (000's)</i>	<i>Other equipment € (000's)</i>	<i>Total € (000's)</i>
Balance at 1 January 2020	14'172	819'176	25'926	84'891	944'165
Application of IFRS 16	120'570	22'262	49'682	3'186	195'700
Additions	25'480	50'601	13'938	6'344	96'363
Disposals	(5'262)	(54'514)	(15'725)	(9'804)	(85'305)
Modification IFRS 16	6'921	(410)	1'290	-	7'801
Reclassifications*	(91)	(5'996)	(1'274)	2'220	(5'141)
Effects of foreign currency exchange differences	(208)	(1'291)	132	(683)	(2'050)
Balance at 31 December 2020	161'582	829'828	73'969	86'154	1'151'533
Additions	4'134	53'752	9'652	6'983	74'521
Disposals	(9'681)	(83'788)	(15'207)	(1'038)	(109'714)
Modification IFRS 16	502	-	563	-	1'065
Reclassifications*	2	(12'366)	(4)	(1'824)	(14'192)
Effects of foreign currency exchange differences	300	1'807	489	626	3'222
Balance at 30 September 2021	156'839	789'233	69'462	90'901	1'106'435
<i>Accumulated depreciation and impairment</i>					
Balance at 1 January 2020	(4'080)	(494'624)	(14'683)	(48'780)	(562'167)
Depreciation expense	(18'241)	(106'658)	(24'571)	(12'884)	(162'354)
Disposals	1'809	54'935	14'733	9'575	81'052
Reclassifications*	152	1'888	828	(2'554)	314
Effects of foreign currency exchange differences	20	864	(89)	334	1'129
Balance at 31 December 2020	(20'340)	(543'595)	(23'782)	(54'309)	(642'026)
Depreciation expense	(13'269)	(73'634)	(15'012)	(8'253)	(110'168)
Disposals	3'321	70'924	11'482	954	86'681
Modification IFRS 16	(10)	-	(18)	-	(28)
Reclassifications*	2	10'737	20	813	11'572
Effects of foreign currency exchange differences	(130)	(1'405)	(133)	(377)	(2'045)
Balance at 30 September 2021	(30'426)	(536'973)	(27'443)	(61'172)	(656'014)
<i>Net Book Value</i>					
At 1 January 2021	141'242	286'233	50'187	31'845	509'507
At 30 September 2021	126'413	252'260	42'019	29'729	450'421

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

The above table includes Right-of-use assets in the amount € 158.6 million as of 30 September 2021. These Right-of-use assets are mainly related to freehold land and building, vehicles and vending equipment, see table below.

Right-of-use assets € (000's)	Land and Buildings	Vending equipment	Vehicles	Other equip- ment	Total
Balance at 1 January 2020	120'570	22'262	49'681	3'187	195'700
Depreciation expense for the year	(17'205)	(6'750)	(20'586)	(1'428)	(45'969)
Additions to right-of-use assets	24'889	2'519	12'231	986	40'625
Disposals of right-of-use assets	(2'389)	-	(686)	-	(3'075)
Modifications IFRS 16	6'921	(410)	1'290	-	7'801
Effects of foreign currency exchange differences	(182)	(49)	(127)	15	(342)
Balance at 31 December 2020	132'604	17'572	41'803	2'760	194'739
Depreciation expense for the year	(12'688)	(3'752)	(12'881)	(938)	(30'259)
Additions to right-of-use assets	4'039	-	8'844	297	13'180
Disposals of right-of-use assets	(6'312)	(11'112)	(3'084)	(89)	(20'597)
Modifications IFRS 16	492	-	545	-	1'037
Effects of foreign currency exchange differences	160	(96)	419	16	499
Balance at 30 September 2021	118'295	2'612	35'646	2'046	158'599

Lease liabilities	30 September 2021 € (000's)	31 December 2020 € (000's)
Current lease liabilities	45'587	52'240
Non-current lease liabilities	142'820	174'389
Total lease liabilities	188'407	226'629

11. Intangible assets

Intangible assets consist primarily of trademarks and customer contracts.

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

Customer contracts recognised by the Group arise from customer contracts acquired as part of previous business combinations, including the Pelican Rouge acquisition, and are amortised over a period of 10-15 years.

12. Borrowings

	30 September 2021 € (000's)	31 December 2020 € (000's)
Borrowings at amortised cost (incl. revolving credit facility)	1'025'202	975'332
Total borrowings	1'025'202	975'332

12.1. Borrowings

	30 September 2021			31 December 2020		
	€ (000's)	in %	Interest rate	€ (000's)	in %	Interest rate
EUR	1'002'366	97.8%	8.2%	953'313	97.7%	8.2%
CHF	21'663	2.2%	8.5%	22'019	2.3%	8.6%
Total	1'025'202	100%	8.2%	975'332	100%	8.2%

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

12.2. Rate structure of borrowings

	30 September 2021	31 December 2020
	€ (000's)	€ (000's)
Total borrowings at variable rates	52'792	40'042
Total borrowings at fixed rates	972'410	935'290
Total borrowings at amortised cost	1'025'202	975'332

12.3. Details of borrowing facilities

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

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

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

The amended super senior revolving credit facility, the first lien notes and the second lien notes rank pari passu as to right of payment. The RCF ranks senior to the first lien notes, and the first lien notes rank senior to the second lien notes as to proceeds of enforcement of security. The RCF and the first

lien notes are guaranteed on a senior secured basis by the Guarantors and Selecta Finance UK Limited, and benefit from first priority liens over certain assets of the Group. The second lien notes are also guaranteed by the Guarantors and Selecta Finance UK Limited, and benefit from second-priority liens over the assets of the Group securing the RCF and the first lien notes.

As of 30 September 2021, the first lien and second lien notes outstanding are:

First Lien Notes	EUR	699'078'701	8.0%	2026
First Lien Notes	CHF	16'811'534	8.0%	2026
Second Lien Notes	EUR	250'495'905	10.0%	2026
Second Lien Notes	CHF	6'023'925	10.0%	2026

Interest Rate

- First Lien Notes: Until (but excluding) January 2nd, 2023: 3.500% per annum, payable in cash, plus 4.500% per annum, payable in kind. From (and including) January 2nd, 2023: 8.000% per annum, payable in cash.
- Second Lien Notes: Until (but excluding) January 2nd, 2023: 10.000% per annum, payable in kind. From (and including) January 2nd, 2023: at the Company's discretion, 9.250% per annum, payable in cash or 10.000% per annum payable in kind. Interest can be paid entirely in cash, entirely in kind or in a combination of both.

Maturity

- First Lien Notes: April 1st, 2026.
- Second Lien Notes: July 1st, 2026.

	<i>Interest rate</i>	<i>30 September 2021</i>
	<i>%</i>	<i>€ (000's)</i>
First Lien Notes (EUR)	8.0	699'079
First Lien Notes (CHF)	8.0	16'811
Second Lien Notes (EUR)	10.0	250'496
Second Lien Notes (EUR)	10.0	6'024
Senior revolving credit facility (Euribor + 3.5%)	3.5	52'792
Total borrowings at nominal values		1'025'202

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

13. Equity

13.1. Share capital, share premium

The Group's share capital consists of € 343'624 fully paid ordinary shares with a nominal value of € 1 per share.

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

On 16 April 2020, Selecta Group performed a reorganisation of the entities above Selecta Group B.V. Selecta Group B.V. issued one new ordinary share with a nominal value of € 1 per share to Selecta Group Midco S.a.r.L., the shareholder of Selecta Group B.V resulting in a total issued share capital of

187'004 fully paid ordinary shares. The new share was issued at an issue price of in total € 239'032'467.31. The amount above the nominal value increased the share premium of Selecta Group B.V. This share issuance fully offset all outstanding amounts under a previously entered PIK loan agreement between Selecta Group B.V. and Selecta Group MidCo S.a.r.L., dated 2 February 2018 and amended and restated as of 4 December 2018.

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

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

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

13.2. Reserves

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

<i>For 9 months ended 30 September 2021</i>	<i>Currency translation reserve € (000's)</i>	<i>Retained earnings € (000's)</i>	<i>Total € (000's)</i>
Foreign currency translation differences for foreign operations	10'780	-	10'780
Total other comprehensive income, net of tax	10'780	-	10'780

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

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

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

14. Purchase price allocation adjustment

The Group did not have any acquisitions during the period of 9 months ended 30 September 2021 and any significant acquisitions in 2020.

15. Financial instruments

15.1. Accounting classifications and fair values

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

30 September 2021	<i>Financial assets at amortised cost</i> € (000's)	<i>Other financial liabilities</i> € (000's)	Total € (000's)	<i>Level 1</i> € (000's)	<i>Level 2</i> € (000's)	<i>Level 3</i> € (000's)	Total € (000's)
Financial assets not measured at fair value							
Trade receivables	79'497	-	79'497				
Non-current financial assets	16'343	-	16'343				
Cash and cash equivalents	84'820	-	84'820				
Accrued income	29'996	-	29'996				
	210'656	-	210'656				
Financial liabilities not measured at fair value							
Revolving credit facility	-	(52'792)	(52'792)	-	(52'792)	-	(52'792)
Bank credit facility	-	(5'866)	(5'866)	-	(5'866)	-	(5'866)
Secured loan notes	-	(972'410)	(972'410)	-	(1'416'056)	-	(1'416'056)
Lease liabilities	-	(188'407)	(188'407)	-	(188'407)	-	(188'407)
Reverse factoring liability & credit facilities	-	(11'760)	(11'760)	-	(11'760)	-	(11'760)
Accrued Expenses	-	(105'574)	(105'574)				
Trade payables	-	(152'815)	(152'815)				
	-	(1'489'624)	(1'489'624)				

31 December 2020	<i>Financial assets at amortised cost</i> € (000's)	<i>Other financial liabilities</i> € (000's)	<i>Total</i> € (000's)	<i>Level 1</i> € (000's)	<i>Level 2</i> € (000's)	<i>Level 3</i> € (000's)	<i>Total</i> € (000's)
Financial assets not measured at fair value							
Trade receivables	64'410	-	64'410				
Non-current financial assets	16'341	-	16'341				
Cash and cash equivalents	127'902	-	127'902				
Accrued income	22'281	-	22'281				
	230'934	-	230'934				
Financial liabilities not measured at fair value							
Revolving credit facility	-	(40'042)	(40'042)		(40'042)		(40'042)
Bank credit facility	-	(3'072)	(3'072)		(3'072)		(3'072)
Secured loan notes	-	(935'290)	(935'290)		(1'165'366)		(1'165'366)
Lease liabilities	-	(226'629)	(226'629)		(226'629)	-	(226'629)
Reverse factoring liability & credit facilities	-	(15'327)	(15'327)		(15'327)	-	(15'327)
Accrued Expenses	-	(94'378)	(94'378)				
Trade payables	-	(147'413)	(147'413)				
	-	(1'462'151)	(1'462'151)				

15.2. Measurement of fair values

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

Financial instruments not measured at fair value

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

16. Contingent liabilities and contingent assets

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

17. Events after the balance sheet date

No events have occurred between 30 September 2021 and the date of authorisation of the issue of these condensed consolidated interim financial statements by the Board of Directors of the Company on 10 November 2021 that could have a material impact on the condensed consolidated interim financial statements.

18. Approval of the consolidated financial statements

The condensed consolidated interim financial statements for the 9 months ended 30 September 2021 have been authorised by the Board of Directors on 10 November 2021.

Amsterdam, 10 November 2021

Christian Schmitz
Director of the Selecta Group B.V.

Philippe Gautier
Director of the Selecta Group B.V.

Ruud Gabriels
Director of the Selecta Group B.V.

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Director of the Selecta Group B.V.