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

Condensed consolidated interim financial statements for the 9 months ended 30 September 2024 (unaudited)

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

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	Notes	*9 months ended 30 September 2024*	*9 months ended 30 September 2023*	*3 months ended 30 September 2024*	*3 months ended 30 September 2023*
		€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*
Revenue	5, 6	1'005'413	1'048'598	327'226	344'792
Vending fees	7	(139'792)	(139'788)	(51'788)	(52'268)
Materials and consumables used		(346'750)	(368'589)	(112'913)	(117'028)
Employee benefits expenses		(262'560)	(260'910)	(86'467)	(82'867)
Depreciation, amortisation and impairment expenses	8	(114'561)	(120'570)	(38'503)	(39'673)
Other operating expenses		(121'505)	(126'520)	(41'040)	(42'070)
Other operating income		4'283	8'430	1'153	3'700
Profit/(Loss) before net finance costs and income tax		**24'528**	**40'651**	**(2'332)**	**14'586**
Finance costs	9	(101'198)	(83'432)	(29'021)	(29'110)
Finance income	9	501	16'147	18'514	10'880
Loss before income tax		**(76'169)**	**(26'634)**	**(12'839)**	**(3'644)**
Income tax		2'773	4'998	1'967	3'793
Profit/(Loss) for the period		**(73'396)**	**(21'636)**	**(10'872)**	**149**
Revenue net of vending fees [1]	5, 7	865'621	908'810	275'438	292'524

The notes on pages 9 to 21 are an integral part of these condensed consolidated interim financial statements.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS

	Notes	*9 months ended 30 September 2024 € (000's)*	*9 months ended 30 September 2023 € (000's)*	*3 months ended 30 September 2024 € (000's)*	*3 months ended 30 September 2023 € (000's)*
Profit/(Loss) for the period		**(73'396)**	**(21'636)**	**(10'872)**	**149**
Items that are or may subsequently be reclassified to the condensed consolidated interim statement of profit or loss					
Foreign exchange translation differences for foreign operations	14	12'458	(15'582)	(16'348)	(9'414)
Other comprehensive income/(loss) for the period		**12'458**	**(15'582)**	**(16'348)**	**(9'414)**
Total comprehensive loss for the period		**(60'938)**	**(37'218)**	**(27'220)**	**(9'265)**

The notes on pages 9 to 21 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2024	31 December 2023
Assets		*€ (000's)*	*€ (000's)*
Non-current assets			
Property, plant and equipment	10	371'428	378'775
Goodwill		979'256	979'349
Trademarks	12	333'264	338'043
Customer contracts	12	141'649	159'051
Other intangible assets	12	18'342	20'677
Deferred income tax assets		23'496	23'157
Non-current financial assets		21'865	10'701
Net defined benefit asset		16'703	18'769
Total non-current assets		**1'906'003**	**1'928'522**
Current assets			
Inventories		129'982	119'144
Trade receivables		95'318	123'060
Current financial and other current assets		112'775	68'592
Cash and cash equivalents		39'894	58'190
Total current assets		**377'969**	**368'986**
Total assets		**2'283'972**	**2'297'508**
Equity and liabilities			
Equity			
Share capital	14	344	344
Share premium		2'045'032	2'045'032
Currency translation reserve		(308'725)	(321'183)
Accumulated deficit		(1'417'076)	(1'343'680)
Total equity		**319'575**	**380'513**
Non-current liabilities			
Borrowings	13	1'205'597	1'127'359
Lease liabilities		119'264	123'491
Net defined benefit liability		10'175	10'536
Provisions and other employee benefits		6'351	4'516
Non-current financial and other non-current liabilities		22'071	18'898
Deferred income tax liabilities		141'746	146'700
Total non-current liabilities		**1'505'204**	**1'431'500**
Current liabilities			
Lease liabilities		30'604	32'297
Trade payables		205'129	194'383
Provisions and other employee benefits		31'020	34'744
Current income tax liabilities		7'015	6'229
Current financial and other current liabilities		185'425	217'842
Total current liabilities		**459'193**	**485'495**
Total liabilities		**1'964'397**	**1'916'995**
Total equity and liabilities		**2'283'972**	**2'297'508**

The notes on pages 9 to 21 are an integral part of these condensed consolidated interim financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Attributable to owners of the Company				
	Share capital *€ (000's)*	*Share premium* *€ (000's)*	*Currency translation reserve* *€ (000's)*	*Accumulated deficit* *€ (000's)*	***Total equity*** ***€ (000's)***
Balance at 1 January 2023	**344**	**2'044'707**	**(272'032)**	**(1'328'231)**	**444'788**
Other comprehensive income/(loss)	-	-	(49'151)	913	**(48'238)**
Loss for the year	-	-	-	(16'362)	**(16'362)**
Total comprehensive loss for the year	-	-	(49'151)	(15'449)	**(64'600)**
Share-based payment	-	325	-	-	**325**
Balance at 31 December 2023	**344**	**2'045'032**	**(321'183)**	**(1'343'680)**	**380'513**
Other comprehensive income	-	-	12'458	-	**12'458**
Loss for the period	-	-	-	(73'396)	**(73'396)**
Total comprehensive income/(loss) for the period	-	-	12'458	(73'396)	**(60'938)**
Balance at 30 September 2024	**344**	**2'045'032**	**(308'725)**	**(1'417'076)**	**319'575**

The notes on pages 9 to 21 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Notes	*9 months ended 30 September 2024 € (000's)*	*9 months ended 30 September 2023 € (000's)*
Cash flows from operating activities			
Loss before income tax		(76'169)	(26'634)
Depreciation, amortisation and impairment expenses	8	114'561	120'570
Gain on disposal of property, plant and equipment, net		(2'371)	(3'728)
Non-cash transactions		(377)	(1'469)
Finance costs, net		100'697	67'285
Changes in working capital:			
(Increase)/Decrease in inventories		(11'077)	(4'664)
(Increase)/Decrease in trade receivables		(3'433)	(2'243)
(Increase)/Decrease in other current assets		(17'038)	(7'883)
Increase/(Decrease) in trade payables		10'698	(6'642)
Increase/(Decrease) in other current liabilities and provisions		(16'420)	(32'775)
Income taxes paid		(1'505)	(2'975)
Net cash generated from operating activities		**97'566**	**98'842**
Cash flows from investing activities			
Purchases of property, plant and equipment		(60'430)	(47'720)
Purchases of intangible assets		(2'311)	(1'696)
Repayments of short-term investments		(4'780)	-
Proceeds from sale of property, plant and equipment and other proceeds		6'434	9'730
Net cash used in investing activities		**(61'087)**	**(39'686)**
Cash flows from financing activities			
Proceeds from loans and borrowings		58'725	4'116
Repayments of loans and borrowings		(4'392)	(9'383)
Repayments of lease liabilities		(28'362)	(29'260)
Repayments of factoring		(1'686)	(1'804)
Interest paid		(78'060)	(58'399)
Net cash used in financing activities		**(53'775)**	**(94'730)**
Net decrease in cash and cash equivalents		**(17'296)**	**(35'574)**
Cash and cash equivalents at the beginning of the period		58'190	73'108
Exchange losses on cash and cash equivalents		(1'000)	(465)
Cash and cash equivalents at the end of the period		**39'894**	**37'069**

The notes on pages 9 to 21 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 as 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.

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 consolidated financial statements.

The condensed consolidated interim financial statements do not include all information required for a complete set of IFRS consolidated financial statements and should therefore be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.

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 2023.

3. Summary of accounting policies

3.1. Accounting policies

The Group has adopted all International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (the IASB) as well as Interpretations given by the IFRS Interpretations Committee (the IFRIC) and the former Standing Interpretations Committee (SIC) that are relevant to the Group's operations and effective for annual reporting periods beginning on 1 January 2024.

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 2023.

3.2. New and revised/amended standards and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. However, the Group has not early adopted them in preparing these condensed consolidated interim financial statements.

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.

	Impact	*Effective date*	*Planned application by Selecta Group B.V.*
New standards or interpretations			
Lack of Exchangeability – Amendments to IAS 21	1)	1 January 2025	Reporting year 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures; annual improvements to IFRS Accounting Standards	2)	1 January 2026	Reporting year 2026
IFRS 18 Presentation and Disclosure in Financial Statements	2)	1 January 2027	Reporting year 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	2)	1 January 2027	Reporting year 2027

1) No significant impacts are expected on the condensed consolidated interim 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

Global minimum tax

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

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

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

As a result, the Group does not expect material impact from the new legislation on the Group's condensed consolidated interim financial statements as of 30 September 2024.

3.3. Basis of consolidation

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 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. Segment reporting

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

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

- **Segment South, UK & Ireland:** characterised by paid-vend[2], mixed channel vending and includes Italy, Spain and the UK (including Ireland)
- **Segment Central:** characterised by paid-vend, mixed channel vending and includes Switzerland, Germany, Austria and France, with a strong presence and expertise in the public business
- **Segment North:** characterised by free-vend[3], office coffee services (OCS) and includes Sweden, Norway, Finland, Denmark, Belgium, Netherlands, and the Pelican Rouge Roaster in the Netherlands

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

[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)

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

Result for the 9 months ended 30 September 2024

	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	318'191	374'656	325'446	**1'018'293**	(12'880)	**1'005'413**
Revenue net of vending fees	281'640	290'154	306'707	**878'501**	(12'880)	**865'621**
Profit/(loss) before net finance costs, income taxes, depreciation, amortisation and impairment expenses	**37'405**	**53'136**	**53'916**	**144'457**	**(5'368)**	**139'089**
Depreciation, amortisation and impairment expenses	(30'749)	(33'614)	(26'562)	**(90'925)**	(23'636)	**(114'561)**
Profit before net finance costs and income tax						**24'528**
Finance costs, net						**(100'697)**
Loss before income tax						**(76'169)**

Result for the 9 months ended 30 September 2023

	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	321'253	384'652	358'055	**1'063'960**	(15'362)	**1'048'598**
Revenue net of vending fees	285'587	299'928	338'657	**924'172**	(15'362)	**908'810**
Profit/(loss) before net finance costs, income taxes, depreciation, amortisation and impairment expenses	**42'953**	**69'476**	**63'418**	**175'847**	**(14'626)**	**161'221**
Depreciation, amortisation and impairment expenses	(33'309)	(36'523)	(27'695)	**(97'527)**	(23'043)	**(120'570)**
Profit before net finance costs and income tax						**40'651**
Finance costs, net						**(67'285)**
Loss before income tax						**(26'634)**

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 2024

	South, UK & Ireland *€ (000's)*	*Central* *€ (000's)*	*North* *€ (000's)*	*Total reportable segments* *€ (000's)*	*HQ and Interco* € (000's)	***Total Group*** ***€ (000's)***
Revenue from contracts with customers	318'191	374'656	315'506	1'008'353	(12'880)	**995'473**
Rental revenue	-	-	9'940	9'940	-	**9'940**
Total revenue	**318'191**	**374'656**	**325'446**	**1'018'293**	**(12'880)**	**1'005'413**
Revenue from On-the-Go channel	123'362	213'971	58'030	395'363	-	**395'363**
Third party revenue from Workplace channel	141'292	127'802	149'387	418'481	-	**418'481**
Intersegment revenue from Workplace channel	-	35	-	35	(35)	**-**
Third party revenue from Trading channel	53'507	32'720	94'776	181'003	626	**181'629**
Intersegment revenue from Trading channel	30	128	13'313	13'471	(13'471)	**-**
Total revenue from contracts with customers	**318'191**	**374'656**	**315'506**	**1'008'353**	**(12'880)**	**995'473**

Result for the 9 months ended 30 September 2023

	South, UK & Ireland *€ (000's)*	*Central* *€ (000's)*	*North* *€ (000's)*	*Total reportable segments* *€ (000's)*	*HQ and Interco* € (000's)	***Total Group*** ***€ (000's)***
Revenue from contracts with customers	321'253	384'652	346'389	1'052'294	(15'362)	**1'036'932**
Rental revenue	-	-	11'666	11'666	-	**11'666**
Total revenue	**321'253**	**384'652**	**358'055**	**1'063'960**	**(15'362)**	**1'048'598**
Revenue from On-the-Go channel	120'937	219'382	64'140	404'459	-	**404'459**
Third party revenue from Workplace channel	150'508	133'244	163'662	447'414	-	**447'414**
Intersegment revenue from Workplace channel	-	49	-	49	(49)	**-**
Third party revenue from Trading channel	49'770	31'823	103'466	185'059	-	**185'059**
Intersegment revenue from Trading channel	38	154	15'121	15'313	(15'313)	**-**
Total revenue from contracts with customers	**321'253**	**384'652**	**346'389**	**1'052'294**	**(15'362)**	**1'036'932**

Revenue by channel:

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

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

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

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

Workplace (private)

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

Trading

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

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

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. Depreciation, amortisation and impairment expenses

	Notes	*9 months ended 30 September 2024 € (000’s)*	*9 months ended 30 September 2023 € (000’s)*	*3 months ended 30 September 2024 € (000’s)*	*3 months ended 30 September 2023 € (000’s)*
Depreciation	10	(85’933)	(92’280)	(27’685)	(30’058)
Impairment tangible and intangible assets		(2’638)	(1’617)	(1’486)	(988)
Amortisation customer contracts and trademark		(22’095)	(21’807)	(7’860)	(7’058)
Amortisation other intangibles		(3’895)	(4’866)	(1’472)	(1’569)
Total depreciation, amortisation and impairment expenses		**(114’561)**	**(120'570)**	**(38’503)**	**(39'673)**

9. Finance costs and finance income

	9 months ended 30 September 2024 € (000’s)	*9 months ended 30 September 2023 € (000’s)*	*3 months ended 30 September 2024 € (000’s)*	*3 months ended 30 September 2023 € (000’s)*
Interest on debt and borrowings	(79’846)	(76’541)	(26’913)	(26’310)
Lease interest expense	(4’986)	(3’860)	(1’616)	(1’327)
Foreign exchange loss	(13’572)	-	-	-
Other interest and finance expense	(2’794)	(3’031)	(492)	(1’473)
Total finance costs	**(101’198)**	**(83’432)**	**(29’021)**	**(29’110)**
Foreign exchange gain	-	16’048	18’452	10’880
Other interest and finance income	501	99	62	-
Total finance income	**501**	**16’147**	**18’514**	**10’880**

10. Property, plant and equipment

Cost	*Freehold land and buildings € (000's)*	*Vending equipment € (000's)*	*Vehicles € (000's)*	*Other equipment € (000's)*	***Total € (000's)***
Balance at 1 January 2023	**168'022**	**793'939**	**74'036**	**97'666**	**1'133'663**
Additions	7'287	64'922	11'897	10'114	**94'220**
Disposals	(13'852)	(110'900)	(17'756)	(8'747)	**(151'255)**
Lease modifications	680	-	(129)	-	**551**
Reclassifications*	22	(3'271)	(34)	(5'526)	**(8'809)**
Effects of foreign currency exchange differences	3'697	11'631	707	1'412	**17'447**
Balance at 31 December 2023	**165'856**	**756'321**	**68'721**	**94'919**	**1'085'817**
Additions	14'763	59'185	10'910	5'765	**90'623**
Disposals	(17'914)	(61'292)	(24'558)	(3'911)	**(107'675)**
Lease modifications	4'081	-	(6)	-	**4'075**
Reclassifications*	15	(64)	-	(1'996)	**(2'045)**
Effects of foreign currency exchange differences	(1'259)	(1'539)	(165)	(115)	**(3'078)**
Balance at 30 September 2024	**165'542**	**752'611**	**54'902**	**94'662**	**1'067'717**
Accumulated depreciation and impairment					
Balance at 1 January 2023	**(45'601)**	**(564'771)**	**(42'282)**	**(65'803)**	**(718'457)**
Depreciation expense	(16'523)	(81'163)	(14'331)	(10'612)	**(122'629)**
Impairment expense	(154)	(1'591)	-	(334)	**(2'079)**
Disposals	10'012	105'774	15'672	8'339	**139'797**
Lease Modification	(271)	-	201	-	**(70)**
Reclassifications*	-	3'069	39	4'763	**7'871**
Effects of foreign currency exchange differences	(993)	(9'137)	(448)	(897)	**(11'475)**
Balance at 31 December 2023	**(53'530)**	**(547'819)**	**(41'149)**	**(64'544)**	**(707'042)**
Depreciation expense	(13'331)	(55'824)	(9'898)	(6'880)	**(85'933)**
Impairment expense	-	(2'171)	(40)	(1)	**(2'212)**
Disposals	11'172	58'890	23'762	3'840	**97'664**
Lease Modification	(1'536)	-	2	-	**(1'534)**
Reclassifications*	-	1'828	-	(67)	**1'761**
Effects of foreign currency exchange differences	182	782	40	3	**1'007**
Balance at 30 September 2024	**(57'043)**	**(544'314)**	**(27'283)**	**(67'649)**	**(696'289)**
Net Book Value					
At 31 December 2023	**112'326**	**208'502**	**27'572**	**30'375**	**378'775**
At 30 September 2024	**108'499**	**208'297**	**27'619**	**27'013**	**371'428**

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

As of 30 September 2024, the above table included right-of-use assets in the amount € 154.1 million (31 December 2023: € 159.2 million). Commitments in respect of capital expenditure amounted to € 18.6 million as of 30 September 2024 (31 December 2023: € 16.7 million).

Following the analysis of low performing points of sales, an impairment of vending equipment was recognised in 2023 and for 9 months ended 30 September 2024.

11. Leases

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

Right-of-use assets *€ (000's)*	Land and Buildings	Vending equipment	Vehicles	Other equipment	**Total**
Balance at 1 January 2023	**115'067**	**27'997**	**29'690**	**870**	**173'624**
Depreciation charge for the year	(15'787)	(7'411)	(13'519)	(576)	**(37'293)**
Additions to right-of-use assets	6'741	7'504	10'569	563	**25'377**
Disposals of right-of-use assets	(3'747)	(1'453)	(1'076)	(153)	**(6'429)**
Lease modifications	410	-	72	-	**482**
Effects of foreign currency exchange differences	2'717	434	277	1	**3'429**
Balance at 31 December 2023	**105'401**	**27'071**	**26'013**	**705**	**159'190**
Depreciation charge for the period	(12'803)	(4'791)	(9'287)	(311)	**(27'192)**
Additions to right-of-use assets	14'596	5'008	10'507	81	**30'192**
Disposals of right-of-use assets	(6'580)	(1'999)	(707)	(37)	**(9'323)**
Lease modifications	2'545	-	(4)	-	**2'541**
Effects of foreign currency exchange differences	(1'086)	(142)	(115)	(4)	**(1'347)**
Balance at 30 September 2024	**102'073**	**25'147**	**26'407**	**434**	**154'061**

Lease liabilities	*30 September 2024 € (000's)*	*31 December 2023 € (000's)*
Current lease liabilities	30'604	32'297
Non-current lease liabilities	119'264	123'491
Total lease liabilities	**149'868**	**155'788**

The Group has various lease contracts that have not yet commenced as of 30 September 2024. Future lease payments for these lease contracts are € 4.1 million (31 December 2023: € 0.3 million).

12. Intangible assets

Intangible assets consist primarily of trademarks and customer contracts.

The trademarks "Selecta" and "Pelican Rouge" recognised by the Group represent the brand names and have an indefinite useful life. Therefore, these trademarks are tested for impairment annually. The impairment calculation is based on the Value in Use assumption. Trademarks which have definite useful life are amortised over 10 years.

In Q2 2024, the Group's subsidiary Gruppo Argenta S.P.A. changed its legal name into Selecta Italia S.P.A. Following its renaming, Selecta Italia initiated the process of rebranding, which will be finalized next year. By then, the trademark "Argenta" will be fully amortised. The carrying amount of the trademark "Argenta" at 30 September 2024 is € 6.4 million.

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.

13. Borrowings

	30 September 2024 € (000's)	*31 December 2023 € (000's)*
Borrowings (incl. revolving credit facility)	1'205'597	1'127'359
Total borrowings	**1'205'597**	**1'127'359**

13.1. Borrowings

	30 September 2024			*31 December 2023*		
	€ (000's)	*in %*	*Interest rate*	*€ (000's)*	*in %*	*Interest rate*
EUR	1'175'712	97.5%	8.5%	1'097'774	97.4%	8.5%
CHF	29'885	2.5%	8.6%	29'585	2.6%	8.6%
Total	**1'205'597**	**100%**	**8.5%**	**1'127'359**	**100%**	**8.1%**

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

13.2. Rate structure of borrowings

	30 September 2024 € (000's)	*31 December 2023 € (000's)*
Total borrowings at variable rates	104'059	57'000
Total borrowings at fixed rates	1'101'538	1'070'359
Total borrowings	**1'205'597**	**1'127'359**

The total includes the reduction of net capitalised transaction costs.

13.3. Details of borrowing facilities

Interest Rate

- First Lien Notes: Until (but excluding) January 2nd, 2023: 3.500% per annum, payable in cash, plus in kind at a rate of 4.500% per annum by increasing the principal amount of the outstanding Notes or issuing additional Notes in a principal amount equal to such interest. From (and including) January 2nd, 2023: 8.000% per annum, payable in cash.

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

Maturity

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

	Interest rate %	*30 September 2024 € (000's)*
First Lien Notes (EUR)	8.0	739'518
First Lien Notes (CHF)	8.0	20'623
Second Lien Notes (EUR)	10.0	332'135
Second Lien Notes (CHF)	10.0	9'262
Senior revolving credit facility (3M Euribor + 4%)	7.72	104'059
Total borrowings at nominal values		**1'205'597**

3M Euribor has raised in the market from 3.75% to 4%, which mainly influenced the higher interest rate of the Senior revolving credit facility vs 31 December 2023.

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

Effect of covenants

Non-current borrowings of Selecta Group include borrowings amounting to € 1.206 million (31 December 2023: € 1.127 million) that contain covenants, which, if not met, may result in the borrowings becoming repayable on demand.

These borrowings are otherwise repayable more than 12 months after the end of the reporting period. As at 30 September 2024, Selecta Group complied with all the covenants that were required to be met on or before 30 September 2024. The covenants that are required to be complied with after the end of the current interim period do not affect the classification of the related borrowings as current or non-current at the end of the current interim period. Therefore, all these borrowings remain classified as non-current liabilities.

14. Equity

14.1. Share capital, share premium

The Group's share capital consists of 343'724 fully paid ordinary shares with a nominal value of € 1 per share. Fully paid ordinary shares carry one vote per share and a right to dividends.

In 2023, the Group's share premium increased due to the recognition of the share-based payment.

14.2. Other comprehensive income

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

For the 9 months ended 30 September 2024	*Currency translation reserve € (000's)*	*Accumulated deficit € (000's)*	***Total € (000's)***
Foreign currency translation differences for foreign operations	12'458	-	**12'458**
Total other comprehensive income, net of tax	**12'458**	**-**	**12'458**

For the 3 months ended 30 September 2024	*Currency translation reserve € (000's)*	*Accumulated deficit € (000's)*	***Total € (000's)***
Foreign currency translation differences for foreign operations	(16'348)	-	**(16'348)**
Total other comprehensive loss, net of tax	**(16'348)**	**-**	**(16'348)**

For the 9 months ended 30 September 2023	*Currency translation reserve € (000's)*	*Accumulated deficit € (000's)*	***Total € (000's)***
Foreign currency translation differences for foreign operations	(15'582)	-	**(15'582)**
Total other comprehensive loss, net of tax	**(15'582)**	**-**	**(15'582)**

For the 3 months ended 30 September 2023	*Currency translation reserve € (000's)*	*Accumulated deficit € (000's)*	***Total € (000's)***
Foreign currency translation differences for foreign operations	(9'414)	-	**(9'414)**
Total other comprehensive loss, net of tax	**(9'414)**	**-**	**(9'414)**

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.

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.

	Carrying amount			Fair Value	
30 September 2024	*Financial assets at amortised cost € (000's)*	*Other financial liabilities € (000's)*	***Total € (000's)***	*Level 2 € (000's)*	*Total € (000's)*
Financial assets not measured at fair value					
Non-current financial assets	21'865	-	**21'865**		
Trade receivables	95'318	-	**95'318**		
Cash and cash equivalents	39'894	-	**39'894**		
Accrued income	41'976	-	**41'976**		
Other current financial assets	33'980	-	**33'980**	33'980	33'980
	233'033	**-**	**233'033**		
Financial liabilities not measured at fair value					
Secured loan notes	-	(1'101'538)	**(1'101'538)**	(1'136'325)	(1'136'325)
Revolving credit facility	-	(104'059)	**(104'059)**	(104'059)	(104'059)
Lease liabilities	-	(149'868)	**(149'868)**	(149'868)	(149'868)
Other non-current financial liabilities	-	(15'456)	**(15'456)**	(15'456)	(15'456)
Trade payables	-	(205'129)	**(205'129)**		
Interest payable	-	(23'763)	**(23'763)**		
Accrued expenses	-	(71'599)	**(71'599)**		
Factoring and reverse factoring liabilities	-	(4'332)	**(4'332)**	(4'332)	(4'332)
Other current financial liabilities	-	(21'330)	**(21'330)**	(21'330)	(21'330)
	-	**(1'697'074)**	**(1'697'074)**		

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

15.2. Valuation techniques

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

Financial instruments not measured at fair value

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

16. Contingent liabilities

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

At 30 September 2024 the Group had commitments of € 19.6 million (31 December 2023: € 26.2 million) relating to purchase of inventory.

17. Events after the balance sheet date

No events have occurred between 30 September 2024 and the date of authorisation of the issue of these condensed consolidated interim financial statements by the Board of Directors of the Company on 31 October 2024 that could have a material impact on the condensed consolidated interim financial statements.

APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for the 9 months ended 30 September 2024 have been authorised by the Board of Directors on 31 October 2024.

Amsterdam, 31 October 2024

Christian Schmitz
Director of the Selecta Group B.V.

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

Ruud Gabriels
Director of the Selecta Group B.V.

Robert Plooij
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