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

Condensed consolidated interim financial statements
for the 3 months ended 31 March 2023 (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	*3 months ended 31 March 2023 € (000's)*	*3 months ended 31 March 2022 € (000's)*
Revenue	5, 6	349'117	311'911
Vending fees	7	(40'061)	(35'320)
Materials and consumables used		(126'468)	(107'182)
Employee benefits expenses		(90'449)	(87'933)
Depreciation, amortisation and impairment expenses	8	(41'086)	(49'096)
Other operating expenses		(44'023)	(41'827)
Other operating income		3'231	2'298
Profit/(Loss) before net finance costs and income tax		**10'261**	**(7'149)**
Finance costs	9	(35'970)	(24'897)
Finance income	9	37	4'208
Loss before income tax		**(25'672)**	**(27'838)**
Income tax		433	3'422
Loss for the period		**(25'239)**	**(24'416)**
Revenue net of vending fees [1]	5, 7	309'056	276'591

The notes on pages 8 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	*3 months ended 31 March 2023 € (000's)*	*3 months ended 31 March 2022 € (000's)*
Loss for the period		**(25'239)**	**(24'416)**
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss			
Foreign exchange translation differences for foreign operations		7'569	(3'787)
Other comprehensive loss for the period		**(17'670)**	**(3'787)**
Total comprehensive loss for the period		**(17'670)**	**(28'203)**

The notes on pages 8 to 21 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

	Notes	31 March 2023 € (000's)	31 December 2022 € (000's)
Non-current assets			
Property, plant and equipment	10	397'812	415'206
Goodwill		979'110	979'131
Trademarks	12	340'511	341'333
Customer contracts	12	183'488	190'016
Other intangible assets	12	20'115	21'861
Deferred income tax assets		28'730	28'841
Non-current financial assets		12'680	12'052
Net defined benefit asset		18'672	18'289
Total non-current assets		**1'981'118**	**2'006'729**
Current assets			
Inventories		119'442	116'043
Trade receivables		111'749	114'890
Other current assets		78'742	69'712
Cash and cash equivalents		55'345	73'108
Total current assets		**365'278**	**373'753**
Total assets		**2'346'396**	**2'380'482**
Equity			
Share capital	14	344	344
Share premium	14	2'044'707	2'044'707
Currency translation reserve	14	(264'463)	(272'032)
Accumulated deficit	14	(1'353'470)	(1'328'231)
Total equity		**427'118**	**444'788**
Non-current liabilities			
Borrowings	13	1'117'944	1'082'722
Lease liabilities		128'743	133'474
Net defined benefit liability		11'145	11'149
Provisions and other employee benefits		7'495	7'985
Other non-current liabilities		20'499	21'273
Deferred income tax liabilities		154'995	156'808
Total non-current liabilities		**1'440'821**	**1'413'411**
Current liabilities			
Lease liabilities		35'690	37'169
Trade payables		179'299	196'556
Provisions and other employee benefits		45'525	50'546
Current income tax liabilities		6'337	5'599
Other current liabilities		211'606	232'413
Total current liabilities		**478'457**	**522'283**
Total liabilities		**1'919'278**	**1'935'694**
Total equity and liabilities		**2'346'396**	**2'380'482**

The notes on pages 8 to 21 are an integral part of these condensed consolidated interim financial statements.

Condensed interim statement of changes in consolidated equity

	Notes	Share capital	Share premium	Currency translation reserve	Accumulated deficit	Total equity
		Attributable to owners of the Company				
		€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Balance at 31 December 2021		**344**	**2'033'314**	**(243'054)**	**(1'236'308)**	**554'296**
Other comprehensive loss		-	-	(28'978)	(8'369)	**(37'347)**
Loss for the year		-	-	-	(83'554)	**(83'554)**
Total comprehensive loss for the year		-	-	(28'978)	(91'923)	**(120'901)**
Capital increase		-	11'205	-	-	**11'205**
Share-based payment		-	188	-	-	**188**
Balance at 31 December 2022		**344**	**2'044'707**	**(272'032)**	**(1'328'231)**	**444'788**
Other comprehensive income		-	-	7'569	-	**7'569**
Loss for the period		-	-	-	(25'239)	**(25'239)**
Total comprehensive loss for the period		-	-	7'569	(25'239)	**(17'670)**
Balance at 31 March 2023		**344**	**2'044'707**	**(264'463)**	**(1'353'470)**	**427'118**

The notes on pages 8 to 21 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flow

	Notes	3 months ended 31 March 2023 € (000's)	3 months ended 31 March 2022 € (000's)
Cash flows from operating activities			
Loss before income tax		(25'672)	(27'838)
Depreciation, amortisation and impairment expenses	8	41'086	49'096
Gain on disposal of property, plant and equipment, net		(1'678)	(1'215)
Non-cash transactions		(1'331)	790
Finance costs, net		35'933	20'689
Changes in working capital:			
(Increase)/Decrease in inventories		(3'969)	(4'151)
(Increase)/Decrease in trade receivables		2'726	231
(Increase)/Decrease in other current assets		(10'422)	(2'620)
Increase/(Decrease) in trade payables		(16'565)	(12'227)
Increase/(Decrease) in other current liabilities and provisions		(3'206)	(3'550)
Income taxes paid		(702)	(554)
Net cash generated from operating activities		**16'200**	**18'651**
Cash flows from investing activities			
Purchases of property, plant and equipment		(14'570)	(18'037)
Purchases of intangible assets		(276)	(1'626)
Proceeds from sale of property, plant and equipment and other proceeds		4'829	2'268
Net cash used in investing activities		**(10'017)**	**(17'395)**
Cash flows from financing activities			
Proceeds from loans and borrowings		5'316	21'295
Repayments of loans and borrowings		(1'313)	(2'263)
Payments of lease liabilities		(10'097)	(11'021)
Proceeds/(Repayments) of factoring		(550)	(626)
Interest paid		(16'594)	(15'598)
Net cash used in financing activities		**(23'238)**	**(8'213)**
Net (decrease)/increase in cash and cash equivalents		**(17'055)**	**(6'957)**
Cash and cash equivalents at the beginning of the period		73'108	60'034
Exchange losses on cash and cash equivalents		(708)	(175)
Cash and cash equivalents at the end of the period		**55'345**	**52'902**

The notes on pages 8 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 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 Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. The business of the Group was significantly impacted by the pandemic and the related decrease in mobility and office presence which has negatively impacted the financial performance.

In the course of 2021, the Group adjusted its workforce capacity to its new size of revenue to adapt to the changing environment. In early 2022, as governments started easing pandemic related restrictions, the business partially recovered and had limited impact from the pandemic due to the previous measures it had taken to mitigate losses. In addition, the Group continues to maintain a solid cash position. Therefore, the leadership of the company is confident that they will have adequate resources to continue operations from a position of strength.

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 2022.

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 2022.

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 2023.

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 2022.

3.2. New and revised/amended standards and interpretations

A number of new amendments are effective from 1 January 2023, but they do not have a material effect on the Group's condensed consolidated interim financial statements.
A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted them in preparing these 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			
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	2)	1 January 2024	Reporting year 2024
Non-current liabilities with Covenants (Amendments to IAS 1)	2)	1 January 2024	Reporting year 2024
Amendments to IFRS 16 leases: Lease liability in a Sales and Leaseback	2)	1 January 2024	Reporting year 2024

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

To address the concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local laws. Once the changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax. At the date when these condensed consolidated interim financial statements were authorised for issue, none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-us tax. Management is closely monitoring the progress of the legislative process in each jurisdiction of the Group operates in. At 31 March 2023, the Group did not have sufficient information to determine the potential quantitative impact.

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

Result for the 3 months ended 31 March 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	108'784	118'222	128'308	**355'314**	(6'197)	**349'117**
Revenue net of vending fees	97'067	95'949	122'237	**315'253**	(6'197)	**309'056**
Profit/(loss) before net finance costs, income taxes, depreciation, amortisation and impairment expenses	**14'237**	**18'263**	**22'805**	**55'305**	**(3'958)**	**51'347**
Depreciation, amortisation and impairment expenses	(11'355)	(12'615)	(9'204)	**(33'174)**	(7'912)	**(41'086)**
Loss before net finance costs and income tax						**10'261**
Finance costs, net						**(35'933)**
Loss before income tax						**(25'672)**

[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 3 months ended 31 March 2022

	South, UK & Ireland	*Central*	*North*	*Total reportable segments*	*HQ and Interco*	*Total Group*
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Revenue	101'593	106'589	109'191	**317'373**	(5'462)	**311'911**
Revenue net of vending fees	91'772	86'797	103'484	**282'053**	(5'462)	**276'591**
Profit/(loss) before net finance costs, income taxes, depreciation, amortisation and impairment expenses	**13'601**	**14'926**	**19'624**	**48'151**	**(6'204)**	**41'947**
Depreciation, amortisation and impairment expenses	(12'896)	(13'548)	(9'903)	**(36'347)**	(12'749)	**(49'096)**
Loss before net finance costs and income tax						**(7'149)**
Finance costs, net						**(20'689)**
Loss before income tax						**(27'838)**

6. Revenue by channel

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

Result for the 3 months ended 31 March 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 from contracts with customers	108'784	118'222	123'946	350'952	(6'197)	344'755
Rental revenue	-	-	4'362	4'362	-	4'362
Total revenue	**108'784**	**118'222**	**128'308**	**355'314**	**(6'197)**	**349'117**
Revenue from On-the-Go channel	40'330	62'695	21'518	124'543	-	124'543
Third party revenue from Workplace channel	52'391	45'274	60'526	158'191	-	158'191
Intersegment revenue from Workplace channel	-	15	-	15	(15)	-
Third party revenue from Trading channel	16'061	10'181	35'779	62'021	-	62'021
Intersegment revenue from Trading channel	2	57	6'123	6'182	(6'182)	-
Total revenue from contracts with customers	**108'784**	**118'222**	**123'946**	**350'952**	**(6'197)**	**344'755**

Result for the 3 months ended 31 March 2022

	South, UK & Ireland	*Central*	*North*	*Total reportable segments*	*HQ and Interco*	*Total Group*
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	**€ (000's)**	*€ (000's)*
Revenue from contracts with customers	101'593	106'589	105'691	313'873	(5'462)	308'411
Rental revenue	-	-	3'500	3'500	-	3'500
Total revenue	**101'593**	**106'589**	**109'191**	**317'373**	**(5'462)**	**311'911**
Revenue from On-the-Go channel	36'881	56'912	18'979	112'772	-	112'772
Third party revenue from Workplace channel	50'136	40'592	47'544	138'272	-	138'272
Intersegment revenue from Workplace channel	-	14	-	14	(14)	-
Third party revenue from Trading channel	14'540	9'048	33'779	57'367	-	57'367
Intersegment revenue from Trading channel	36	23	5'389	5'448	(5'448)	-
Total revenue from contracts with customers	**101'593**	**106'589**	**105'691**	**313'873**	**(5'462)**	**308'411**

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	*3 months ended 31 March 2023 € (000's)*	*3 months ended 31 March 2022 € (000's)*
Depreciation	10	(32'143)	(33'742)
Amortisation customer relationship contracts and trademark		(7'374)	(13'723)
Amortisation other intangibles		(1'569)	(1'631)
Total depreciation, amortisation and impairment expenses		**(41'086)**	**(49'096)**

9. Finance costs and finance income

	3 months ended 31 March 2023 € (000's)	*3 months ended 31 March 2022 € (000's)*
Interest on other loans	(24'343)	(22'882)
Lease interest expense	(938)	(1'524)
Foreign exchange loss	(9'793)	-
Other interest and finance expense	(896)	(491)
Total finance costs	**(35'970)**	**(24'897)**
Foreign exchange gain	-	3'904
Other interest and finance income	37	304
Total finance income	**37**	**4'208**

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 2022	**163'156**	**801'755**	**78'042**	**83'705**	**1'126'658**
Additions	10'058	70'411	5'101	10'511	**96'081**
Disposals	(11'009)	(65'727)	(9'817)	(1'569)	**(88'122)**
Lease modifications	4'439	-	320	-	**4'759**
Reclassifications*	-	(13'613)	1'136	5'383	**(7'094)**
Effects of foreign currency exchange differ-ences	1'378	1'113	(746)	(364)	**1'381**
Balance at 31 December 2022	**168'022**	**793'939**	**74'036**	**97'666**	**1'133'663**
Additions	888	13'344	1'295	3'178	**18'705**
Disposals	(973)	(39'093)	(5'570)	(1'382)	**(47'018)**
Lease modifications	1'190	-	(73)	-	**1'117**
Reclassifications*	22	(5'109)	(30)	(88)	**(5'205)**
Effects of foreign currency exchange differ-ences	(1'007)	(2'514)	(306)	(225)	**(4'052)**
Balance at 31 March 2023	**168'142**	**760'567**	**69'352**	**99'149**	**1'097'210**
Accumulated depreciation and impairment					
Balance at 1 January 2022	**(34'212)**	**(547'720)**	**(32'109)**	**(56'929)**	**(670'970)**
Depreciation expense	(16'715)	(89'591)	(16'944)	(11'185)	**(134'435)**
Disposals	6'457	60'970	7'637	1'438	**76'502**
Lease Modification	(1'256)	-	(189)	-	**(1'445)**
Reclassifications*	-	12'456	(1'136)	524	**11'844**
Effects of foreign currency exchange differ-ences	125	(886)	459	349	**47**
Balance at 31 December 2022	**(45'601)**	**(564'771)**	**(42'282)**	**(65'803)**	**(718'457)**
Depreciation expense	(4'169)	(21'505)	(3'731)	(2'738)	**(32'143)**
Disposals	935	37'844	4'470	1'217	**44'466**
Lease Modification	(251)	-	54	-	**(197)**
Reclassifications*	-	4'638	30	54	**4'722**
Effects of foreign currency exchange differ-ences	211	1'724	171	105	**2'211**
Balance at 31 March 2023	**(48'875)**	**(542'070)**	**(41'288)**	**(67'165)**	**(699'398)**
Net Book Value					
At 31 December 2022	**122'421**	**229'168**	**31'754**	**31'863**	**415'206**
At 31 March 2023	**119'267**	**218'497**	**28'064**	**31'984**	**397'812**

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

As of 31 March 2023, the above table included right-of-use assets in the amount € 166.5 million (31 December 2022: € 173.6 million). Commitments in respect of capital expenditure amounted to € 4.6 million as of 31 March 2023 (31 December 2022: € 4.5 million).

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 equip-ment**	**Total**
Balance at 1 January 2022	**120'769**	**24'440**	**43'688**	**1'475**	**190'372**
Depreciation expense	(16'044)	(7'022)	(15'910)	(751)	**(39'727)**
Additions to right-of-use assets	9'851	12'216	4'331	157	**26'555**
Disposals of right-of-use assets	(4'196)	(1'937)	(2'277)	(10)	**(8'420)**
Lease modifications	3'183	-	131	-	**3'314**
Effects of foreign currency exchange differences	1'504	300	(273)	(1)	**1'530**
Balance at 31 December 2022	**115'067**	**27'997**	**29'690**	**870**	**173'624**
Depreciation expense	(4'010)	(1'808)	(3'540)	(155)	**(9'513)**
Additions to right-of-use assets	885	1'817	1'186	247	**4'135**
Disposals of right-of-use assets	(25)	(1'403)	(157)	(88)	**(1'673)**
Lease modifications	939	-	(19)	-	**920**
Effects of foreign currency exchange differences	(796)	(79)	(112)	(4)	**(991)**
Balance at 31 March 2023	**112'060**	**26'524**	**27'048**	**870**	**166'502**

Lease liabilities	*31 March 2023 € (000's)*	*31 December 2022 € (000's)*
Current lease liabilities	35'690	37'169
Non-current lease liabilities	128'743	133'474
Total lease liabilities	**164'433**	**170'643**

The Group has various lease contracts that have not yet commenced as of 31 March 2023. Future lease payments for these lease contracts are € 1.3 million.

12. 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.

13. Borrowings

	31 March 2023 € (000's)	31 December 2022 € (000's)
Borrowings (incl. revolving credit facility)	1'117'944	1'082'722
Total borrowings	**1'117'944**	**1'082'722**

13.1. Borrowings

	31 March 2023			31 December 2022		
	€ (000's)	in %	Interest rate	€ (000's)	in %	Interest rate
EUR	1'090'837	97.6%	8.1%	1'056'086	97.5%	8.1%
CHF	27'107	2.4%	8.6%	26'636	2.5%	8.5%
Total	**1'117'944**	**100%**	**8.1%**	**1'082'722**	**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

	31 March 2023 € (000's)	31 December 2022 € (000's)
Total borrowings at variable rates	64'333	59'681
Total borrowings at fixed rates	1'053'611	1'023'041
Total borrowings	**1'117'944**	**1'082'722**

The total includes the reduction of net capitalised transaction costs.

13.3. Details of borrowing facilities

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

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

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

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

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

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

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

In December 2022, Selecta Group B.V. issued 100 shares (including share premium) to Selecta Group AG and Selecta Group AG settled the share subscription (including share premium) by way of set off with the Unclaimed Interest (cash) and the Unclaimed Senior Secured Notes.

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 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: at the Company’s discretion, 9.250% per annum, payable in cash or 10.000% per annum payable in kind. Interest can be paid entirely in cash, entirely in kind or in a combination of both.

Maturity

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

	Interest rate	*31 March 2023*
	%	*€ (000’s)*
First Lien Notes (EUR)	8.0	739’517
First Lien Notes (CHF)	8.0	19’529
Second Lien Notes (EUR)	10.0	286’987
Second Lien Notes (CHF)	10.0	7’578
Senior revolving credit facility (Euribor + 3.5%)	6.8	64’333
Total borrowings at nominal values		**1’117'944**

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

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

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 December 2022, Selecta Group B.V. issued 100 shares with a nominal value of € 1 per share to Selecta Group A.G. The share capital of the Group increased from 343,624 fully paid ordinary shares to 343,724 fully paid ordinary shares with a nominal value of € 1 per share.

The new shares were issued at an aggregate issue price of € 11'205'248.95. The amount above the nominal value of € 100, being € 11'205'148.95, increased the share premium of Selecta Group B.V. Part of the issue price, an amount of € 430'783.01, was paid in euro. The remaining part of the issue price, equal to an amount of € 10'774'465.94 was settled by means of a set-off against the Unclaimed Senior Secured Notes owed by Selecta Group B.V. to Selecta Group AG. Further details are described in note 13.3.

14.2. Other comprehensive loss

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

For the 3 months ended 31 March 2023	*Currency translation reserve € (000's)*	*Accumulated deficit € (000's)*	***Total** € (000's)*
Foreign currency translation differences for foreign operations	7'569	-	**7'569**
Total other comprehensive income, net of tax	**7'569**	**-**	**7'569**

For the 3 months ended 31 March 2022	*Currency translation reserve € (000's)*	*Accumulated deficit € (000's)*	***Total** € (000's)*
Foreign currency translation differences for foreign operations	(3'787)	-	**(3'787)**
Total other comprehensive loss, net of tax	**(3'787)**	**-**	**(3'787)**

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	
31 March 2023	*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					
Trade receivables	111'749	-	111'749		
Non-current financial assets	12'680	-	12'680		
Cash and cash equivalents	55'345	-	55'345		
Accrued income	39'588	-	39'588		
	219'362	**-**	**219'362**		
Financial liabilities not measured at fair value					
Revolving credit facility	-	(64'333)	(64'333)	(64'333)	(64'333)
Bank and other credit facilities	-	(13'217)	(13'217)	(13'217)	(13'217)
Secured loan notes	-	(1'053'611)	(1'053'611)	(1'094'855)	(1'094'855)
Lease liabilities	-	(164'433)	(164'433)	(164'433)	(164'433)
Factoring and reverse factoring liabilities	-	(7'389)	(7'389)	(7'389)	(7'389)
Accrued Expenses	-	(133'757)	(133'757)	-	-
Trade payables	-	(179'299)	(179'299)	-	-
	-	**(1'616'039)**	**(1'616'039)**		

31 December 2022	Carrying amount *Financial assets at amortised cost* *€ (000's)*	 *Other financial liabilities* *€ (000's)*	 ***Total*** ***€ (000's)***	Fair value *Level 2* *€ (000's)*	 ***Total*** ***€ (000's)***
Financial assets not measured at fair value					
Trade receivables	114'890	-	114'890		
Non-current financial assets	12'052	-	12'052		
Cash and cash equivalents	73'108	-	73'108		
Accrued income	31'250	-	31'250		
	231'300	**-**	**231'300**		
Financial liabilities not measured at fair value					
Revolving credit facility	-	(59'681)	(59'681)	(59'681)	(59'681)
Bank and other credit facilities		(14'268)	(14'268)	(14'268)	(14'268)
Secured loan notes	-	(1'023'041)	(1'023'041)	(1'153'047)	(1'153'047)
Lease liabilities	-	(170'643)	(170'643)	(170'643)	(170'643)
Factoring and reverse factoring liabilities	-	(7'939)	(7'939)	(7'939)	(7'939)
Accrued Expenses	-	(126'637)	(126'637)	-	-
Trade payables	-	(196'556)	(196'556)	-	-
	-	**(1'598'765)**	**(1'598'765)**		

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 31 March 2023 the Group had commitments of € 46.0 million (31 December 2022: € 43.9 million) relating to purchase of inventory.

17. Events after the balance sheet date

No events have occurred between 31 March 2023 and the date of authorisation of the issue of these condensed consolidated interim financial statements by the Board of Directors of the Company on 3 May 2023 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 3 months ended 31 March 2023 have been authorised by the Board of Directors on 3 May 2023.

Amsterdam, 3 May 2023

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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