

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

*Condensed consolidated interim financial statements
for the 6 months ended 30 June 2020 (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	9
4. Use of estimates and key sources of estimation uncertainties	12
5. Segmental reporting	12
6. Revenue by channel	14
7. Vending fee and revenue net of vending fee	15
8. Total Depreciation and amortisation expense	15
9. Finance costs and finance income	16
10. Property, plant and equipment	17
11. Goodwill	18
12. Intangible assets	18
13. Borrowings	19
14. Equity	20
15. Purchase price allocation adjustment	21
16. Financial instruments	21
17. Contingent liabilities and contingent assets	24
18. Events after the balance sheet date	24
19. Approval of the consolidated financial statements	25

Condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss

	Notes	6 months ended 30 June 2020 € (000's)	6 months ended 30 June 2019 € (000's)	3 months ended 30 June 2020 € (000's)	3 months ended 30 June 2019 € (000's)
Revenue	5, 6	570'901	811'388	212'823	403'608
Vending fee	7	(61'052)	(85'474)	(22'337)	(45'815)
Materials and consumables used		(203'452)	(268'831)	(78'457)	(128'134)
Employee benefits expense		(191'579)	(237'230)	(71'128)	(119'433)
Depreciation and amortisation expense	8	(113'969)	(101'002)	(55'632)	(48'940)
Other operating expenses		(105'123)	(128'399)	(51'200)	(64'934)
Other operating income		6'570	4'423	1'172	1'320
Loss before net finance costs and income tax		(97'704)	(5'125)	(64'759)	(2'328)
Finance costs	9	(62'765)	(72'934)	(28'342)	(29'787)
Finance income	9	32'530	28'866	37'022	12'249
Loss before income tax		(127'939)	(49'193)	(56'079)	(19'866)
Income taxes		7'988	(134)	5'554	(676)
Loss from continuing operation		(119'951)	(49'327)	(50'525)	(20'542)
Loss attributable to:					
Owners of the Company		(119'951)	(49'194)	(50'525)	(20'476)
Non-controlling interests		-	(133)	-	(66)
		(119'951)	(49'327)	(50'525)	(20'542)
Revenue net of vending fees ¹	5, 7	509'849	725'914	190'486	357'793

The notes on pages 9 to 25 are an integral part of these condensed consolidated interim financial statements.

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

Condensed consolidated statement of comprehensive income

	6 months ended	6 months ended	3 months ended	3 months ended
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Loss for the period	(119'951)	(49'327)	(50'525)	(20'542)
<u>Items that will not be reclassified to the consolidated statement of profit or loss</u>				
Re-measurement loss on post-employment benefit obligations	-	(3'000)	-	-
Income tax relating to re-measurement gain on post-employment benefit obligations	-	867	-	-
	-	(2'133)	-	-
<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	(38'486)	(10'935)	(25'999)	(11'484)
Other comprehensive income for the period	(38'486)	(13'068)	(25'999)	(11'484)
Total comprehensive income for the period	(158'437)	(62'395)	(76'524)	(32'026)
Total comprehensive income attributable to:				
Owners of the Company	(158'437)	(62'262)	(76'524)	(31'960)
Non-controlling interests	-	(133)	-	(66)
	(158'437)	(62'395)	(76'524)	(32'026)

The notes on pages 9 to 25 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated balance sheet

	Notes	30 June 2020 € (000's)	31 December 2019 ² € (000's)
Non-current assets			
Property, plant and equipment	10	532'133	381'998
Goodwill	11	1'048'721	1'048'813
Trademarks	12	349'559	351'204
Customer contracts	12	316'595	339'642
Other intangible assets	12	25'135	26'876
Deferred income tax assets		25'284	24'555
Non-current financial assets		16'146	24'380
Net defined benefit asset		67'944	72'288
Derivative financial instruments	16	15'135	12'583
Total non-current assets		2'396'652	2'282'339
Current assets			
Inventories		107'666	126'371
Trade receivables		57'296	65'866
Other current assets		61'454	82'864
Cash and cash equivalents		132'128	64'396
Total current assets		358'544	339'497
Total assets		2'755'196	2'621'836

The notes on pages 9 to 25 are an integral part of these condensed consolidated interim financial statements.

² Extended accounting year (15 months ended 31 December 2019)

	Notes	30 June 2020 € (000's)	31 December 2019 ³ € (000's)
Equity and liabilities			
Equity			
Share capital	14	187	187
Share premium	14	1'278'989	1'039'957
Currency translation reserve	14	(238'603)	(200'117)
Hedging reserve	14	-	-
Accumulated deficit	14	(797'505)	(677'554)
Equity attributable to owners of the Company		243'068	162'473
Non-controlling interests		-	-
Total equity		243'068	162'473
Non-current liabilities			
Loans due to parent undertaking	13	-	230'879
Borrowings	13	1'613'592	1'496'076
Derivative financial instruments	16	10'144	13'094
Finance lease liabilities	10	196'552	22'944
Net defined benefit liability		20'814	21'026
Provisions		42'363	40'837
Other non-current liabilities		6'095	15'519
Deferred income tax liabilities		194'111	200'907
Total non-current liabilities		2'083'671	2'041'282
Current liabilities			
Finance lease liabilities	10	25'113	16'205
Trade payables		150'672	201'402
Provisions		15'577	5'463
Current income tax liabilities		7'919	9'746
Other current liabilities		229'176	185'265
Total current liabilities		428'457	418'081
Total liabilities		2'512'128	2'459'363
Total equity and liabilities		2'755'196	2'621'836

The notes on pages 9 to 25 are an integral part of these condensed consolidated interim financial statements.

³ Extended accounting year (15 months ended 31 December 2019)

Condensed statement of changes in consolidated equity

Attributable to owners of the Company

	Share capital	Share premium	Currency translation reserve	Hedging reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Balance at 1 October 2018	187	895'974	(133'084)	158	(538'043)	225'192	(199)	224'993
Other comprehensive income	-	-	(67'033)	(158)	(2'144)	(69'335)	-	(69'335)
Loss for the period	-	-	-	-	(136'490)	(136'490)	(278)	(136'768)
<i>Total comprehensive income/(loss) for the period</i>	-	-	(67'033)	(158)	(138'634)	(205'825)	(278)	(206'103)
Equity contribution	-	143'983	-	-	-	143'983	-	143'983
Acquisition of NCI without change in control	-	-	-	-	(877)	(877)	477	(400)
Balance at 31 December 2019⁴	187	1'039'957	(200'117)	-	(677'554)	162'473	-	162'473
Other comprehensive income/(loss)	-	-	(38'486)	-	-	(38'486)	-	(38'486)
Loss for the period	-	-	-	-	(119'951)	(119'951)	-	(119'951)
<i>Total comprehensive income/(loss) for the period</i>	-	-	(38'486)	-	(119'951)	(158'437)	-	(158'437)
Equity contribution	-	239'032	-	-	-	239'032	-	239'032
Balance at 30 June 2020	187	1'278'989	(238'603)	-	(797'505)	243'068	-	243'068

The notes on pages 9 to 25 are an integral part of these condensed consolidated interim financial statements.

⁴ Extended accounting year (15 months ended 31 December 2019)

Condensed consolidated cash flow statement

Notes	6 months ended 30 June 2020 € (000's)	6 months ended 30 June 2019 € (000's) restated ⁵
Cash flows from operating activities		
Loss before income tax	(127'939)	(49'193)
Depreciation and amortisation expense	113'969	101'002
Gain on disposal of property, plant and equipment, net	(3'390)	(8'124)
Loss / (gain) on disposal of subsidiaries	48	48
Non-cash transactions	(1'713)	(49)
Finance costs, net	30'235	44'068
Changes in working capital:		
(Increase)/Decrease in inventories	17'528	(3'071)
(Increase)/Decrease in trade receivables	26'018	(10'093)
(Increase)/Decrease in other current assets	11'175	31
Increase/(Decrease) in trade payables	(49'173)	(14'543)
Increase/(Decrease) in other liabilities	50'371	15'856
Income taxes paid	(676)	(2'898)
Net cash generated from operating activities	66'453	73'034
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(2'146)	(19'822)
Purchases of property, plant and equipment	(24'089)	(69'085)
Purchases of intangible assets	(3'515)	(6'553)
Proceeds from sale of property, plant and equipment	7'185	21'597
Interest received	53	(63)
Other proceeds granted	(447)	124
Net cash used in investing activities	(22'959)	(73'802)
Cash flows from financing activities		
Proceeds/(Repayment) of loans and borrowings	108'961	22'070
Capital element of lease liabilities ⁵	(31'688)	(3'720)
Proceeds/(Repayment) from factoring	1'570	(1'907)
Interest paid	(49'749)	(41'060)
Financing costs paid	(5'125)	(1'574)
Net cash (used in)/generated from financing activities	23'969	(26'191)
Net (decrease)/increase in cash and cash equivalents	67'463	(26'958)
Cash and cash equivalents at the beginning of the period	64'675	104'243
Exchange gains/(losses) on cash and cash equivalents	(10)	541
Cash and cash equivalents at the end of the period	132'128	77'825

The notes on pages 9 to 25 are an integral part of these condensed consolidated interim financial statements.

⁵ Restatement principal of finance lease previously presented in net cash used in investing activities.

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. Many governments have taken stringent steps to help contain or delay the spread of the virus. The scale and impact of COVID-19 in all of our end markets, notably in Italy, France, Spain and the UK, has had a severe impact on our revenues. Despite this pandemic, the Group continues to operate in all of its markets.

The Company experienced a substantial decline in revenues across all markets in March, which had a negative impact on profitability that was only partially mitigated through a comprehensive action plan. Although there has been a gradual recovery since May, it is not possible to foresee if and when the situation will fully return to normal.

2. Basis of preparation

These condensed consolidated 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 financial statements is doing so together with the most recent consolidated financial statements.

The condensed consolidated 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 as at 31 December 2019.

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 2019.

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 2020.

Except as described below, the accounting policies applied in these condensed consolidated semi-annual financial statements are the same as those applied in the consolidated financial statements as of 31 December 2019.

The Group has initially adopted IFRS 16 “Leases” by choosing the modified retrospective approach as of 1 January 2020. As permitted under the specific transitional provisions in the standard, no restatement of the comparatives for the 2019 reporting period was required. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2020. The switch to IFRS 16 has no impact on equity as of 1 January 2020.

On adoption of IFRS 16, the Group recognized right-of-use assets and lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 “Leases”. The lease liabilities were initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if this rate could be readily determined. For all other lease liabilities, the present value was measured of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2020. The average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 3.8%.

For leases previously classified as finance leases the entity recognized the carrying amount of the leased asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- to grandfather the assessment of which the transactions are leases,
- reliance on previous assessments on whether leases are onerous,
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application and
- the use of hindsight in determining the lease term when the contract contains an option to extend or terminate the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. For all classes of underlying assets, the Group has elected not to separate non-lease components from lease components and instead to account for each lease component and any associated non-lease component as a single lease component.

The adoption of IFRS 16 had the following impact on the consolidated balance sheet as of 1 January 2020:

	31 December 2019 reported € (000's)	IFRS16 impact € (000's)	1 January 2020 € (000's)
Assets			
Freehold land and buildings	10'092	120'570	130'662
Vending equipment	322'484	22'262	344'746
Other Fixtures & Fittings	17'620	37	17'657
Vehicles	11'243	49'681	60'924
Other equipment	20'559	3'150	23'709
Property, plant and equipment	381'998	195'700	577'698
Total non-current Assets	2'282'339	195'700	2'478'039
Total current assets	339'497	(2'812)	336'685
Total assets	2'621'836	192'888	2'814'724
Equity			
Total equity	162'473	-	162'473
Liabilities			
Finance Lease Liabilities	22'944	181'884	204'828
Total non-current liabilities	2'041'282	181'884	2'223'166
Finance lease liabilities	16'205	11'004	27'209
Total current Liabilities	418'081	11'004	429'085
Total liabilities	2'459'363	192'888	2'652'250
Total equity and liabilities	2'621'836	192'888	2'814'724

In the reporting period, other expenses were decreased by € 24.5 million while the depreciation and interest expenses were increased by € 23.3 million due to the application of IFRS 16. Furthermore, the consolidated statement of cash flows was impacted by a shift from cash flows used in operating activities to cash flows used in financing activities in the amount of € 31.7 million.

The Group enters into contracts to install, operate, supply and maintain self-service retail machines and pays the counterparties a consideration (vending fees) in exchange. The right to re-locate the machines remains with the counterparty and therefore has a practical ability to substitute the asset.

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 2020 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. They have not been applied early in these consolidated 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)	3)	1 January 2022	Reporting year 2022
Annual Improvements to IFRS Standards 2018-2020	3)	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)	3)	1 January 2022	Reporting year 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	3)	1 January 2023	Reporting year 2023

- 1) No significant impacts are expected on the consolidated financial statements of Selecta Group
- 2) Mainly additional disclosures are expected in the consolidated financial statements of Selecta Group
- 3) The impact on the consolidated financial statements of Selecta Group cannot yet be determined with sufficient reliability
- 4) The expected impact on the opening balance is described below

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 consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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-vend, 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-vend, 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 finance costs, net and income taxes, depreciation and amortisation 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.

Result for the 6 months ended 30 June 2020

	<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	192'630	199'941	185'357	577'928	(7'027)	570'901
Revenue net of vending fee	169'143	170'567	177'166	516'876	(7'027)	509'849
Profit/(loss) before net finance costs and income taxes, depreciation and amortisation expense	12'915	15'075	25'552	53'542	(37'277)	16'265
Depreciation and amortisation expense	(30'740)	(36'004)	(21'070)	(87'813)	(26'156)	(113'969)
Loss before net finance costs and income tax						(97'704)
Finance costs, net						(30'235)
Loss before income tax						(127'939)

Result for the 6 months ended 30 June 2019

	<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	303'056	291'627	228'811	823'494	(12'106)	811'388
Revenue net of vending fee	276'593	243'471	217'956	738'020	(12'106)	725'914
Profit/(loss) before net finance costs and income taxes, depreciation and amortisation expense	44'729	29'185	43'952	117'866	(21'989)	95'877
Depreciation and amortisation expense	(26'877)	(27'827)	(20'060)	(74'764)	(26'238)	(101'002)
Loss before net finance costs and income tax						(5'125)
Finance costs, net						(44'068)
Loss before income tax						(49'193)

6. Revenue by channel

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

Result for the 6 months ended 30 June 2020

	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	192'630	199'941	178'855	571'426	(7'027)	564'399
Rental revenue	-	-	6'502	6'502	-	6'502
Total revenue	192'630	199'941	185'357	577'928	(7'027)	570'901
Revenue from On-the-Go channel	70'408	94'915	27'921	193'244	-	193'244
Third party revenue from Workplace channel	94'230	85'387	85'422	265'039	-	265'039
Intersegment revenue from Workplace channel	-	26	-	26	(26)	-
Third party revenue from Trading channel	27'992	19'534	58'590	106'116	-	106'116
Intersegment revenue from Trading channel	-	80	6'921	7'001	(7'001)	-
Total revenue from contracts with customers	192'630	199'942	178'854	571'426	(7'027)	564'399

Result for the 6 months ended 30 June 2019

	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	303'056	291'627	220'765	815'448	(12'106)	803'342
Rental revenue	-	-	8'046	8'046	-	8'046
Total Revenue	303'056	291'627	228'811	823'494	(12'106)	811'388
Revenue from On-the-Go channel	109'615	144'586	34'778	288'979	-	288'979
Third party revenue from Workplace channel	143'609	117'727	106'230	367'566	-	367'566
Intersegment revenue from Workplace channel	-	38	-	38	(38)	-
Third party revenue from Trading channel	49'821	29'254	67'722	146'797	-	146'797
Intersegment revenue from Trading channel	11	22	12'035	12'068	(12'068)	-
Total revenue from contracts with customers	303'056	291'627	220'765	815'448	(12'106)	803'342

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 our 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 fee and revenue net of vending fee

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 fee expense in the consolidated statement of profit or loss.

From the perspective of the Company's management, the economic substance of these transactions is in such cases a revenue-sharing business model between Selecta and its counterparties. As such, for internal operating and management purposes the Group has started to use the measure of revenue net of vending fee 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

	<i>6 months ended 30 June 2020 € (000's)</i>	<i>6 months ended 30 June 2019 € (000's)</i>	<i>3 months ended 30 June 2020 € (000's)</i>	<i>3 months ended 30 June 2019 € (000's)</i>
Depreciation ⁶	(82'895)	(70'727)	(39'995)	(34'277)
Amortisation customer relationship contracts and trade mark	(24'041)	(25'594)	(12'721)	(12'301)
Amortisation other	(7'033)	(4'681)	(2'916)	(2'362)
Total depreciation and amortisation expense	(113'969)	(101'002)	(55'632)	(48'940)

⁶ With the application of IFRS 16 as of 1 January 2020, additional depreciation for the 6 months ended 30 June 2020 of € 23.3 million and for the 3 months ended 30 June 2020 of € 12.2 million.

9. Finance costs and finance income

	<i>6 months ended 30 June 2020</i>	<i>6 months ended 30 June 2019</i>
	<i>€ (000's)</i>	<i>€ (000's)</i>
Interest on loan due to parent undertaking	(8'154)	(20'187)
Interest on loans	(43'694)	(41'163)
Refinancing costs amortisation	(4'202)	(4'971)
Finance lease interest expense	(2'912)	(560)
Other interest and finance expense	(3'803)	(6'053)
Total finance costs	(62'765)	(72'934)
Foreign exchange gains, net	26'974	24'494
Change in fair value of derivative financial instruments	5'503	4'273
Other interest and finance income	53	99
Total finance income	32'530	28'866

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 October 2018	18'282	802'480	24'677	84'798	930'236
Additions	488	161'507	4'412	19'288	185'695
Disposals	(4'666)	(84'186)	(3'356)	(4'211)	(96'419)
Acquisitions through business combinations	23	5'558	334	76	5'991
Reclassifications*	-	(75'399)	-	(16'095)	(91'494)
Effects of foreign currency exchange differences	45	9'216	(141)	1'035	10'156
Balance at 31 December 2019	14'172	819'176	25'926	84'891	944'165
Application of IFRS 16 ⁷	120'570	22'262	49'682	3'186	195'700
Additions	6'662	25'297	6'425	2'623	41'007
Disposals	(1'103)	(26'591)	(4'804)	(8'831)	(41'329)
Modification	2'236	-	-	-	2'236
Reclassifications*	330	(8'358)	(424)	(337)	(8'789)
Effects of foreign currency exchange differences	(248)	(2'238)	(640)	(907)	(4'033)
Balance at 30 June 2020	142'619	829'548	76'165	80'626	1'128'958
<i>Accumulated depreciation and impairment</i>					
Balance at 1 October 2018	(3'522)	(466'579)	(12'210)	(41'678)	(523'989)
Depreciation expense	(1'551)	(153'716)	(5'421)	(14'403)	(175'091)
Disposals	1'264	68'007	2'763	(884)	71'150
Reclassifications*	(232)	63'848	136	8'748	72'500
Effects of foreign currency exchange differences	(39)	(6'184)	49	(563)	(6'737)
Balance at 31 December 2019	(4'080)	(494'624)	(14'683)	(48'781)	(562'167)
Depreciation expense	(8'794)	(53'962)	(13'276)	(6'863)	(82'895)
Disposals	68	27'477	4'348	8'746	40'639
Reclassifications*	330	5'009	177	10	5'526
Effects of foreign currency exchange differences	77	1'365	179	452	2'073
Balance at 30 June 2020	(12'399)	(514'735)	(23'255)	(46'436)	(596'825)
Net Book Value					
At 1 January 2020	10'092	322'483	11'243	38'180	381'998
At 30 June 2020	130'220	314'813	52'910	34'190	532'133

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

The above table includes right of use assets in the amount € 214.9 million as of 30 June 2020 which were newly capitalized as a first time application of IFRS 16 "Leases". These right of use assets are mainly related to freehold land and building, vehicles and vending equipment, see table below.

⁷ Refer to note 3.1

	<i>30 June 2020</i> € (000's)
Right-of-use assets	
Freehold land and buildings	121'246
Vending equipment	19'396
Vehicles	42'971
Other equipment	31'273
Total Right-of-use assets	214'886
Lease liabilities	
Current lease liabilities	(196'552)
Non-current lease liabilities	(25'113)
Total lease liabilities	(221'665)

11. Goodwill

	<i>6 months ended</i> <i>30 June</i> <i>2020</i> € (000's)	<i>15 months ended</i> <i>31 December</i> <i>2019</i> € (000's)
Balance gross and net carrying amount opening	1'048'813	1'035'048
Provisional goodwill relating to minor acquisitions and other minor changes	(92)	13'765
Balance gross and net carrying amount closing	1'048'721	1'048'813

In the period 15 months ending 31 December 2019 several minor acquisitions were made, where the measurement period is still open.

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 as described in the section on goodwill above. 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

	30 June 2020	31 December 2019
	€ (000's)	€ (000's)
Loans due to parent undertaking at amortised cost	-	230'879
Liquidity facility agreement	50'000	-
Borrowings at amortised cost (incl. revolving credit facility)	1'563'592	1'496'076
Total borrowings	1'613'592	1'726'955

13.1. Borrowings

	30 June 2020			31 December 2019		
	€ (000's)	in %	Interest rate	€ (000's)	in %	Interest rate
EUR	1'412'143	85.7%	5.5%	1'533'949	86.9%	6.6%
CHF	234'720	14.3%	5.9%	230'330	13.1%	5.9%
Total	1'646'863	100%	5.6%	1'764'279	100%	6.5%

The amounts shown above reflect the nominal value and original currency of the borrowings including, as of 31 December 2019, accrued interest for the PIK proceeds loan that was converted into equity in April 2020, without the deduction of net capitalized transaction costs. The nominal interest rate is disclosed.

13.2. Rate structure of borrowings

	30 June 2020	31 December 2019
	€ (000's)	€ (000's)
Total borrowings at variable rates	537'855	427'651
Total borrowings at fixed rates	1'075'737	1'299'304
Total borrowings at amortised cost	1'613'592	1'726'955

The total includes the reduction of net capitalized transaction costs.

13.3. Details of borrowing facilities

In October 2019, Selecta increased its outstanding bonds (maturing February 2024) by a total amount of € 150 million. The bond tap was composed of € 100 million denominated fixed rate bonds and € 50 million denominated floating rate bonds.

As of June 2020, the total bonds outstanding are:

Senior Secured Fixed Rate Notes	EUR 865'000'000	5.875%	2024
Senior Secured Fixed Rate Notes	CHF 250'000'000	5.875%	2024
Senior Secured Floating Rate Notes	EUR 375'000'000	5.375%	2024

In March 2020, entities managed, advised or controlled by KKR Credit Advisors (US) LLC, provided a liquidity facility of €50 million with a term of 1 year (maturity March 2021). The facility has the same super senior status as the existing RCF; i.e. it will receive proceeds of an enforcement or realization of collateral ahead of the senior secured notes. Except for the maturity, the terms of the liquidity facility are substantially the same as those under the existing super senior RCF provided by external banks in 2018 as part of the refinancing. The liquidity facility was drawn in April 2020.

In April 2020, the group performed a corporate reorganization. As part of this, the existing PIK loan to the Group's parent, Selecta Group Midco S.a.r.L., was converted into equity against the issue price of one new share in April 2020. The Company is now directly held (100%) by Selecta Group AG; resident in Switzerland. Selecta Group AG is directly owned (100%) by Selecta Group Midco S.a.r.L.

The senior secured notes, the revolving credit facility and the liquidity facility are 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.

	<i>Interest rate</i>	<i>30 June 2020</i>
	%	€ (000's)
Senior secured note (EUR fixed)	5.875	865'000
Senior secured note (Euribor + 5.375%)	5.375	375'000
Senior secured note (CHF fixed)	5.875	234'720
Senior revolving credit facility (Libor + 3.5%)	3.5	122'143
Liquidity facility (Euribor + 3.5%)	3.5	50'000
Total borrowings and loans due to parent undertaking at nominal values		1'646'863

	<i>Interest rate</i>	<i>31 December 2019</i>
	%	€ (000's)
PIK proceeds loan	11.875	230'879
Senior secured note (EUR fixed)	5.875	865'000
Senior secured note (Euribor + 5.375%)	5.375	375'000
Senior secured note (CHF fixed)	5.875	230'330
Senior revolving credit facility (Libor + 3.5%)	3.5	63'070
Total borrowings and loans due to parent undertaking at nominal values		1'764'279

14. Equity

14.1. Share capital, share premium

The Company's share capital consists of € 187'003 fully paid ordinary shares (31 December 2019: € 187'003) with a nominal value of € 1 per share.

On 16 April 2020, Selecta Group performed a reorganisation of the entities above Selecta Group BV. Selecta Group BV issued one new share with a nominal value of € 1 per share to Selecta Group Midco S.a.r.L., the shareholder of Selecta Group B.V. The new share was issued at an issue price of in total € 239 million. 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 BV and Selecta Midco S.a.r.L., dated 2 February 2018 and amended and restated as of 4 December 2018.

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

14.2. Reserves

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

<i>For 6 months ended 30 June 2020</i>	<i>Attributable to owners of the Company</i>			<i>Total € (000's)</i>
	<i>Currency translation reserve € (000's)</i>	<i>Retained earnings € (000's)</i>	<i>Hedging reserve € (000's)</i>	
Foreign currency translation differences for foreign operations	(38'486)	-	-	(38'486)
Total other comprehensive income, net of tax	(38'486)	-	-	(38'486)

<i>For 15 months ended 31 December 2019</i>	<i>Attributable to owners of the Company</i>			<i>Total € (000's)</i>
	<i>Currency translation reserve € (000's)</i>	<i>Retained earnings € (000's)</i>	<i>Hedging reserve € (000's)</i>	
Foreign currency translation differences for foreign operations	(67'033)	-	-	(67'033)
Re-measurement gain/(loss) on post-employment benefit obligations, net of tax	-	(2'144)	-	(2'144)
Effective portion of change in fair value of cash flow hedges, net of tax	-	-	(158)	(158)
Total Other comprehensive income, net of tax	(67'033)	(2'144)	(158)	(69'335)

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.

15. Purchase price allocation adjustment

The Group did not make any acquisition in the reporting period 2020 and any significant acquisition in 2019.

16. Financial instruments

16.1. 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 June 2020	Carrying amount			Total € (000's)	Fair value			
	Mandatorily at FVTPL - others € (000's)	Financial assets at amortised cost € (000's)	Other fi- nancial li- abilities € (000's)		Level 1 € (000's)	Level 2 € (000's)	Level 3 € (000's)	Total € (000's)
Financial assets measured at fair value								
Cross currency swaps	15'135	-	-	15'135		15'135	-	15'135
	15'135	-	-	15'135				
Financial assets not measured at fair value								
Trade receivables	-	57'296	-	57'296				
Non-current financial assets	-	19'226	-	19'226				
Cash and cash equivalents	-	132'128	-	132'128				
Accrued income	-	31'594	-	31'594				
	-	240'244	-	240'244				
Financial liabilities measured at fair value								
Cross currency swaps	(10'144)	-	-	(10'144)		(10'144)	-	(10'144)
	(10'144)	-	-	(10'144)				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	(122'142)	(122'142)		(122'142)	-	(122'142)
Bank credit facility	-	-	(3'617)	(3'617)		(3'617)	-	(3'617)
Secured loan notes	-	-	(1'474'720)	(1'474'720)	(560'990)	-	-	(560'990)
Liquidity facility agreement	-	-	(50'000)	(50'000)		(50'000)		(50'000)
Finance lease liabilities	-	-	(221'665)	(221'665)		(221'665)	-	(221'665)
Factoring reserve	-	-	(419)	(419)		(419)	-	(419)
Reverse factoring liability & credit facilities	-	-	(12'828)	(12'828)		(12'828)	-	(12'828)
Trade payables	-	-	(150'672)	(150'672)				
	-	-	(2'036'063)	(2'036'063)				

31 December 2019	Carrying amount				Fair value			
	Mandatorily at FVTPL - others € (000's)	Financial assets at amortised cost € (000's)	Other fi- nancial lia- bilities € (000's)	Total € (000's)	Level 1 € (000's)	Level 2 € (000's)	Level 3 € (000's)	Total € (000's)
Financial assets measured at fair value								
Cross currency swaps	12'583	-	-	12'583		12'583	-	12'583
	12'583	-	-	12'583				
Financial assets not measured at fair value								
Trade receivables	-	65'866	-	65'866				
Non-current financial assets	-	24'380	-	24'380				
Cash and cash equivalents	-	64'396	-	64'396				
Accrued income	-	49'801	-	49'801				
	-	204'443	-	204'443				
Financial liabilities measured at fair value								
Cross currency swaps	(13'094)	-	-	(13'094)		(13'094)	-	(13'094)
	(13'094)	-	-	(13'094)				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	(63'070)	(63'070)		(63'070)		(63'070)
Bank credit facility	-	-	(13'004)	(13'004)		(13'004)		(13'004)
Secured loan notes	-	-	(1'470'330)	(1'470'330)	(1'506'247)			(1'506'247)
Loans due to parent undertaking	-	-	(230'879)	(230'879)		(282'668)		(282'668)
Finance lease liabilities	-	-	(39'149)	(39'149)		(39'149)	-	(39'149)
Factoring liabilities	-	-	(419)	(419)		(419)	-	(419)
Reverse factoring liability & credit facilities	-	-	(6'696)	(6'696)		(6'696)	-	(6'696)
Trade payables	-	-	(201'402)	(201'402)				
	-	-	(2'024'949)	(2'024'949)				

Factoring receivables have reduced since 1 October 2018 as the Group replaced its legacy trade receivables factoring with recourse program by a trade receivables factoring program with no recourse to the Company. This new non-recourse program allowed the Group to de-recognize trade receivables in the amount of € 32.8 million at 30 June 2020 (€ 51.8 million at 31 December 2019) and improve its net working capital as well as cash flow from operating activities.

16.2. Measurement of fair values

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

Financial instruments measured at fair value

	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>
Cross currency swaps	Periodic mid-market values are based on observable inputs including foreign currency exchange rates and interest rates. A credit spread is added to the standard, risk-free discount curve, determined by comparing the composite yield of a basket of fixed-rate bonds issued by entities with similar credit characteristics to the Company, to the risk-free rate.	Not applicable

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

16.3. Derivative financial instruments

On 2 February 2018, the Group entered into new cross currency swaps in the value of € 404 million with a maturity date of 1 October 2021 and conditions set out below. No hedge accounting is applied to these cross currency swaps. The net fair value of the swaps at 30 June 2020 was recognized at a value of € 5.0 million (31 December 2019: € -0.5 million), resulting in a gain of € 5.5 million for the 6 months period ended 30 June 2020.

<i>30 June 2020 and 30 June 2019</i>	<i>Beginning EUR Notional (000's)</i>	<i>Beginning Notional in Currency (000's)</i>
EUR/GBP Fixed-Fixed Principal Final Exchange Cross Currency Swap	125'000	109'275
EUR/CHF Fixed-Fixed Principal Final Exchange Cross Currency Swap	106'000	122'960
EUR/SEK Fixed-Fixed Principal Final Exchange Cross Currency Swap	173'000	1'695'400

17. 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.

18. Events after the balance sheet date

No events have occurred between 30 June 2020 and the date of authorisation of the issue of these condensed consolidated interim financial statements by the Board of Directors of the Company on 28 August 2020 that could have a material impact on the consolidated financial statements.

19. Approval of the consolidated financial statements

The consolidated financial statements for the 6 months ended 30 June 2020 have been authorised by the Board of Directors on 28 August 2020.

Amsterdam, 28 August 2020

Andreas Schneiter
Director of the Selecta Group B.V.

Ruud Gabriels
Director of the Selecta Group B.V.

Irene Henry
Director of the Selecta Group B.V.