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

*Condensed consolidated interim financial statements for the 9 months ended 30 June 2018 (unaudited)*

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# Condensed consolidated interim financial statements

## Consolidated statement of profit or loss

| | Notes | *9 months ended 30 June 2018 € (000's)* | *9 months ended 30 June 2017 € (000's)* |
|---|---|---|---|
| Revenue | 5, 6 | 1'062'257 | 542'319 |
| Vending fee | | (86'457) | (61'839) |
| Materials and consumables used | | (372'238) | (171'316) |
| Employee benefits expense | | (322'043) | (168'102) |
| Depreciation and amortisation expense | | (128'054) | (66'879) |
| Other operating expenses | | (166'850) | (88'144) |
| Other operating income | | 13'260 | 12'392 |
| Gain on the disposal of subsidiaries | | 1'252 | 3'496 |
| **Profit before finance results net and income tax** | | **1'129** | **1'928** |
| Net finance costs | 8 | (110'884) | (61'057) |
| **Loss before income tax** | | **(109'755)** | **(59'128)** |
| Income taxes | | 3'051 | 4'511 |
| **Net loss for the period attributable to equity holders of the parent** | | **(106'706)** | **(54'618)** |

| | | | |
|---|---|---|---|
| Revenue net of vending fee | 5, 7 | 975'800 | 480'480 |

## Consolidated statement of comprehensive income

| | *9 months ended 30 June 2018 € (000's)* | *9 months ended 30 June 2017 € (000's)* |
|---|---|---|
| **Net loss for the period** | **(106'706)** | **(54'618)** |
| **Items that are or may subsequently be reclassified to the consolidated statement of profit or loss** | | |
| Release of hedging reserve through profit and loss | - | 640 |
| Income tax relating to changes in fair value of cash flow hedges | - | 46 |
| Foreign exchange translation differences for foreign operations | 9'172 | 767 |
| **Other comprehensive income net of tax** | **9'172** | **1'453** |
| **Total comprehensive income attributable to equity holders of the parent** | **(97'534)** | **(53'165)** |

## Consolidated statement of financial position

| | *Notes* | *30 June 2018 € (000's)* | *30 September 2017 € (000's)* |
|---|---|---|---|
| ***Assets*** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 418'246 | 362'041 |
| Goodwill | 10 | 1'078'969 | 667'441 |
| Trademarks | 11 | 324'147 | 324'147 |
| Customer contracts | 11 | 293'376 | 318'306 |
| Other intangible assets | 11 | 22'003 | 20'795 |
| Deferred income tax assets | | 25'794 | 18'192 |
| Non-current financial assets | | 10'445 | 6'354 |
| Defined benefit plan assets | | 34'050 | 33'698 |
| Derivative financial instruments | 14 | 12'202 | 0 |
| **Total non-current assets** | | **2'219'232** | **1'750'973** |
| **Current assets** | | | |
| Inventories | | 105'531 | 80'711 |
| Trade receivables | | 83'317 | 75'093 |
| Derivative financial instruments | 14 | 0 | 7'884 |
| Other current assets | | 65'011 | 52'945 |
| Cash and cash equivalents | | 113'457 | 134'782 |
| Assets classified as held for sale | 16 | 0 | 5'446 |
| **Total current assets** | | **367'316** | **356'862** |
| **Total assets** | | **2'586'548** | **2'107'835** |

## Consolidated statement of financial position (continued)

| | Notes | 30 June 2018<br>€ (000's) | 30 September 2017<br>€ (000's) |
|---|---|---|---|
| ***Equity and liabilities*** | | | |
| **Equity** | | | |
| Share capital | 13 | 187 | 187 |
| Share premium | 13 | 479'975 | 279'566 |
| Additional paid-in capital | 13 | 415'999 | 415'999 |
| Currency translation reserve | 13 | (102'048) | (111'220) |
| Retained earnings | 13 | (525'846) | (427'959) |
| **Equity attributable to equity holders of the parent** | | **268'267** | **156'573** |
| **Non controlling interest** | 15 | **761** | **0** |
| **Total equity** | | **269'028** | **156'573** |
| **Non-current liabilities** | | | |
| Loans due to parent undertaking | 12 | 318'982 | 319'888 |
| Borrowings | 12 | 1'276'849 | 922'995 |
| Derivative financial instruments | 14 | 2'327 | 0 |
| Finance lease liabilities | | 31'028 | 30'357 |
| Post-employment benefit obligations | | 11'284 | 11'016 |
| Provisions | | 33'930 | 35'770 |
| Other non -current liabilities | | 14'247 | 1'018 |
| Deferred income tax liabilities | | 189'584 | 187'587 |
| **Total non-current liabilities** | | **1'878'231** | **1'508'632** |
| **Current liabilities** | | | |
| Derivative financial instruments | 14 | 149 | 6'211 |
| Finance lease liabilities | | 12'591 | 11'681 |
| Trade payables | | 218'424 | 191'723 |
| Provisions | | 6'312 | 23'368 |
| Current income tax liabilities | | 3'760 | 920 |
| Other current liabilities | | 198'053 | 206'150 |
| Liabilities associated with assets held for sale | 16 | 0 | 2'577 |
| **Total current liabilities** | | **439'289** | **442'630** |
| **Total liabilities** | | **2'317'520** | **1'951'262** |
| **Total equity and liabilities** | | **2'586'548** | **2'107'835** |

## Statement of changes in consolidated equity

| € (000's) | *Share capital* | *Share premium* | *Additional paid-in capital* | *Currency translation reserve* | *Hedging reserve* | *Retained earnings* | *Total* | *Non-controll-ing interests* | *Total equity* |
|---|---|---|---|---|---|---|---|---|---|
| | *Attributable to owners of the Company* | | | | | | | | |
| **Balance at 1 October 2016** | **187** | **279'566** | **236'829** | **(127'897)** | **(1'536)** | **(339'877)** | **47'272** | **-** | **47'272** |
| Other comprehensive income | - | - | - | 16'677 | 1'536 | 13'628 | 31'841 | - | 31'841 |
| Net loss | - | - | - | - | - | (101'710) | (101'710) | - | (101'710) |
| *Total comprehensive income* | - | - | - | *16'677* | 1'536 | *(88'082)* | *(69'869)* | - | *(69'869)* |
| *Capital contribution* | - | - | *179'170* | - | - | - | *179'170* | - | *179'170* |
| **Balance at 30 September 2017** | **187** | **279'566** | **415'999** | **(111'220)** | **-** | **(427'959)** | **156'573** | **-** | **156'573** |
| Other comprehensive income | - | - | - | 9'172 | - | - | 9'172 | - | 9'172 |
| Net profit/(loss) | - | - | - | - | - | (106'706) | (106'706) | - | (106'706) |
| *Total comprehensive income* | - | - | - | *9'172* | - | *(106'706)* | *(97'534)* | - | *(97'534)* |
| *Preliminary PPA adjustment - PR acquisition* | - | - | - | - | - | 8'819 | 8'819 | - | 8'819 |
| *Capital contribution* | - | *200'409* | - | - | - | - | *200'409* | - | *200'409* |
| *Acquisition of subsidiary with NCI* | - | - | - | - | - | - | - | 761 | 761 |
| **Balance at 30 June 2018** | **187** | **479'975** | **415'999** | **(102'048)** | **-** | **(525'846)** | **268'267** | **761** | **269'028** |

## Consolidated cash flow statement

| | *9 months ended 30 June 2018 € (000's)* | *9 months ended 30 June 2017 € (000's)* |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net loss before income tax | (109'755) | (59'128) |
| Depreciation, amortization expense | 128'054 | 66'879 |
| Gain on disposal of property, plant and equipment, net | (4'700) | (2'847) |
| Gain on disposal of subsidiaries | (1'252) | (3'496) |
| Net finance costs | 110'884 | 61'056 |
| Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation): | | |
| (Increase)/Decrease in inventories | (12'119) | (5'933) |
| (Increase)/Decrease in trade receivables | (6'218) | (2'688) |
| (Increase)/Decrease in other current assets | (1'452) | (3'963) |
| Increase/(Decrease) in trade payables | (34'573) | (10'332) |
| Increase/(Decrease) in other liabilities | (35'767) | 626 |
| Income taxes (paid)/received | (2'535) | (2'964) |
| **Net cash generated from/(used in) operating activities** | **30'566** | **37'209** |
| **Cash flows from investing activities** | | |
| Acquisition of subsidiary, net of cash acquired | (231'730) | - |
| Proceeds from sale of subsidiaries, net of cash disposed | 12'830 | 8'966 |
| Purchases of property, plant and equipment | (88'640) | (43'206) |
| Purchases of intangible assets | (2'993) | 7'099 |
| Proceeds from sale of property, plant and equipment | 6'588 | (10'761) |
| Interest received | 60 | 8 |
| Other proceeds received | 783 | - |
| **Net cash used in investing activities** | **(303'102)** | **(37'894)** |
| **Cash flows from financing activities** | | |
| Net proceeds/(repayment) from issuance of loans and borrowings | 380'522 | 19'149 |
| Repayment of loans due to parent undertaking | (37'400) | - |
| Proceeds provided/payments processed from recourse/reverse factoring | (5'884) | 9'047 |
| Interest paid | (37'501) | (39'718) |
| Financing related financing costs paid | (51'642) | - |
| Proceeds from settlement of derivatives | 6'778 | - |
| **Net cash generated from/(used in) financing activities** | **254'872** | **(11'523)** |
| **Net increase/(decrease) in cash and cash equivalents** | **(17'663)** | **(12'208)** |
| Cash and cash equivalents at the beginning of the period* | 135'640 | 66'871 |
| Exchange gains/(losses) on cash and cash equivalents | (4'520) | (3'358) |
| **Cash and cash equivalents at the end of the period** | **113'457** | **51'305** |

*The opening balance of cash and cash equivalents includes here Finland cash and cash equivalents, which was classified as held for sale at 30 September 2017 Balance Sheet.

# Notes to the condensed consolidated interim financial statements

## 1. General Information

Selecta Group BV (“the Company”) is a limited 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 European provider of food and beverage vending machine solutions. These financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V.

## 2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all information required for a complete set of IFRS financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 September 2017.

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 as at and for the year ended 30 September 2017.

## 3. Summary of significant accounting policies

### 3.1. Accounting policies

The accounting policies adopted in the interim period are consistent with those in the previous financial year as disclosed in the financial statements for the year ended 30 September 2017.

### 3.2. New and revised/amended standards and interpretations

The following new or amended Standards and Interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements.

| | ***Effective date*** | ***Planned application by Selecta Group B.V.*** |
|---|---|---|
| ***New Standards or Interpretations*** | | |
| IFRS 9 *Financial Instruments* | 1 January 2018 | Reporting year 2018/19 |
| IFRS 15 *Revenue from Contracts with Customers* | 1 January 2018 | Reporting year 2018/19 |
| IFRIC 22 *Foreign currency transactions and advance consideration* | 1 January 2018 | Reporting year 2018/19 |
| IFRS 16 *Leases* | 1 January 2019 | Reporting year 2019/20 |
| IFRIC 23 *Uncertainty over income tax treatments* | 1 January 2019 | Reporting year 2019/20 |

The Group is currently reviewing its financial reporting for the new and amended standards which take effect on or after 1 October 2018 and which the Group did not voluntarily adopt early.

At present, a review is conducted on the effects of IFRS 15 on the presentation of our financial information. We have identified Net revenue (calculated as revenue less vending fees) to be our leading and most relevant sales metric for management and business analysis purposes, but we will continue to present Revenue (which includes vending fees) as our IFRS revenue according to the provisions of IFRS 15.

No detailed assessment has been conducted yet on the effects on the Group financial statements in relation to the implementation of IFRS 16.

IFRS 16 will notably introduce a revision of the distinction applied currently between finance and operating leases. Selecta, as a lessee, will generally have to recognize right-of-use assets and leasing obligations for leases, if it has the right to control the use of the identified underlying asset.

## 3.3. Foreign exchange rates

The foreign currency rates applied against the Euro were as follows:

| | | *30 June 2018* | | *30 June 2017* | |
|---|---|---|---|---|---|
| | | *Balance sheet* | *Income statement* | *Balance sheet* | *Income statement* |
| Danish Krone | DKK | 7.45 | 7.45 | 7.44 | 7.44 |
| Great Britain Pound | GBP | 0.89 | 0.88 | 0.88 | 0.86 |
| Norwegian Kroner | NOK | 9.51 | 9.64 | 9.57 | 9.16 |
| Swedish Krona | SEK | 10.45 | 10.10 | 9.64 | 9.64 |
| Swiss Franc | CHF | 1.16 | 1.17 | 1.09 | 1.08 |

## 3.4. 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 which is traditionally more negative at year end than during the rest of the year.

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 financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2017.

# 5. Segmental reporting

As a result of the Pelican Rouge group acquisition and the ongoing merger of the operations in the countries, as well as the recent Argenta acquisition on 2nd February 2018, the Group operating segments have been re-defined as below:

The Group has identified the below 3 geographic regions as reportable segments based on the vending products and services sales business line characteristics. The Group's directors examine the results achieved by each segment when making decisions on the allocation of resources and assessment of performance. The Group's financial activities are managed at Group level and not allocated to segments.

- Segment South, UK & Ireland: characterised by private vending and includes Italy, Spain and the UK (including Ireland)

- Segment Central: characterised by mixed private and public vending and includes Switzerland, Germany, Austria and France

- Segment North: characterised by office coffee services (OCS) and includes Sweden, Norway, Finland, Denmark, Belgium, Netherlands and the Pelican Rouge Roaster in the Netherlands

The following tables set out the segmental results for the 9 months ended 30 June 2018 and 2017, with different scopes:

- the 9 months ended 30 June 2018 include the consolidated Selecta and Pelican Rouge results, as well as the results from Argenta Group post acquisition

- the 9 months ended 30 June 2017 only include Selecta's results as issued in the interim financial statements for the 9 months ended 30 June 2017

*Results for the 9 months ended 30 June 2018*

| | **South, UK & Ireland** *€ (000's)* | **Central** *€ (000's)* | **North** *€ (000's)* | **Total segment** *€ (000's)* | **HQ & IC elim** **€ (000's)** | **Total Group** *€ (000's)* |
|---|---|---|---|---|---|---|
| External revenue | 340'638 | 420'998 | 323'213 | **1'084'849** | (22'592) | **1'062'257** |
| Revenue net of vending fee | 318'498 | 364'869 | 315'024 | **998'392** | (22'592) | **975'800** |
| **Gain on the disposal of subsidiaries** | - | - | - | - | 1'252 | **1'252** |
| **Profit/(loss) before finance results net, income tax, depreciation and amortisation (EBITDA)** | 41'903 | 57'677 | 52'606 | **152'185** | (23'003) | **129'183** |
| Depreciation and amortisation expense | (29'143) | (42'028) | (27'967) | **(99'138)** | (28'916) | **(128'054)** |
| **Profit before finance results net and income tax** | | | | | | **1'129** |
| Finance costs and finance income, net | | | | | | **(110'884)** |
| **Loss before income tax** | | | | | | **(109'755)** |

*Results for the 9 months ended 30 June 2017*

| | South, UK & Ireland € *(000's)* | Central € *(000's)* | North € *(000's)* | Total segment € *(000's)* | HQ & IC elim € (000's) | Total Group € *(000's)* |
|---|---|---|---|---|---|---|
| External revenue | 68'813 | 347'536 | 126'074 | **542'424** | (105) | **542'319** |
| Revenue net of vending fee | 61'662 | 300'958 | 117'965 | **480'585** | (105) | **480'480** |
| **Gain on the disposal of subsidiaries** | - | - | - | - | 3'496 | **3'496** |
| **Profit/(loss) before finance results net, income tax, depreciation and amortisation (EBITDA)** | 6'098 | 61'077 | 20'152 | **87'328** | (18'521) | **68'807** |
| Depreciation and amortisation expense | (5'105) | (28'929) | (13'221) | **(47'255)** | (19'623) | **(66'879)** |
| **Profit before finance results net and income tax** | | | | | | **1'928** |
| Finance costs and finance income, net | | | | | | **(61'057)** |
| **Loss before income tax** | | | | | | **(59'128)** |

Note on the results:

- The external revenue of € 542 million and revenue net of vending fee of € 480 million in the 9 months ended 30 June 2017 does include the revenue generated by Selecta Finland of € 11 million, as do the North results presented in the segmental reporting. Selecta Finland was sold on 14 March 2018 with a retrospective effect as of 1 October 2017, hence their results are not included in the 30 June 2018 numbers.

- The IC eliminations of € 22.6 million in the 9 months ended 30 June 2018 captures the internal revenue generated by the Roaster (which is part of segment North) with the other two segments of the Group.

## 6. Revenue by business line

| | *9 months ended 30 June 2018 € (000's)* | *9 months ended 30 June 2017 € (000's)* |
|---|---|---|
| Revenue from On the Go business line | 346'435 | 230'747 |
| Revenue from Workplace business line | 534'118 | 259'635 |
| Revenue from Trade & Other business line | 181'704 | 51'936 |
| **Total revenue** | **1'062'257** | **542'319** |

A re-definition of business lines was conducted and implemented, with a restatement of the financial year ended 30 September 2017, with the below 3 main business segments defined:

On the Go: is a combination of public and semi-public channel sales.

Public points of sale are characterized by their public access, and the fact the end-consumers on these premises consume the merchandise on the go, with travel being the main purpose of their presence at such premises.

Semi-public points of sales defined an area accessible to end-consumers 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 the public line) or work (such premises are captured within the workplace line): it can be leisure, education, health, access to public services, etc.

Workplace: workplace points of sale are those installed in the facility of a company and therefore primarily is accessible for the company's employees.

Trade & other business segment: trade machines and ingredients sales, rental, technical services and the sales of the Roaster products are included.

## 7. Vending fee

Revenue net of vending fee is not a defined performance measure in IFRS. Management presents the performance measure of revenue net of vending fee because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to the understanding of the group's financial performance.

The group enters into contracts with public and semi-public vending clients to install, operate, supply and maintain vending machines on freely accessible public and semi-public locations. In return Selecta pays the client a consideration for the use of the location which is presented as a vending fee expense in the consolidated statement of profit or loss.

Over the last few years the group reported significant increases in public and semi-public revenues and associated vending fees which are based on the respective revenue generated by the group. For the management the economic substance of these transactions is a commercial business model for revenue-sharing between Selecta and the vending clients. As such, for internal operating and management purposes the group started to use the revenue net of vending fee measure in order to assess the profitability of the segments and to base related management decisions on a consistent basis.

## 8. Finance costs results, net

| | *9 months ended 30 June 2018 € (000's)* | *9 months ended 30 June 2017 € (000's)* |
|---|---|---|
| Interest on loan due to parent undertaking | (27'987) | (26'306) |
| Interest on other loans | (51'244) | (29'504) |
| Refinancing costs | (26'245) | (3'087) |
| Finance lease interest expense | (952) | (703) |
| Factoring interest expense | (793) | (91) |
| Other interest and finance expense | (1'597) | (198) |
| Change in fair value of derivative financial instruments | 14'864 | 1'961 |
| Foreign exchange gain/(loss) (net) | (16'930) | (3,129) |
| **Total finance costs** | **(110'884)** | **(61'057)** |

As a consequence of the debt refinancing of the group € 23 million unamortized costs relating to the previous refinancing were written off to the P&L.

The foreign exchange loss is partly offset by the cross currency swap fair value positive results € 12.2 million.

## 9. Property, plant and equipment

Property, plant and equipment consists primarily of vending equipment.

Additions of property, plant and equipment in the 9 months ended 30 June 2018 amount to € 84.0 million.

Net book values of disposals of property, plant and equipment in the 9 months ended 30 June 2018 amount to € 1.5 million.

## 10. Goodwill

| | |
|---|---|
| **Balance at 30 September 2017** | **667'441** |
| Goodwill allocated to Finland sold on 14 March 2018 | (7'382) |
| Provisional goodwill allocated to Argenta Group acquisition | 418'910 |
| **Balance at 30 June 2018** | **1'078'969** |

During the financial year ended 30 September 2017 the carrying value of the Group, including goodwill, has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

The goodwill as a result of Pelican Rouge acquisition recorded is included in the 30 September 2017 numbers in value of € 188 million is a provisional number and subject to adjustment as a result of the Purchase Price Allocation one year window available from date of acquisition.

The additional goodwill acquired during 2018 relates to the Argenta Group acquisition, the numbers disclosed are preliminary, further information on the acquisition in chapter 15.

The goodwill reduction is a result of sale of Selecta Finland, further information on the sale is presented in chapter 16.

## 11. Other intangible assets

Other intangible assets consist primarily of trademarks and customer contracts.

The trademark recognised by the Group represents the brand name and has an indefinite useful life. Therefore this trademark is tested for impairment annually.

During the financial year ended 30 September 2017 the carrying value of the trademark has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

The customer contracts recognised by the Group arise primarily from the customer contracts acquired as part of previous business combinations, including the Pelican Rouge acquisition, and are amortised over the useful life of 15 years. Customer contracts relating to Argenta acquisition are currently under assessment.

## 12. Borrowings

| | *30 June 2018 € (000's)* | *30 September 2017 € (000's)* |
|---|---|---|
| Loans due to parent undertaking at amortised cost | 318'982 | 319'888 |
| Borrowings at amortised cost (including revolving facilities) | 1'276'849 | 922'995 |
| **Total borrowings at amortised cost** | **1'595'831** | **1'242'883** |

The maturity of borrowings is as follows:

| | *30 June 2018 € (000's)* | *30 September 2017 € (000's)* |
|---|---|---|
| Less than one year | - | - |
| After one year but not more than five years | - | 1'242'883 |
| Over five years | 1'595'831 | - |
| **Total borrowings at amortised cost** | **1'595'831** | **1'242'883** |

### 12.1. Total borrowings by currency

Total amount of outstanding liabilities in respect of the groups borrowings were:

| | *30 June 2018* | | | *30 September 2017* | | |
|---|---|---|---|---|---|---|
| | *€ million* | *in %* | *Interest rate* | *€ million* | *in %* | *Interest rate* |
| EUR | 1'424.0 | 86.8% | 7.1% | 1'053.1 | 83.1% | 7.5% |
| CHF | 216.1 | 13.2% | 5.9% | 213.8 | 16.9% | 6.5% |
| **Total** | **1'640.1** | **100%** | **6.9%** | **1'266.9** | **100%** | **7.3%** |

The amounts shown above reflect the nominal value of the borrowings, without the deduction of net capitalized financial costs.

### 12.2. Rate structure of borrowings

| | *30 June 2018 € million* | *30 September 2017 € million* |
|---|---|---|
| Total borrowings at variable rates | 340.0 | - |
| Total borrowings at fixed rates | 1'255.8 | 1'242.9 |
| **Total borrowings at amortised cost** | **1'595.8** | **1'242.9** |

### 12.3. Details of borrowing facilities

The Group completed on 2 February 2018 its senior debt refinancing with an aggregate principal amount of €1,300.0 million (euro-equivalent) senior secured notes due 2024 (the "Notes"). The Notes will comprise (i) €765.0 million in aggregate principal amount of $5^{7/8}$% senior secured notes, (ii) €325.0 million in aggregate principal amount of senior secured floating rate notes and (iii) CHF 250.0 million in aggregate principal amount of $5^{7/8}$% senior secured notes.

The proceeds of the Notes were used to (i) fund the redemption of all of (a) the €350.0 million in aggregate principal amount of the the Group's 6.5% Senior Secured Notes due 2020 and (b) the CHF 245.0 million in aggregate principal amount of the Group's 6.5% Senior Secured Notes due 2020; (ii) repay all amounts outstanding under the existing €374.8 million senior term loan of the Group; (iii) repay all amounts outstanding under the existing revolving credit facility of the Group; (iv) in connection with the acquisition of Gruppo Argenta S.p.A. by a subsidiary of the Group, refinance certain of Argenta's existing third-party indebtedness and shareholder loans; (v) repay certain shareholder loans of the Group, the proceeds of which will ultimately be used to repay certain interests owed to a minority investor who will exit in connection with such repayment; (vi) fund excess cash on balance sheet for general corporate purposes; and (vii) pay estimated fees and expenses in connection with the the issuance of the Notes.

As part of the senior debt refinancing, the senior revolving credit facility was upsized to € 150 million as of 2 February 2018 from € 100 million. The amounts drawn under this facility were € 15.1 million at 30 June 2018 (30 September 2017: € 0 million). The interest rate on this senior revolving credit facility has remained based on the relevant rate of the currency drawn (LIBOR/EURIBOR) plus 3.5%.

In addition the Group's parent undertaking, Selecta Group S.a.r.L. had issued in June 2014 a PIK loan for € 220 million, the proceeds of which have been loaned to the Group also in the form of a PIK loan (the "PIK proceeds loan"). The PIK proceeds loan carries an interest rate of 11.875%. In December 2015 Selecta Group S.a.r.L. granted an additional PIK loan with the same conditions to the Group of € 5.6 million. From this facility € 37.4 m was repaid in cash to the parent undertaking and the remaining facility was renewed until 2025.

The senior secured notes and the revolving credit facility are secured by first ranking security interests over all the issued share capital of certain Group companies (together the "Guarantors"), certain intercompany receivables of the Company and the Guarantors, including assignment of the PIK Proceeds Loan and certain bank accounts of the Company.

Under the terms of the Group's super senior revolving credit facility, certain ratios to be tested if drawings exceeds 40% of the RCF facility.

The Group has complied with the covenant obligation in the current and the previous year.

## 13. Equity

### 13.1. Share capital and share premium

The Group's share capital consists of 187'002 fully paid ordinary shares (2017: 187'000) with a nominal value of € 1 per share.

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

On 2 February 2018 two new shares were issued with a nominal value of one euro to Selecta Group Midco S.a.r.l, the shareholder of Selecta Group B.V.. The new shares are issued at an issue price of in total € 200.4 million. The amount above the nominal value of the shares increased the share premium of Selecta Group B.V.. The Shareholder and the Company has entered previously into a PIK loan agreement, as a result of this Shareholder had a receivable on the Company in value of € 200.4 million. The obligation of the Shareholder to pay the issue price of the new shares, was agreed to be settled by means of a set off against the receivable.

During the prior financial year, a contribution in cash in an amount of € 60 million was made to the additional paid in capital of Selecta Group B.V. and a contribution in cash in an amount of € 119.2 million was made to the additional paid in capital of Selecta AG from the parent company Selecta Midco S.a.r.l.

## 13.2. Reserves

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

| | *Attributed to equity holders of the parent* | | | |
|---|---|---|---|---|
| *30 June 2018* | *Currency translation reserve € (000's)* | *Retained earnings € (000's)* | *Hedging reserve € (000's)* | ***Total** € (000's)* |
| Foreign currency translation differences for foreign operations | 9'172 | - | - | 9'172 |
| **Total other comprehensive income, net of tax** | **9'172** | **-** | **-** | **9'172** |

| | *Attributed to equity holders of the parent* | | | |
|---|---|---|---|---|
| *30 September 2017* | *Currency translation reserve € (000's)* | *Retained earnings € (000's)* | *Hedging reserve € (000's)* | ***Total** € (000's)* |
| Foreign currency translation differences for foreign operations | 16'677 | - | - | **16'677** |
| Remeasurement gain/(loss) on post-employment benefit obligations, net of tax | - | 13'628 | - | **13'628** |
| Effective portion of change in fair value of cash flow hedges, net of tax | - | - | 1'536 | **1'536** |
| **Total other comprehensive income, net of tax** | **16'677** | **13'628** | **1'536** | **31'841** |

Reserves arising from foreign currency translation adjustments comprise the differences from the foreign currency translation of the financial statements of subsidiaries from the 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 remeasurement gains and losses on post-employment benefit obligations, including any related income taxes.

The hedging reserves comprise the effective portion of cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss, included any related income taxes. The designation of hedging relationship was discontinued effectively as of October 1 2016 and the hedging reserve was fully amortized through the profit and loss by 30 September 2017 financial year.

## 13.3. Preliminary Purchase Price Allocation adjustment

As part of the Purchase Price Allocation conducted according to IFRS 3 – Business Combinations after the acquisition of Pelican Rouge, the Group has started to identify fair value adjustments to the acquisition opening balance sheet of Pelican Rouge, to be finalised within one year of the acquition of Pelican Rouge, by 6 September 2018.

As of 30 June 2018, a €8.9 million adjustment was recorded after the identification of several fair value adjustments, the main one being the release of a current provision for which the risk was assessed as being highly unlikely to materialise.

These adjustments are temporarily presented as an adjustment to the Group's equity, and will be affected to Pelican Rouge's acquisition goodwill upon finalisation of the Purchase Price Allocation of Pelican Rouge's acquisition at the end of the financial year.

## 14. Financial instruments

### 14.1. 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.

*At 30 June 2018*

| | *Carrying amount* | | | | *Fair value* | | | |
|---|---|---|---|---|---|---|---|---|
| | *Cash flow hedging instrument € (000's)* | *Loans and receivables € (000's)* | *Other financial liabilities € (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 | 12'202 | | | 12'202 | | 12'202 | | **12'202** |
| | **12'202** | **-** | **-** | **12'202** | | | | |
| **Financial assets not measured at fair value** | | | | | | | | |
| Trade receivables | - | 83'317 | | **83'317** | | | | |
| Non-current other financial assets | - | 10'445 | | **10'445** | | | | |
| Cash and cash equivalents | - | 113'457 | | **113'457** | | | | |
| Accrued income | - | 39'996 | | **39'996** | | | | |
| | **-** | **247'215** | **-** | **247'215** | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | |
| Cross currency swaps | (2'327) | - | - | **(2'327)** | - | (2'327) | - | **(2'327)** |
| | **(2'327)** | **-** | **-** | **(2'327)** | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Revolving credit facility | - | - | (15'086) | **(15'086)** | | | | |
| Secured loan notes | - | - | (1'261'763) | **(1'261'763)** | (1'286'687) | | | **(1'286'687)** |
| Loans due to parent undertaking | - | - | (318'982) | **(318'982)** | | (318'982) | | **(318'982)** |
| Finance lease liabilities | - | - | (43'619) | **(43'619)** | | (43'619) | | **(43'619)** |
| Factoring liabilities | - | - | (7'189) | **(7'189)** | | (7'189) | | **(7'189)** |
| Reverse factoring liability | - | - | (4'318) | **(4'318)** | | (4'318) | | **(4'318)** |
| Trade payables | - | - | (218'424) | **(218'424)** | | | | **-** |
| | - | - | (1'869'380) | **(1'869'380)** | | | | |

*At 30 September 2017*

| | *Carrying amount* | | | | *Fair value* | | | |
|---|---|---|---|---|---|---|---|---|
| | *Cash flow hedging instrument € (000's)* | *Loans and receivables € (000's)* | *Other financial liabilities € (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 | 7'884 | - | - | **7'884** | - | 7'884 | - | **7'884** |
| | **7'884** | - | - | **7'884** | | | | |
| **Financial assets not measured at fair value** | | | | | | | | |
| Trade receivables | - | 75'093 | - | **75'093** | | | | |
| Non-current other financial assets | - | 6'354 | - | **6'354** | | | | |
| Cash and cash equivalents | - | 134'782 | - | **134'782** | | | | |
| Accrued income | - | 31'191 | - | **31'191** | | | | |
| | **-** | **247'420** | **-** | **247'420** | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | |
| Cross currency swaps | (6'211) | - | - | **(6'211)** | - | (6'211) | - | **(6'211)** |
| | **(6'211)** | **-** | **-** | **(6'211)** | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Revolving credit facility | - | - | - | **-** | - | - | - | **-** |
| Secured loan notes | - | - | (922'995) | **(922'995)** | (948'623) | - | - | **(948'623)** |
| Loans due to parent undertaking | - | - | (319'888) | **(319'888)** | - | (319'888) | - | **(319'888)** |
| Finance lease liabilities | - | - | (42'038) | **(42'038)** | - | (42'038) | - | **(42'038)** |
| Factoring liabilities | - | - | (7'916) | **(7'916)** | - | (7'916) | - | **(7'916)** |
| Reverse factoring liability | - | - | (9'718) | **(9'718)** | - | (9'718) | - | **(9'718)** |
| Trade payables | - | - | (191'723) | **(191'723)** | | | | |
| | **-** | **-** | (1'494'278) | **(1'494'278)** | | | | |

## 14.2. Measurement of fair values

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

### Financial instruments measured at fair value

| | *Valuation technique* | *Significant unobservable inputs* |
|---|---|---|
| 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**

| | *Valuation technique* | *Significant unobservable inputs* |
|---|---|---|
| Debt securities | Publicly traded value | Not applicable |
| Other financial liabilities | Book value | Not applicable |

## 14.3. Derivative financial instruments

The Group holds certain cross currency swaps in order to hedge against the impact of exchange rate fluctuations on the Group's interest payments and borrowings. Part of the cross currency swaps entered into in June 2014 have been designated as cash flow hedges to the extent that they represent an effective accounting hedge. These hedging instruments have been terminated in May 2016 and therefore hedge accounting was discontinued prospectively. The remaining hedge reserve of the terminated hedging instruments have been fully reclassified from equity to profit and loss when the original exchange rate fluctuations on the Group's interest payments and borrowings impact profit or loss.

No hedge accounting is applied either to the new cross currency swaps the Group entered as part of the refinancing process described below.

At 30 September 2017 the derivative financial instruments had a positive fair value of net € 1.8 million, with the below conditions:

| *30 September 2017* | *Original trade date* | *Maturity date* | *Notional amount € (000's)* | *Carrying amount € (000's)* |
|---|---|---|---|---|
| CHF / EUR cross currency swap | 20 June 2014 | 15 June 2018 | 85'000 | (6'211) |
| SEK / EUR cross currency swap | 20 June 2014 | 15 June 2018 | 170'000 | 7'884 |

The above cross currency swaps has been terminated on 5 February 2018 due to the refinancing of the Group, resulting in a net positive € 6.8 million cash received.

On 2 February 2018 the Group entered into new cross currency swaps, in value of € 404 million, with a maturity date of 1 October 2021 and conditions below. The fair value of the swaps at 30 June 2018 was recognized in the P&L in value of € 10 million.

| Hedge Description | Beginning EUR Notional | Beginning Notional in Currency |
|---|---|---|
| **EUR/GBP Fixed-Fixed** Principal Final Exchange Cross Currency Swap | 125'000'000 | 109'274'800 |
| **EUR/CHF Fixed-Fixed** Principal Final Exchange Cross Currency Swap | 106'000'000 | 122'960'000 |
| **EUR/SEK Fixed-Fixed** Principal Final Exchange Cross Currency Swap | 173'000'000 | 1'695'400'000 |

### 14.4. Master netting or similar agreements

The Group enters into derivative transactions ISDA and Swiss master agreements under which, in the event of a default, the amounts owed by each counterparty at any given point in time are aggregated into a single net amount that is payable by one party to the other.

## 15. Acquisitions

### 15.1. Acquisition of Argenta Group

The Group has completed on 2 February 2018 the acquisition of Gruppo Argenta S.p.A, a leading vending and coffee service provider in Italy, from Motion Equity Partners.

The acquisition was accounted for using the acquisition method according to IFRS 3 – Business Combinations, to incorporate the acquired entity in the Group financial statements.

Post acquistions results after 2 February 2018 are included in the Groups financial numbers, with a contribution to revenue € 96 million and net earnings of € 3.8 million.

The Group's consolidated balance sheet incorporates the acquired assets and liabilities of Argenta measured at fair values as preliminary numbers, with assessment ongoing.

With KKR owning both Selecta and Argenta, the acquisition of Argenta was the result of

- The refinancing of Argenta's senior debt (€ 201.3 million) and buying out minority holders (€ 22.7 million), amounting to a cash consideration of € 224.0 million
- The contribution of Argenta by KKR in exchange for a loan payable to Selecta Group Midco S.a.r.l (the shareholder of Selecta Group B.V), which was offset by the issuance of shares by Selecta Group BV to Selecta MidCo, translating into a non-cash consideration of € 200.4 million.

A summary of the acquisition is presented below, and includes the provisional results of the purchase price allocation to the acquired intangible and tangible assets, as well as the acquired liabilities:

| | *€ (000's)* |
|---|---|
| **Total consideration** | **424'387** |
| *Split into:* | |
| - *Cash consideration* | *223'978* |
| - *Non cash consideration* | *200'409* |
| *Amounts of assets acquired and liabilities assumed at the date of acquisition:* | |
| Non current assets | 76'589 |
| Current assets | 40'571 |
| Non current liabilities | (11'790) |
| Current liabilities | (91'114) |
| **Total identifiable net assets acquired** | **14'256** |
| **Unallocated acquisition goodwill** | **410'131** |

The above amounts are preliminary, the measurement of fair values of assets and liabilities is in progress, as well the acquired customer contracts valuation. The consideration in excess of net assets acquired was recorded as a preliminary goodwill.

## 15.2. Minor acquisitions within Argenta Group

As of 1 March 2018 Argenta acquired a 50.8% stake in Tramezzino ITI's.r.l, an Italian company in the food delivery sector.

This was a result of a step by step contracted stake acquisition, until this increase before 1 March 2018 Argenta used to hold 32.18% and the assets were accounted for as an investment.

The results of Tramezzino are consolidated from 1 March 2018, resulting the below preliminary values:

| | *€ (000's)* |
|---|---|
| **Total investment in Tramezzino** | **3'508** |
| Net assets acquired | 1'544 |
| Non Controlling Interest | 760 |
| **Preliminary goodwill allocated** | **2'724** |

From the total value of the investment € 0.8 m cash relates to the portion of ownership acquired after Selecta acquired Argenta Group.

In addition during June 2018 Argenta acquired three vending businesses (Plus Service, Stop&Go, All Inn Services) for a total cash value of € 10 million investment and a total preliminary goodwill was captured in the value of € 6 million.

## 16. Disposals

As an outcome of the antitrust clearance process conducted with the European Union Commission prior to the acquisition of Pelican Rouge, the Group has been required to dispose Selecta Finland within six months after the Pelican Rouge acquisition.

On 14 March 2018 the Group successfully completed the sale of Selecta Finland to JOBmeal. Finland was part of the region North.

The results of the transaction are as below:

| | *Total*<br>*€ (000's)* |
|---|---|
| Consideration received, satisfied in cash | 14'689 |
| Cash and cash equivalents disposed of | (859) |
| Selling costs | (1'000) |
| **Net cash inflow** | **12'830** |

The net disposal accounting gain recorded on the sale amounted to € 1.2 million.

## 17. Events after the balance sheet date

To the best of management's knowledge, no events have occurred between 30 June 2018 and the date of these consolidated financial statements that could have a material impact on the consolidated financial statements.

## Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the 9 months ended 30 June 2018 have been authorised by the Board of Directors on 29 August 2018.

Amsterdam, 29 August 2018

David Hamill
*President of the Supervisory Board*

Mark Brown
*Member of the Supervisory Board*

Markus Hunold
*Member of the Supervisory Board*

David Flochel
*Member of the Board of Directors*

Gabriel Pirona
*Member of the Board of Directors*