

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

*Consolidated financial statements for the year ended 30  
September 2018 and report of the independent auditor*

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## Consolidated financial statements

### Consolidated statement of profit or loss

	Notes	Year ended 30 September 2018 € (000's)	Year ended 30 September 2017 € (000's) Restated <sup>1</sup>
Revenue	6	1'451'513	761'354
Vending fee	7	(155'671)	(88'901)
Materials and consumables used	8	(489'415)	(243'983)
Employee benefits expense	9	(416'564)	(228'599)
Depreciation and amortisation expense	10	(182'794)	(93'236)
Other operating expenses	11	(222'983)	(141'516)
Other operating income	12	8'744	21'788
Gain on disposal of subsidiaries	33	1'774	3'619
<b>Loss before finance costs net and income tax</b>		<b>(5'396)</b>	<b>(9'473)</b>
Finance costs	13	(142'402)	(103'735)
Finance income	13	22'283	7'461
<b>Loss before income tax</b>		<b>(125'514)</b>	<b>(105'746)</b>
Income taxes	14	7'753	4'036
<b>Loss from continuing operation</b>		<b>(117'761)</b>	<b>(101'710)</b>
Profit from discontinued operation, net of tax		715	-
<b>Loss for the period</b>		<b>(117'046)</b>	<b>(101'710)</b>
<b><u>Loss attributable to:</u></b>			
Owners of the Company		(116'636)	-
Non-controlling interests		(410)	-
		<b>(117'046)</b>	<b>(101'710)</b>
Revenue net of vending fees	7	1'295'842	672'453

<sup>1</sup> The Group discloses 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 for both years ending 30 September 2017 and 2018.

The notes on pages 9 to 68 are an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income

	Notes	Year ended 30 September 2018 € (000's)	Year ended 30 September 2017 € (000's)
<b>Loss for the period</b>		<b>(117'046)</b>	<b>(101'710)</b>
<b>Items that will not be reclassified to the consolidated statement of profit or loss</b>			
Re-measurement gain on post-employment benefit obligations	25	8'428	16'749
Income tax relating to re-measurement gain on post-employment benefit obligations		(1'557)	(3'121)
		<b>6'871</b>	<b>13'628</b>
<b>Items that are or may subsequently be reclassified to the consolidated statement of profit or loss</b>			
Effective portion of changes in fair value of cash flow hedges		158	-
Release of hedging reserve through profit and loss	29.2	-	2'090
Income tax relating to cash flow hedges	29.2	-	(554)
Foreign exchange translation differences for foreign operations	29.2	(21'589)	16'677
		<b>(21'431)</b>	<b>18'213</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>(14'560)</b>	<b>31'841</b>
<b>Total comprehensive income for the period</b>		<b>(131'606)</b>	<b>(69'869)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(131'197)	-
Non-controlling interests		(410)	-
		<b>(131'606)</b>	<b>(69'869)</b>

The notes on pages 9 to 68 are an integral part of these consolidated financial statements.

## Consolidated balance sheet

	Notes	30 September 2018 € (000's)	30 September 2017 € (000's) <i>Restated</i> <sup>1</sup>
<b>Non-current assets</b>			
Property, plant and equipment	15	405'621	361'106
Goodwill	16	1'079'770	664'077
Trademarks	17	324'147	324'147
Customer contracts	17	357'496	318'306
Other intangible assets	17	23'681	20'795
Deferred income tax assets	27	24'456	18'192
Non-current financial assets	18	8'803	6'267
Net defined benefit asset	25	59'890	33'698
Derivative financial instruments	31	11'942	-
<b>Total non-current assets</b>		<b>2'295'806</b>	<b>1'746'589</b>
<b>Current assets</b>			
Inventories	19	99'821	78'840
Trade receivables	20	82'484	74'078
Derivative financial instruments	31	-	7'884
Other current assets	21	54'336	52'944
Cash and cash equivalents	22	163'834	134'175
Assets classified as held for sale	33	-	5'446
<b>Total current assets</b>		<b>400'475</b>	<b>353'367</b>
<b>Total assets</b>		<b>2'696'281</b>	<b>2'099'956</b>

<sup>1</sup> Restatement due to measurement period adjustments as a result of Pelican Rouge acquisition, movements are described in note 32.1.

*The notes on pages 9 to 68 are an integral part of these consolidated financial statements.*

	Notes	30 September 2018 € (000's)	30 September 2017 € (000's) Restated <sup>1</sup>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	29	187	187
Share premium	29	895'974	695'565
Currency translation reserve	29	(132'809)	(111'220)
Hedging reserve	29	158	-
Retained earnings	29	(536'727)	(427'959)
<b>Equity attributable to owners of the Company</b>		<b>226'783</b>	<b>156'573</b>
<b>Non-controlling interests</b>		<b>344</b>	<b>-</b>
<b>Total equity</b>		<b>227'127</b>	<b>156'573</b>
<b>Non-current liabilities</b>			
Loans due to parent undertaking	23	328'212	319'888
Borrowings	23	1'322'441	922'995
Derivative financial instruments	31	3'383	-
Finance lease liabilities	24	27'377	30'357
Net defined benefit liability	25	17'755	11'037
Provisions	26	34'637	37'723
Other non-current liabilities	-	13'955	1'018
Deferred income tax liabilities	27	201'430	187'587
<b>Total non-current liabilities</b>		<b>1'949'190</b>	<b>1'510'606</b>
<b>Current liabilities</b>			
Derivative financial instruments	31	-	6'211
Finance lease liabilities	24	13'728	11'681
Trade payables	-	267'375	192'477
Provisions	26	10'531	8'717
Current income tax liabilities	-	632	648
Other current liabilities	28	227'698	210'466
Liabilities associated with assets held for sale	33	-	2'577
<b>Total current liabilities</b>		<b>519'964</b>	<b>432'777</b>
<b>Total liabilities</b>		<b>2'469'154</b>	<b>1'943'383</b>
<b>Total equity and liabilities</b>		<b>2'696'281</b>	<b>2'099'956</b>

<sup>1</sup> Restatement due to measurement period adjustments as a result of the Pelican Rouge acquisition; movements are described in note 32.1.

The notes on pages 9 to 68 are an integral part of these consolidated financial statements.

## Statement of changes in consolidated equity

### Attributable to owners of the Company

Notes	Share capital € (000's)	Share premium € (000's)	Currency translation reserve € (000's)	Hedging reserve € (000's)	Retained earnings € (000's)	Total € (000's)	Non-controlling interests € (000's)	Total equity € (000's)
<b>Balance at 1 October 2016</b>	<b>187</b>	<b>516'395</b>	<b>(127'897)</b>	<b>(1'536)</b>	<b>(339'877)</b>	<b>47'272</b>	-	<b>47'272</b>
Other comprehensive income	-	-	16'677	1'536	13'628	31'841	-	31'841
Loss	-	-	-	-	(101'710)	(101'710)	-	(101'710)
<i>Total comprehensive income</i>	-	-	16'677	1'536	(88'082)	(69'869)	-	(69'869)
<i>Equity contribution</i>	29.1	-	179'170	-	-	179'170	-	179'170
<b>Balance at 30 September 2017</b>	<b>187</b>	<b>695'565</b>	<b>(111'220)</b>	<b>-</b>	<b>(427'959)</b>	<b>156'573</b>	-	<b>156'573</b>
Other comprehensive income	-	-	(21'589)	158	6'871	(14'560)	-	(14'560)
Loss	-	-	-	-	(116'636)	(116'636)	(410)	(117'046)
<i>Total comprehensive income</i>	-	-	(21'589)	158	(109'765)	(131'197)	(410)	(131'606)
<i>Equity contribution</i>	29.1	-	200'409	-	-	200'409	-	200'409
Acquisition of subsidiary with NCI	32.3	-	-	-	-	-	1'782	1'782
Change in non controlling interests	-	-	-	-	998	-	(1'029)	(31)
<i>Total changes in ownership interests</i>	-	-	-	-	998	-	753	1'751
<b>Balance at 30 September 2018</b>	<b>187</b>	<b>895'974</b>	<b>(132'809)</b>	<b>158</b>	<b>(536'727)</b>	<b>226'783</b>	<b>344</b>	<b>227'127</b>

The notes on pages 9 to 68 are an integral part of these consolidated financial statements.

## Consolidated cash flow statement

	Notes	Year ended 30 September 2018 € (000's)	Year ended 30 September 2017 € (000's) Restated <sup>1</sup>
<b>Cash flows from operating activities</b>			
Loss before income tax <sup>2</sup>		(124'799)	(105'746)
Depreciation and amortisation expense <sup>2</sup>	10	183'332	93'236
Gain on disposal of property, plant and equipment, net		(8'637)	(3'880)
Gain on disposal of subsidiaries	33	(1'774)	(3'619)
Net finance costs <sup>2</sup>		120'129	96'274
Changes in working capital:			
(Increase)/Decrease in inventories		(8'103)	(1'136)
(Increase)/Decrease in trade receivables		8'860	(3'955)
(Increase)/Decrease in other current assets		(16'660)	(1'442)
Increase/(Decrease) in trade payables		16'497	9'723
Increase/(Decrease) in other liabilities		(20'016)	22'934
Income taxes paid		(5'717)	(2'440)
<b>Net cash generated from operating activities</b>		<b>143'112</b>	<b>99'948</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired	32	(92'246)	(84'578)
Proceeds from sale of subsidiaries, net of cash disposed	33	17'078	7'990
Purchases of property, plant and equipment	15	(123'842)	(62'926)
Purchases of intangible assets	17	(5'841)	(5'138)
Proceeds from sale of property, plant and equipment	15	17'435	10'295
Interest received		49	44
Other proceeds received		1'191	-
<b>Net cash used in investing activities</b>		<b>(186'176)</b>	<b>(134'313)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital contribution		-	179'707
Proceeds from issuance of loans and borrowings		1'365'497	-
Repayment of loans and borrowings		(1'138'657)	(28'084)
Repayment of loans due to parent undertaking		(39'711)	-
Proceeds (repayment) from factoring		(12'195)	5'773
Interest paid		(47'951)	(41'193)
Financing related financing costs paid		(55'618)	(8'998)
Proceeds from settlement on derivatives		6'818	-
Interest paid on derivatives		(1'275)	-
Acquisition of non-controlling interest		(1'200)	-
<b>Net cash generated from financing activities</b>		<b>75'709</b>	<b>107'204</b>
<b>Net increase in cash and cash equivalents</b>			
		<b>32'645</b>	<b>72'839</b>
Cash and cash equivalents at the beginning of the period <sup>3</sup>	22	135'034	66'871
Exchange losses on cash and cash equivalents		(3'844)	(4'677)
Cash at bank in the books of Selecta Finland classified as held for sale		-	(859)
<b>Cash and cash equivalents at the end of the period</b>	<b>22</b>	<b>163'834</b>	<b>134'175</b>

<sup>1</sup> Restatement due to measurement period adjustments as a result of the Pelican Rouge acquisition; movements are described in note 32.1.

<sup>2</sup> Loss before income tax, depreciation and amortisation expense and net finance costs exclude the Custompack result up until the sale of the business, as it is presented on a separate line in the statement of profit or loss.

<sup>3</sup> Cash and cash equivalents at the beginning of the period includes € 0.9m of cash and cash equivalent of Selecta Finland which have been reclassified in the balance Sheet 30 September 2017 to disposal group held for sale.

The notes on pages 9 to 68 are an integral part of these consolidated financial statements.



## Notes to the consolidated financial statements

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### 1. General Information

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Selecta Group B.V. (“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 pan-European vending and coffee services company.

These consolidated financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V. prepared in accordance with Dutch GAAP and the requirements of the Dutch chamber of commerce and have been prepared voluntarily by the Board of Directors.

### 2. Basis of preparation

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These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. The principal accounting policies are set out below.

### 3. Summary of significant accounting policies

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#### 3.1. Accounting policies

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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 October 2017.

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

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The following new or amended Standards and Interpretations that may be relevant to the consolidated 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>
<b><i>New standards or interpretations</i></b>			
IFRS 9 <i>Financial Instruments</i>	3)	1 January 2018	Reporting year 2018/19
IFRS 15 <i>Revenue from Contracts with Customers</i>	3)	1 January 2018	Reporting year 2018/19
IFRIC 22 <i>Foreign currency transactions and advance consideration</i>	3)	1 January 2018	Reporting year 2018/19
IFRS 16 <i>Leases</i>	3)	1 January 2019	Reporting year 2019/20
IFRIC 23 <i>Uncertainty over income tax treatments</i>	1)	1 January 2019	Reporting year 2019/20
<i>Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)</i>	1)	1 January 2018	Reporting year 2018/19
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	3)	1 January 2019	Reporting year 2019/20
Annual Improvements to IFRS Standards 2015-2017 Cycle: -Amendments to IFRS 3 <i>Business Combinations</i> and IFRS 11 <i>Joint Arrangements</i> -Amendments to IAS 12 <i>Income Taxes</i> -Amendments to IAS 23 <i>Borrowing Costs</i>	3)	1 January 2019	Reporting year 2019/20
Plan Amendment, Curtailment or Settlement	3)	1 January 2019	Reporting year 2019/20

(Amendments to IAS 19)

Amendments to References to the Conceptual Framework in IFRS Standards

1)

1 January 2020

Reporting year 2020/21

- 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 can not yet be determined with sufficient reliability

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.

On 1 January 2018, IFRS 15 “Revenue from Contracts with Customers” came into effect. The Group will implement the new standard in its financial statements 2018/2019 and will apply the cumulative effect method for the transition. The new standard establishes a model to use in accounting for revenue and contains a new set of principles on when and how to recognize and measure revenue as well as new requirements related to presentation and disclosure. The core principle included in the standard is that revenue recognition is no longer based on the transfer of risks and rewards but rather on the transfer of control of goods and services to a customer.

The Group is currently performing detailed analysis regarding the impact of IFRS 15 on the recognition of revenue streams in its different business lines, the effect of implementation of IFRS 16 on the Group financial statements and the impact of IFRS 9 requirements.

### 3.3. Basis of consolidation

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#### Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries), cf. note 39. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group and the IFRS.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In all the following disclosure sections, Argenta’s consolidated balance sheet is integrated as part of the balance sheet positions disclosed, whereas Argenta’s consolidated statement of profit and loss is included from 2 February 2018 (note 32).

Regarding the acquisition of Express Vending, its consolidated balance sheet is integrated as part of the balance sheet positions disclosed, whereas Express Vending’s consolidated statement of profit and loss is included from August 2018 (note 32).

During the year ended 30 September 2018, Selecta Group sold its participations in Selecta Finland and Custompack.

### 3.4. Business combinations

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Acquisitions of businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree’s identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the

excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statement of profit or loss.

The non-controlling interest in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

### 3.5. Foreign currencies

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#### Foreign currencies in individual financial statements

The functional currency of each group company is the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated in Euros ("EUR" or "€"), which is the presentation currency for the consolidated financial statements. Euro is the currency that management uses when controlling and monitoring the performance and financial position of the Group.

Transactions in currencies other than the group company's functional currency (foreign currency transactions) are recorded at the rates of exchange prevailing at the date on which the transactions were entered into, or a close approximation thereof. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items are maintained at the historical exchange rates and are not retranslated.

Exchange differences are recognised in the statement of profit or loss in the period in which they arise.

#### Foreign currencies in consolidated financial statements

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Euros using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's currency translation reserve. Such exchange differences are reclassified from equity to statement of profit or loss in the period in which the foreign operation is disposed of.

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

		30 September 2018		30 September 2017	
		Balance sheet	Statement of profit or loss	Balance sheet	Statement of profit or loss
Danish Krone	DKK	7.46	7.45	7.44	7.44
Great Britain Pound	GBP	0.89	0.89	0.88	0.87
Norwegian Kroner	NOK	9.47	9.62	9.42	9.20
Swedish Krona	SEK	10.31	10.17	9.65	9.62
Swiss Franc	CHF	1.13	1.16	1.15	1.09

### 3.6. Property, plant and equipment

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Property, plant and equipment are initially recognised at cost and are depreciated using the straight-line method over their estimated useful lives. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item

can be measured reliably. Maintenance and repair costs are expensed as incurred.

The useful lives of property, plant and equipment are as follows:

Land	Infinite (no depreciation is applied)
Buildings	40 to 60 years
Vending equipment	4 to 8 years
Vehicles	5 years
Machinery & Equipment	8 years
IT Hardware	3 to 5 years

Each significant part of an item of property, plant and equipment with a useful life that is different from that of the asset to which it belongs is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are capitalised and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

### **3.7. Goodwill and intangible assets**

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#### **Goodwill**

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the combination. These cash-generating units are tested for impairment annually, and whenever there is an indication that a unit may be impaired. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

#### **Other intangible assets**

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their value can be measured reliably.

#### **Trademark**

The trademarks recognised by the Group have an indefinite useful life and are not amortised. The 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.

## Customer contracts

Intangible assets resulting from the acquisition by the Group of customer contracts in a business combination have a finite useful life. The Selecta and Pelican Rouge customer contracts are amortised over the useful life of 15 years. The Argenta customer contracts are amortised over a useful life of 10 years.

## Software

Software licences are recognised as intangible assets when it is probable that they will generate future economic benefits. They are amortised using the straight-line method over three-five years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets and are amortised by the straight-line method over three to five years when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Other software licences and software development costs are expensed as incurred. No intangible asset arising from research (or from research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

### **3.8. Impairment of non-current assets other than goodwill or trademark**

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At each balance sheet date, the Group assesses whether there is any indication that its tangible and intangible assets other than goodwill or trademark may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased

carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

### **3.9. Prepayments and accrued income**

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Prepayments and accrued income comprise payments made in advance relating to the following year, and income relating to the current year, which will not be received until after the balance sheet date. Prepayments are measured at the nominal amount of the payments. Accrued income is measured at amortised costs.

### **3.10. Inventories**

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Inventories are stated at the lower of cost and net realisable value. The net realisable value corresponds to the estimated selling price in the ordinary course of business less point-of-sales costs. A valuation allowance on inventories is recorded, when the cost of inventories is greater than their net realisable value.

### **3.11. Rebates and other amounts received from suppliers**

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Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume-related rebates. Income from value and volume-related rebates is recognised based on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period. Agreed discounts relating to inventories are credited to the statement of profit or loss as the goods are sold. Rebates relating to inventories purchased but still held at the balance sheet date are deducted from their carrying values so that the costs of inventories are recorded net of applicable rebates. Rebates received in respect of property, plant and equipment are deducted from the costs capitalised.

### **3.12. Trade and other receivables**

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Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses. An impairment loss on trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The impairment loss is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

### **3.13. Cash and cash equivalents**

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Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and the change floats in vending machines' cash change boxes.

Due to the Group's business model, significant cash balances are held at year-end in cash collection boxes inside vending machines (trapped cash) and on behalf of the Group by external cash collecting firms, or en route to or from such cash counting firms. These amounts are included in other current assets.

Bank overdrafts are included within current liabilities on the balance sheet.

### **3.14. Provisions**

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Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

When some or all of the expenditure required to settle a provision is expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### **3.15. Loans due to parent undertaking / borrowings**

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Loans due to parent undertaking or borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

### **3.16. Derivative financial instruments**

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The Group uses from time to time derivative financial instruments to manage its exposure to interest rate and/or foreign exchange risk.

Such derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date, with changes therein generally recognised in profit or loss (finance income or finance costs).

Where a derivative financial instrument is designated as a cash flow hedging instrument and the economic hedge created by the derivative financial statement is deemed to be effective, the changes in fair value are recorded in other comprehensive income and accumulated in the hedging reserve. The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

In order to prove the effectiveness of the hedge the instrument is extensively documented at inception and regularly tested to ensure that it remains effective. Where the hedge, or a portion of the hedge, is deemed not to be effective, the change in fair value is recorded directly in finance income or finance costs in the statement of profit or loss.

### **3.17. Accruals and deferred income**

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Accruals and deferred income comprise expenses relating to the current year, which will not be paid until after the balance sheet date and cash received in advance, relating to the following year. Deferred income is measured at the nominal value of the payments received less, if appropriate, cumulative amortisation in accordance with IAS 18. Accruals are measured at amortised cost.

### **3.18. Taxation**

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The credit or charge for current income tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates of the countries where the Group has operations.

Deferred income taxes are accounted for using the balance sheet liability method in respect of temporary differences arising between the carrying amount of assets and liabilities in the balance sheet and the corresponding tax basis used in the computation of taxable profit.

Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it can be reasonably expected that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or

from the initial recognition (other than in a business combination) of other assets and liabilities, which affects neither taxable nor accounting income.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current income tax and deferred income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is also recognised directly in equity or other comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

### **3.19. Employee benefits**

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The Group maintains various defined contribution and defined benefit pension plans.

Defined benefit obligations are largely covered through pension plan assets of pension funds that are legally separated and independent from the Group. These are managed by a board of trustees consisting of representatives of the employees and the employer. The organisation, management and financing of the pension plans comply with the applicable pension regulations. Employees and pensioners or their survivors receive statutorily determined benefits upon leaving the company or retiring as well as in the event of death or disability. These benefits are financed through employer and employee contributions.

#### **Defined benefit plans**

In the case of defined benefits pension plans, the pension expenses and obligations are valued according to the projected unit credit method. The corresponding calculations are carried out yearly by independent qualified actuaries.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

All re-measurement gains and losses on the net defined benefit liability are charged or credited in other comprehensive income in the period in which they occur.

When the benefits of a plan are changed or when a plan is curtailed, the resulting past service cost is generally recognised in profit or loss when the plan amendment or curtailment occurs. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### **Defined contribution plans**

In the case of defined contribution pension plans, the Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense when the employees render the corresponding service to the Group, which normally occurs in the same year in which the contributions are paid. Payments made to state-managed plans are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution pension plan.

### **3.20. Revenue recognition**

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Revenue represents the fair value of the consideration received or receivable for goods and services provided in the normal course of business, excluding trade discounts, value added tax and similar sales taxes.

#### **Sale of goods**

Revenue from the sale of goods is recognised when the goods are delivered to the client site or



when goods are purchased from a machine by a customer, depending on the contract terms.

Revenue may be received directly in the form of cash from the consumer, or may be invoiced to a client periodically.

Where revenue is received in the form of cash, the amount recognised is the amount of cash received until the last date on which the cash was collected from the machine, plus an estimate of the sales between this date and the period end calculated based on historical trends.

Where the sale of goods is invoiced to the client, the amount recognised is based either on the amounts delivered to the client or based on the consumption in the machines, depending on the specific contractual terms. Where revenue is recognised based on consumption in the machines, the amount recognised is based on the last recorded consumption from the machine plus an estimate of the sales between this date and the period end calculated based on historical trends.

### **Rendering of services**

Selecta also provides services to clients in the form of machine rentals, technical services and hygiene services. Where the income is a fixed amount for the period the amount of revenue recognised is based on this fixed amount. Where the income is dependent on the work performed, the revenue is recognised based on records of technical site visits or other services provided.

### **Interest income**

Income is recognised as interest accrues using the effective interest rate that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

### **Dividend income**

Dividend income is recognised when the shareholder's right to receive payment is established.

## **3.21. Leases**

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The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between repayment of the outstanding liability and finance charges. The corresponding rental obligations, net of finance charges, are included in non-current liabilities or current liabilities as appropriate. The interest element of the finance cost is charged to the statement of profit or loss over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Other lease agreements are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

## **3.22. Purchasing income**

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The Group receives certain rebates from its suppliers in respect of the purchase of vending machines and consumables. Where the rebates are received in respect of vending machines which are capitalised within property, plant and equipment, the cost of those vending machines is reduced by the amount of the rebate received. In relation to vending machines and consumables sold to customers and recognised within revenue, the cost of goods sold and the cost of inventories are reduced by the amount of the rebate received.

## **3.23. Finance costs**

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Finance costs comprise interest expense on borrowings and finance leases calculated using the effective interest method, fair value losses on derivatives classified as held for trading and foreign exchange losses. Foreign exchange gains and losses are reported on a net basis as either finance

income or finance expense depending on whether the total foreign currency movements represent a gain or a loss accordingly. Net interest expense on the net defined benefit obligation is included in the finance costs.

#### **4. Use of estimates and key sources of estimation uncertainties**

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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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below.

##### **Goodwill and intangible assets with indefinite useful lives**

The carrying amounts of cash-generating units to which goodwill has been allocated and which include other intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. The recoverable amounts of cash-generating units are determined based on their values in use. These calculations require the use of estimates and assumptions consistent with the most up-to-date business plans that have been formally approved by management. The amounts and key assumptions used for the value in use calculations are set out in notes 16 and 17 to the consolidated financial statements.

##### **Customer Contracts**

Intangible assets resulting from the acquisition by the Group of customer contracts in a business combination have a finite useful life. The Selecta and Pelican Rouge customer contracts are amortised over the useful life of 15 years. The Argenta customer contracts are amortised over a useful life of 10 years.

The Group actively monitors retention rates on customer contracts and considers other relevant factors which may provide an indication of impairment. The amounts are described in note 17 to the consolidated financial statements.

##### **Sales estimations**

Where sales are based on consumption in the machines, there may be a timing difference between the date on which the cash was last collected from the machines or the date on which the sales readings were taken. In this case an estimate of the sales between the date of the last cash collection or the last machine reading and the end of the period is made. The estimate is based on historical sales trends in respect of the specific client sites and machines. The estimated amount of sales which have been neither collected in cash nor invoiced to customers are recorded as Accrued income and uncollected cash in points-of-sale, as disclosed in note 21.

##### **Inventories**

Inventories include perishable products which requires the Group to make estimates regarding the amount of goods whose shelf life will expire before they are sold in order to determine the appropriate level of allowances to be recorded. Such allowances are therefore calculated with reference to the level of inventories held, average sales, and expiry dates.

Allowances for spare parts held in inventory are calculated according to the inventory turnover ratio.

## 5. Segmental reporting

In the financial year starting 1 October 2017, the Group Selecta consolidates the entities of the Pelican Rouge Group acquired on 7 September 2017 and the Argenta Group acquired on 2 February 2018. The acquisition of both Groups has led the Selecta Group to grow nearly twofold, triggering the need to revise its previous segmental reporting.

The Group's Board of 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 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, earn revenues and incur 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

The profit/(loss) before finance results 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 year ended 30 September 2018

	South, UK & Ireland	Central	North	Total segments	HQ & IC elimination	Total Group
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue	467'300	589'496	415'547	1'472'343	(20'830)	1'451'513
Revenue net of vending fee	427'752	484'618	404'302	1'316'672	(20'830)	1'295'842
Gain on disposal of subsidiaries	-	-	-	-	1'774	1'774
<b>Profit/(loss) before finance results net and income taxes, depreciation and amortisation expense</b>	<b>61'481</b>	<b>74'655</b>	<b>80'974</b>	<b>217'111</b>	<b>(39'713)</b>	<b>177'398</b>
Depreciation and amortisation expense	(43'434)	(58'140)	(37'470)	(139'043)	(43'751)	(182'794)
<b>Loss before finance results net and income tax</b>						<b>(5'396)</b>
Finance results, net						(120'118)
<b>Loss before income tax - continued operation</b>						<b>(125'514)</b>

The inter-company (IC) eliminations of € 20.8 million ended 30 September 2018 capture the internal revenue generated by segment North with the other two segments of the Group.

*Result for the year ended 30 September 2017*

	South, UK & Ireland	Central	North	Total segments	HQ & IC elimination	Total Group
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue	98'163	477'941	185'380	761'484	(130)	761'354
Revenue net of vending fee	88'610	409'743	174'230	672'583	(130)	672'453
Gain on disposal of subsidiaries	-	-	-	-	3'619	3'619
<b>Profit/(loss) before finance results net and income taxes, depreciation and amortisation expense</b>	<b>8'045</b>	<b>84'808</b>	<b>29'264</b>	<b>122'116</b>	<b>(38'353)</b>	<b>83'763</b>
Depreciation and amortisation expense	(8'449)	(39'104)	(18'688)	(66'241)	(26'995)	(93'236)
<b>Loss before finance results net and income tax</b>						<b>(9'473)</b>
Finance results, net						(96'273)
<b>Loss before income tax - continued operation</b>						<b>(105'746)</b>

The prior year's figures have been restated with the application of the new definition of operating segments.

In addition, non-current assets other than financial instruments, deferred tax assets and net defined benefit assets are allocated according to the registered office of the related Group company as follows:

	<i>Non-current assets excluding deferred tax assets, non-current financial assets, derivative financial instruments and net defined benefit assets</i>	
	<i>30 September 2018</i>	<i>30 September 2017</i>
	€ (000's)	€ (000's)
Switzerland	60'230	57'364
France	84'194	98'133
Italy	91'885	-
Sweden	27'437	29'382
UK	39'721	44'064
Netherlands	43'685	48'290
All other countries	90'678	97'357
HQ	1'752'885	1'313'839
<b>Total</b>	<b>2'190'715</b>	<b>1'688'429</b>

## 6. Revenue

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	Year ended 30 September 2018 € (000's)	Year ended 30 September 2017- Restated € (000's)
Revenue from On the Go channel	539'239	214'427
Revenue from Workplace channel	689'913	391'500
Revenue from Trading channel	222'361	155'426
<b>Total revenue</b>	<b>1'451'513</b>	<b>761'354</b>

### Revenue by channel:

#### **On the Go:**

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

Public points of sale are characterized by their public access, and the fact the end-consumers on these premises purchase the merchandise '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 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 public) or work (such premises are captured within workplace): it can be leisure, education, health, access to public services, etc.

#### **Workplace:**

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

#### **Trading:**

The Trading channel captures trade machines sales and ingredients sales; rental and technical services; and the external sales of the Roaster products.

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

## 7. Vending fee and revenue net of vending fee

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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 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. From the perspective of the Company's management, the economic substance of these transactions is a revenue-sharing business model between Selecta and its vending clients. 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 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. Due to this vending fee is separately disclosed below the revenue line and excluded from the line other operating expenses for both years ending 30 September 2017 and 2018.

## 8. Materials and consumables used

	Year ended 30 September 2018 € (000's)	Year ended 30 September 2017 € (000's)
Cost of materials	(515'515)	(259'101)
Rebates and discounts	25'238	15'241
Other	862	(123)
<b>Total materials and consumables used</b>	<b>(489'415)</b>	<b>(243'983)</b>

## 9. Employee benefits expense

	Year ended 30 September 2018 € (000's)	Year ended 30 September 2017 € (000's)
Wages and salaries	(349'577)	(184'272)
Social security	(70'140)	(38'905)
Post-employment benefits		
Defined contribution plans	(6'228)	(3'008)
Defined benefit plans	9'381	(2'415)
<b>Total employee benefits expense</b>	<b>(416'564)</b>	<b>(228'599)</b>

Further information with respect to the Group's post-employment benefit obligations are presented in note 25.

## 10. Depreciation and amortisation

	Year ended 30 September 2018 € (000's)	Year ended 30 September 2017 € (000's)
Depreciation of property, plant and equipment	(133'260)	(64'690)
Amortisation of intangible assets	(49'534)	(28'546)
<b>Total depreciation and amortisation</b>	<b>(182'794)</b>	<b>(93'236)</b>

## 11. Other operating expenses

	Year ended 30 September 2018 € (000's)	Year ended 30 September 2017 € (000's) Restated
Maintenance	(115'995)	(60'123)
Administration expenses	(67'864)	(50'199)
Travel and representation	(10'316)	(7'175)
Rent	(26'067)	(13'413)
Loss on disposal of tangible assets	(186)	(374)
Other operating expenses	(2'555)	(10'232)
<b>Total other operating expenses</b>	<b>(222'983)</b>	<b>(141'516)</b>

Prior year operating expenses have been adjusted with the reclassification of the vending fees. More information is presented in note 7.

## 12. Other operating income

	<i>Year ended 30 September 2018 € (000's)</i>	<i>Year ended 30 September 2017 € (000's)</i>
Suppliers marketing contributions	963	10'126
Gain on disposal of tangible assets	2'493	4'167
Other operating income	5'288	7'496
<b>Total other operating income</b>	<b>8'744</b>	<b>21'788</b>

## 13. Finance cost results net

	<i>Year ended 30 September 2018 € (000's)</i>	<i>Year ended 30 September 2017 € (000's)</i>
Interest on loan due to parent undertaking	(37'216)	(35'769)
Interest on other loans	(71'825)	(40'813)
Refinancing costs	(27'810)	(4'706)
Finance lease interest expense	(1'310)	(970)
Other interest and finance expense	(4'240)	(7'337)
Hedge reserve recycled from OCI	-	(2'090)
Foreign exchange loss	-	(12'051)
<b>Total finance costs</b>	<b>(142'402)</b>	<b>(103'735)</b>

	<i>Year ended 30 September 2018 € (000's)</i>	<i>Year ended 30 September 2017 € (000's)</i>
Change in fair value of derivative financial instruments	13'568	7'402
Foreign exchange gain	8'395	-
Interest income	44	59
Other financial income	276	-
<b>Total finance income</b>	<b>22'283</b>	<b>7'461</b>

## 14. Income taxes

Income tax expense comprises:

	<i>Year ended 30 September 2018 € (000's)</i>	<i>Year ended 30 September 2017 € (000's)</i>
Current income tax expense	(4'917)	(694)
Deferred income tax income	12'670	4'730
<b>Total income tax income</b>	<b>7'753</b>	<b>4'036</b>

The total tax charge for the periods can be reconciled to the accounting profit as follows:

	<i>Year ended 30 September 2018 € (000's)</i>	<i>Year ended 30 September 2017 € (000's)</i>
Loss before income tax	(125'514)	(105'746)
Applicable tax rate	25.3%	25.4%
Expected tax credit	31'755	26'859
Effect of expenses not deductible for tax purposes	(1'357)	(333)
Effect of taxable losses for the period not recognised as deferred tax assets	(21'020)	(22'189)
(Write-off) / Recognition of previously unrecognised tax losses and deferred tax assets	-	(85)
Income tax expense of previous years	(1'625)	(216)
<b>Income tax income recognised in statement of profit or loss</b>	<b>7'753</b>	<b>4'036</b>

The applicable tax rate used above in the tax reconciliation is based on the weighted average tax rates applicable in the countries in which the Group operates. This is derived from a summation of the individual tax rates and pre-tax profits and losses in each country, and is not the same as the medium to long term effective tax rate of the Group.



## 15. Property, plant and equipment

	<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>
<b>Cost</b>					
<b>Balance at 1 October 2016</b>	<b>3'868</b>	<b>605'506</b>	<b>19'748</b>	<b>45'104</b>	<b>674'226</b>
Additions	39	65'666	3'169	2'916	71'790
Disposals	-	(51'715)	(3'580)	(1'357)	(56'652)
Acquisitions through business combinations	10'159	148'649	2'505	19'198	180'512
Disposals through sale of subsidiaries	-	(7'664)	(102)	(228)	(7'994)
Reclassifications	-	(8'403)	(629)	(246)	(9'278)
Effects of foreign currency exchange differences	(19)	(11'514)	(120)	(782)	(12'435)
<b>Balance at 30 September 2017</b>	<b>14'047</b>	<b>740'525</b>	<b>20'991</b>	<b>64'605</b>	<b>840'170</b>
Additions	417	99'842	4'108	11'551	115'917
Disposals	(4'744)	(43'087)	(4'009)	(4'730)	(56'569)
Acquisitions through business combinations	8'286	46'087	4'466	15'933	74'773
Disposals through sale of subsidiaries	-	-	-	(2'277)	(2'277)
Reclassifications *	281	(39'417)	(121)	(66)	(39'322)
Effects of foreign currency exchange differences	(6)	(2'098)	(760)	(220)	(3'083)
<b>Balance at 30 September 2018</b>	<b>18'282</b>	<b>801'853</b>	<b>24'677</b>	<b>84'798</b>	<b>929'609</b>
<b>Accumulated depreciation and impairment</b>					
<b>Balance at 1 October 2016</b>	<b>(3'379)</b>	<b>(434'196)</b>	<b>(15'242)</b>	<b>(33'701)</b>	<b>(486'518)</b>
Depreciation expense	(348)	(59'564)	(1'390)	(3'388)	(64'690)
Disposals	-	46'077	3'284	1'153	50'514
Disposals through sale of subsidiaries	-	5'106	91	180	5'377
Reclassifications	-	6'593	618	244	7'454
Effects of foreign currency exchange differences	16	8'264	100	418	8'797
<b>Balance at 30 September 2017</b>	<b>(3'711)</b>	<b>(427'721)</b>	<b>(12'540)</b>	<b>(35'094)</b>	<b>(479'065)</b>
Depreciation expense	(1'131)	(116'407)	(4'156)	(11'566)	(133'260)
Disposals	1'713	42'629	3'923	4'558	52'823
Disposals through sale of subsidiaries	-	-	-	538	538
Reclassifications *	(398)	33'788	197	(320)	33'267
Effects of foreign currency exchange differences	4	1'134	366	205	1'709
<b>Balance at 30 September 2018</b>	<b>(3'522)</b>	<b>(466'577)</b>	<b>(12'210)</b>	<b>(41'678)</b>	<b>(523'987)</b>
<b>Net Book Value</b>					
<b>At 30 September 2017</b>	<b>10'336</b>	<b>312'804</b>	<b>8'453</b>	<b>29'513</b>	<b>361'106</b>
<b>At 30 September 2018</b>	<b>14'760</b>	<b>335'275</b>	<b>12'466</b>	<b>43'120</b>	<b>405'621</b>

\* Reclassifications mainly relates to transfers to inventory of used equipment to be sold

\* Pelican Rouge Group assets restated following the final purchase price allocation

As at 30 September 2018 commitments in respect of capital expenditure amounted to € 23.1 million (2017: € 30.0 million).

The carrying amount of property, plant and equipment held under finance leases at 30 September 2018 was € 41.8 million (2017: € 32.4 million). Leased assets are pledged as security in respect of the finance leases to which they relate.

The disposal through sale of subsidiaries in 2018 relates to the sale of Selecta Finland (note 33.1) and Custompack (note 33.2) and in the year 2017 relates to the sale of Baltic subsidiaries.

Acquisitions through business combinations in 2018 relate to the Argenta Group assets recorded at fair value (note 32.2) and Express Vending (note 32.4); and in 2017 to the Pelican Rouge Group assets recorded at fair value, which were restated following the final purchase price allocation (note 32.1).

In 2017, reclassifications to assets held for sale related to Selecta Finland which had to be disposed within 6 months upon the completion of the Pelican Rouge acquisition, and was disposed effectively in the financial year ended 30 September 2018.

## 16. Goodwill

	30 Sept 2018 € (000's)	30 Sept 2017 € (000's) <i>Restated</i>
<b>Balance gross and net carrying amount opening</b>	<b>664'077</b>	<b>482'562</b>
Goodwill relating to Baltic subsidiaries sold on 1 October 2016	-	(3'153)
Goodwill relating to Selecta Finland sold on 14 March 2018	(7'382)	-
Goodwill relating to Pelican Rouge Group acquisition	-	184'669
Provisional goodwill relating to Express Vending acquisition	60'787	-
Provisional goodwill relating to Argenta Group acquisitions	362'288	-
<b>Balance gross and net carrying amount closing</b>	<b>1'079'770</b>	<b>664'077</b>

The provisional goodwill resulting from the Argenta Group and Express Vending acquisitions amounts to € 423 million.

This value is subject to adjustments linked with further purchase price allocation assessments falling due within one year of the acquisitions. The values disclosed are therefore preliminary, and further information on the corresponding business combinations are presented in the note 32.

The provisional goodwill relating to Argenta is the addition of three components: the Selecta Group acquisition of the Argenta Group (€352.4 million); Argenta's acquisition of a majority stake in Tramezzino (€2.7 million) and three other local acquisitions performed in the current year by the Argenta Group (€7.2 million).

The goodwill reduction in the current year results from the sale of Selecta Finland, and in the prior year from the sale of Baltic subsidiaries. Further information on the disposals is presented in note 33.

### 16.1. Impairment testing

During the financial year the carrying values including goodwill of the cash-generating units have been compared to their recoverable amount.

The test was conducted on the basis of the carrying values and the recoverable amounts of the Selecta Group's cash generating units, excluding Express Vending.

The goodwill tested as of 30 September 2018 was of € 1'019 million, composed of the legacy Selecta, Pelican Rouge and Argenta acquisitions goodwills. Express Vending was excluded from the testing process, given the recent date and the materiality of the acquisition.

It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be recorded.

## 16.2. Allocation to cash-generating units

### Cash-generating units considered in this financial year's impairment test

Until 30 September 2017 the Group had been operating through four segments which were the Group's cash generating units (CGU) for the purposes of impairment testing: France, North, Central and West.

In the financial year starting 1 October 2017, the Selecta Group consolidates the entities of the Pelican Rouge Group acquired on 7 September 2017 and of the Argenta Group acquired on 2 February 2018. The acquisition of both Groups has led the Selecta Group to grow nearly twofold, triggering the need to revise its previous segmental reporting.

In alignment with Group's segmental reporting, the three CGUs considered for the purposes of impairment testing are as follows:

- Segment South, UK & Ireland which includes Italy, Spain and the UK (including Ireland)
- Segment Central which includes Switzerland, Germany, Austria and France
- Segment North which includes Sweden, Norway, Finland, Denmark, Belgium, Netherlands and the Pelican Rouge Roaster in the Netherlands

The amount of goodwill allocated to each cash generating unit at 30 September 2018 and 2017 were as follows:

	<i>30 September 2018</i> € (000's)
<u>Selecta goodwill</u>	
Region South, UK & Ireland	519'978
Region Central	226'206
Region North	272'798
<b>Goodwill</b>	<b>1'018'983</b>
Provisional goodwill relating to Express Vending acquisition (not yet allocated)	60'787
<b>Total Goodwill</b>	<b>1'079'770</b>
	<i>30 September 2017</i> € (000's) <i>Restated</i>
<u>Selecta goodwill</u>	
Region France	69'213
Region West	21'989
Region Central	271'146
Region North	117'061
<b>Goodwill</b>	<b>479'409</b>
Provisional goodwill relating to Pelican Rouge acquisition (not yet allocated)	184'669

### 16.3. Summary of assumptions used in goodwill impairment testing

In undertaking the impairment test of the Selecta goodwill, the Group has used post-tax cash flow projections for the computation of value in use based on the 2019 - 2021 business plan of the Group, covering a three-year period. In years four to seven the Group assumes further growth of 3.0% (2017: 3.0%).

Cash flows beyond the seven-year period are extrapolated using estimated growth rates as disclosed in the table below. In 2018, the growth rates were as follows:

	2018
Region South, UK & Ireland	1.3%
Region Central	1.7%
Region North	1.7%

In 2017, the growth rates were as follows:

	2017
Region France	1.9%
Region West	1.7%
Region Central	1.7%
Region North	1.7%

The cash flows are discounted using a post-tax weighted average cost of capital (WACC) for each region. The post-tax WACC applied for each region at 30 September 2018 and 2017 were as follows:

	2018	
	Post-tax WACC	Equivalent to a pre-tax WACC of:
Region South, UK & Ireland	7.7%	9.2%
Region Central	6.5%	7.5%
Region North	6.9%	8.4%

	2017	
	Post-tax WACC	Equivalent to a pre-tax WACC of:
Region France	6.5%	8.0%
Region West	6.5%	7.8%
Region Central	5.7%	6.8%
Region North	6.8%	7.8%

### 16.4. Headroom and sensitivity to change in assumptions

The headroom arising from the goodwill impairment testing by region at 30 September 2018 and 2017 were as follows:

	2018 € millions
Region South, UK & Ireland	130.8
Region Central	716.3
Region North	510.8
	2017 € millions
Region France	78.4
Region West	62.9
Region Central	959.2
Region North	100.8

The following table shows the level to which the WACC would need to increase to assuming achievement of the future cashflows, or the level to which long term growth rates would need to fall assuming use of the Group's post tax WACC, to eliminate all of the headroom in the region.

	2018	
	<i>Level to which Post-tax WACC would need to increase to eliminate all of the headroom in the region</i>	<i>Level to which growth rates would need to fall to eliminate all of the headroom in the region</i>
Region South, UK & Ireland	8.6%	0.0%
Region Central	14.0%	-15.7%
Region North	13.9%	-13.9%
	2017	
	<i>Level to which Post-tax WACC would need to increase to eliminate all of the headroom in the region</i>	<i>Level to which growth rates would need to fall to eliminate all of the headroom in the region</i>
Region France	10.4%	-4.0%
Region West	11.1%	-6.2%
Region Central	18.4%	-60.7%
Region North	14.1%	-15.1%

## 17. Intangible assets

	Software/ other € (000's)	Patents/ licences € (000's)	Trademarks € (000's)	Customer Contracts € (000's)	Total € (000's)
<b>Cost</b>					
<b>Balance at 1 October 2016</b>	<b>41'206</b>	<b>3'687</b>	<b>286'301</b>	<b>341'425</b>	<b>672'619</b>
Additions	4'959	-	-	180	5'138
Disposals	(315)	-	-	(317)	(632)
Reclassifications	-	(3'687)	-	3'687	-
Acquisitions through business combinations	5'277	-	37'846	205'749	248'872
Disposals through sale of subsidiaries	-	-	-	(2'059)	(2'059)
Reclassifications to assets held for sale	(682)	-	-	-	(682)
Effects of foreign currency exchange differences	(1'673)	-	-	(123)	(1'796)
<b>Balance at 30 September 2017</b>	<b>48'771</b>	<b>-</b>	<b>324'147</b>	<b>548'541</b>	<b>921'459</b>
Additions	6'603	-	-	89	6'692
Disposals	(928)	-	-	-	(928)
Reclassifications	-	-	-	-	-
Acquisitions through business combinations	4'426	-	-	81'768	86'193
Disposals through sale of subsidiaries	-	-	-	(1'797)	(1'797)
Reclassifications	(550)	-	-	1'064	514
Effects of foreign currency exchange differences	199	-	-	(20)	178
<b>Balance at 30 September 2018</b>	<b>58'521</b>	<b>-</b>	<b>324'147</b>	<b>629'644</b>	<b>1'012'312</b>
<b>Accumulated amortisation and impairment</b>					
<b>Balance at 1 October 2016</b>	<b>(25'278)</b>	<b>(1'729)</b>	<b>-</b>	<b>(205'675)</b>	<b>(232'682)</b>
Amortisation expenses	(4'312)	(701)	-	(23'532)	(28'545)
Disposals	284	-	-	70	354
Reclassifications	-	2'431	-	(2'430)	0
Disposals through sale of subsidiaries	-	-	-	1'241	1'241
Reclassifications to assets held for sale	344	-	-	-	344
Effects of foreign currency exchange differences	987	-	-	91	1'078
<b>Balance at 30 September 2017</b>	<b>(27'976)</b>	<b>-</b>	<b>-</b>	<b>(230'235)</b>	<b>(258'211)</b>
Amortisation expenses	(8'028)	-	-	(41'504)	(49'533)
Disposals	874	-	-	-	874
Reclassifications	434	-	-	(433)	-
Disposals through sale of subsidiaries	-	-	-	-	-
Effects of foreign currency exchange differences	(144)	-	-	25	(119)
<b>Balance at 30 September 2018</b>	<b>(34'840)</b>	<b>-</b>	<b>-</b>	<b>(272'147)</b>	<b>(306'988)</b>
<b>Net Book Value</b>					
<b>At 30 September 2017</b>	<b>20'795</b>	<b>-</b>	<b>324'147</b>	<b>318'306</b>	<b>663'248</b>
<b>At 30 September 2018</b>	<b>23'681</b>	<b>-</b>	<b>324'147</b>	<b>357'497</b>	<b>705'324</b>

The disposal through sale of subsidiaries in 2018 relates to the sale of Selecta Finland and Custompack, and in 2017 to the sale of the Baltic subsidiaries.

Acquisitions through business combinations relate to the Argenta Group and Express Vending assets recorded at fair value. In 2017, the acquisition through business combinations was related to the Pelican Rouge Group assets.

In 2017, reclassifications to assets held for sale related to Selecta Finland, which had to be disposed within 6 months upon the completion of the Pelican Rouge acquisition, and was disposed effectively in the financial year ended 30 September 2018.

The trademarks are deemed to have an indefinite useful life as based on an analysis of all of the relevant factors, there are no foreseeable limits to the period over which the assets are expected to generate net cash inflows for the Group.

The Pelican Rouge trademark is valued as a coffee brand. The Pelican Rouge coffee brand was founded in Antwerp in 1863 and enjoys brand recognition in legacy Pelican Rouge markets.

The trademarks have been allocated to the Group's cash generating units which are tested for impairment annually. The trademarks tested were the Selecta and Pelican Rouge trademarks. The acquisition of Argenta and Express Vending did not result in the allocation of value to the Argenta and Express Vending trademarks as part of the preliminary purchase price allocation.

At 30 September 2018 and 2017, the trademark has been allocated as follows, and restated for 2017 following the change in segmental reporting:

	2018 € (000's)
Region South, UK & Ireland	31'771
Region Central	203'829
Region North	88'547
<b>Trademark allocated to cash generating units</b>	<b>324'147</b>
	2017 € (000's)
Region France	41'027
Region West	13'034
Region Central	160'982
Region North	71'258
<b>Trademark allocated to cash generating units</b>	<b>286'301</b>
<b>Provisional trademark resulting from acquisition of Pelican Rouge (unallocated)</b>	<b>37'846</b>
<b>Trademark total</b>	<b>324'147</b>

### Customer contracts

Selecta customer contracts acquired in the business combination in 2007 and Pelican Rouge customer contracts acquired in the business combination in 2017 have a finite useful life and are amortised over 15 years.

The Argenta customer contracts acquired in the current year have been allocated a preliminary value of € 78 million. Given Argenta's size and certain features of its client portfolio compared to Selecta and Pelican Rouge, a 10 year finite useful life has been deemed appropriate.

The remainder of the balance (€ 4 million) relates to three acquisitions conducted by Argenta on its local market, as presented in note 32.

## 18. Non-current financial assets

	30 September 2018 € (000's)	30 September 2017 € (000's) restated
<b>Non-current financial assets comprise the following:</b>		
Investments	127	-
Trade and other receivables	8'676	6'267
<b>Total non-current financial assets</b>	<b>8'803</b>	<b>6'267</b>

The maturity of the non-current financial assets is as follows:

After one year but not more than five years	8'683	6'243
More than five years	120	24
<b>Total more than one year</b>	<b>8'803</b>	<b>6'267</b>
<b>Total non-current financial assets</b>	<b>8'803</b>	<b>6'267</b>

## 19. Inventories

	30 September 2018 € (000's)	30 September 2017 € (000's) restated
Food and beverages	59'050	44'741
Vending equipment and spare parts	35'189	27'691
Goods in transit	871	726
Raw materials	4'711	5'683
<b>Total inventories</b>	<b>99'821</b>	<b>78'840</b>

In the year ended 30 September 2018, inventories of € 516 million (2017: € 259 million thousand) were recognised as an expense during the year and included in materials and consumables used.

There are no inventories expected to be recovered after more than 12 months.

## 20. Trade receivables

	30 September 2018 € (000's)	30 September 2017 € (000's) restated
Trade receivables - not overdue	61'842	59'965
Trade receivables - overdue 0 - 90 days	17'584	14'560
Trade receivables - overdue 90 - 360 days	3'348	606
Trade receivables - overdue > 360 days	1'275	278
<b>Total trade receivables, gross</b>	<b>84'048</b>	<b>75'409</b>
Allowance for doubtful accounts	(1'565)	(1'331)
<b>Total trade receivables, net</b>	<b>82'484</b>	<b>74'078</b>

The average credit period on sales of goods is 30 days. No interest is charged on the trade



receivables until the end of the credit period, thereafter the charging of interest is at the discretion of local management depending on the amounts and customers involved. Where interest is charged in respect of an overdue receivable the interest rate applied is between 3% and 15% per annum depending on the country and the customer contract.

The Group has provided for all receivables over 360 days because historical experience indicates that receivables that are past due beyond 360 days are not recoverable. Trade receivables between 30 days and 360 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Depending on the size of a potential new customer and the volume of trading expected, prior to accepting new credit customers, the Group uses a credit scoring system to assess the potential customer's credit quality and defines a suitable credit limit for the customer.

### 20.1. Analysis of receivables past due but not impaired

The Group's trade receivable balance includes debtors with a carrying amount of € 8.3 million (2017: € 7.2 million) which are past due at the reporting date for which the Group has not provided for as there has not been any significant change in credit quality and the amounts are still considered recoverable.

The Group does not hold any collateral over these balances. The ageing of these receivables is as follows:

	30 September 2018 € (000's)	30 September 2017 € (000's)
Overdue 0-90 days	5'713	7207
Overdue 90-360 days	2'551	-
<b>Total</b>	<b>8'264</b>	<b>7'207</b>

There are no significant individually impaired trade receivables at 30 September 2018 (2017: not significant).

### 20.2. Movement in the allowance for doubtful accounts

	Total € (000's)
<b>Balance at 1 October 2016</b>	<b>(2'192)</b>
Amounts written off during the period	542
Increase in allowance recognised in statement of profit or loss	(780)
Reclassification to asset held for sale	29
Effect of foreign exchange differences	1'070
<b>Balance at 30 September 2017</b>	<b>(1'331)</b>
Amounts written off during the period	1'079
Amounts recovered during the period	159
Increase in allowance recognised in statement of profit or loss	(1'111)
Effect of foreign exchange differences	(361)
<b>Balance at 30 September 2018</b>	<b>(1'565)</b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable at the reporting date. This is in most cases evidenced by the age of the receivable, and the Group has implemented specific policies regarding the level of provision required for the change in credit quality based on the ageing of the receivable.

The concentration of credit risk is limited due to the fact that the Group has a very large customer base and a mix of credit and cash sales. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful accounts.

### 20.3. Ageing of impaired trade receivables

	30 September 2018 € (000's)	30 September 2017 € (000's)
Overdue 0-90 days	230	456
Overdue 90-360 days	60	596
Overdue > 360 days	1'275	279
<b>Total</b>	<b>1'565</b>	<b>1'331</b>

### 21. Other current assets

	30 September 2018 € (000's)	30 September 2017 € (000's)
Accrued income	34'147	31'371
Pre-payments	9'672	11'652
Sales tax recoverable	5'007	3'684
Other	5'510	6'237
<b>Total other current assets</b>	<b>54'336</b>	<b>52'944</b>

### 22. Cash and cash equivalents

	30 September 2018 € (000's)	30 September 2017 € (000's) <i>restated</i>
Cash at bank	154'677	126'454
Cash in points-of-sale	9'157	7'721
<b>Cash and cash equivalents</b>	<b>163'834</b>	<b>134'175</b>

€ 0.9 million of cash and cash equivalents had been reclassified to assets held for sale at 30 September 2017 in the relation to the sale of Selecta Finland, presented in note 33.

### 23. Loans due to parent undertaking / borrowings

	30 September 2018 € (000's)	30 September 2017 € (000's)
Loans due to parent undertaking at amortised cost	328'212	319'888
Borrowings at amortised cost (including revolving facilities)	1'322'441	922'995
<b>Total borrowings</b>	<b>1'650'653</b>	<b>1'242'883</b>

### 23.1. Borrowings and loans due to parent undertaking

	30 September 2018			30 September 2017		
	€ (000's)	in %	Interest rate	€ (000's)	in %	Interest rate
EUR	1'418'212	83.6%	7.1%	1'053'100	83.1%	7.5%
CHF	220'926	13.0%	5.9%	213'800	16.9%	6.5%
GBP	56'325	3.3%	4.2%	-	-	-
<b>Total</b>	<b>1'695'463</b>	<b>100%</b>	<b>6.9%</b>	<b>1'266'900</b>	<b>100%</b>	<b>7.3%</b>

The amounts shown above reflect the nominal value of the borrowings without the deduction of net capitalized transaction costs. The nominal interest rate is disclosed.

### 23.2. Rate structure of borrowings

	30 September	30 September
	2018	2017
	€ (000's)	€ (000's)
Total borrowings at variable rates	325'000	-
Total borrowings at fixed rates	1'325'653	1'242'883
<b>Total</b>	<b>1'650'653</b>	<b>1'242'883</b>

### 23.3. 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 comprise (i) €765.0 million in aggregate principal amount of 5<sup>7/8</sup>% 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<sup>7/8</sup>% 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 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 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 € 56.3 million at 30 September 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 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 in February 2018 and the remaining facility was renewed until 2024. The interest payable is accrued and capitalized bi-annually.

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 its covenant obligations in the current and the previous year.

### 23.4. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Total borrowings € (000's)	Interest accrual on bonds € (000's)	Amortised refinancing costs € (000's)	Other loans, financing facilities € (000's)	Other (assets)/ liabilities € (000's)	Total € (000's)
<b>Balance at 1 October 2017</b>	<b>1'266'950</b>	<b>11'900</b>	<b>(26'449)</b>	<b>59'672</b>	<b>(7'940)</b>	<b>1'304'134</b>
<b>Changes arising from obtaining or losing control of subsidiaries</b>	-	-	-	<b>221'954</b>	<b>1'782</b>	<b>223'736</b>
<b>Changes from financing cash flows</b>						
Proceeds from loans and borrowings as a result of refinancing	1'360'459	-	-	5'038	-	<b>1'365'497</b>
Repayment of borrowings as a result of refinancing	(935'457)	-	-	(201'202)	-	<b>(1'136'658)</b>
Repayment of borrowings	-	-	-	(1'998)	-	<b>(1'998)</b>
Repayment of loans due to parent undertakings	(37'299)	-	-	-	(2'412)	<b>(39'711)</b>
Payments processed from factoring	-	-	-	(12'195)	-	<b>(12'195)</b>
Refinancing costs paid	-	-	(55'618)	-	-	<b>(55'618)</b>
Interest paid	(2'009)	(37'719)	-	(8'223)	(1'275)	<b>(49'226)</b>
Proceeds from settlement of derivatives	-	-	-	-	6'818	<b>6'818</b>
Acquisition of non controlling interest	-	-	-	-	(1'200)	<b>(1'200)</b>
<b>Total changes from financing cash flows</b>	<b>385'695</b>	<b>(37'719)</b>	<b>(55'618)</b>	<b>(218'580)</b>	<b>1'931</b>	<b>75'709</b>
Finance lease additions	-	-	-	12'259	-	12'259
Capital element of finance lease payment as part of investing activities	-	-	-	(20'187)	-	(20'187)
Changes in fair value	-	-	-	-	(13'568)	(13'568)
Interest expense	39'313	68'272	-	6'422	1'275	<b>115'283</b>
Refinancing costs amortised to P&L	-	-	27'810	-	-	<b>27'810</b>
Prior year refinancing costs unpaid	-	-	6'178	-	-	<b>6'178</b>
Other movement	-	-	-	-	(362)	<b>(362)</b>
<b>Total other changes</b>	<b>39'313</b>	<b>68'272</b>	<b>33'988</b>	<b>(1'506)</b>	<b>(12'656)</b>	<b>127'412</b>
The effect of changes in foreign exchange rates	3'504	356	3'261	2'197	(136)	9'182
<b>Balance at 30 September 2018</b>	<b>1'695'463</b>	<b>42'810</b>	<b>(44'817)</b>	<b>63'736</b>	<b>(17'018)</b>	<b>1'740'173</b>

	<i>Total borrowings</i> € (000's)	<i>Interest accrual on bonds</i> € (000's)	<i>Amortised refinancing costs</i> € (000's)	<i>Other loans, financing facilities</i> € (000's)	<i>Other (assets)/ liabilities</i> € (000's)	<i>Total</i> € (000's)
<b>Balance at 1 October 2016</b>	<b>896'794</b>	<b>11'010</b>	<b>(22'922)</b>	<b>28'120</b>	<b>1'652</b>	<b>914'655</b>
<b>Changes arising from obtaining or losing control of subsidiaries</b>	-	-	-	20'101	(3'255)	16'846
<b>Changes from financing cash flows</b>						
Repayment of borrowings	(28'084)	-	-	-	-	(28'084)
Payments processed from factoring	-	-	-	5'773	-	5'773
Refinancing costs paid	-	-	(8'998)	-	-	(8'998)
Interest paid	(1'601)	(39'592)	-	-	-	(41'193)
<b>Total changes from financing cash flows</b>	<b>(29'685)</b>	<b>(39'592)</b>	<b>(8'998)</b>	<b>5'773</b>	<b>-</b>	<b>(72'502)</b>
New Selecta loans issued as of Pelican Rouge acquisition	374'813	-	-	-	-	374'813
Finance lease additions	-	-	-	16'224	-	16'224
Capital element of finance lease payment as part of investing activities	-	-	-	(9'255)	-	(9'255)
Changes in fair value	-	-	-	-	(5'312)	(5'312)
Interest expense	37'370	38'383	-	970	-	76'723
Refinancing costs amortised to P&L	-	-	4'706	-	-	4'706
Other movement	-	-	-	-	(566)	(566)
<b>Total other changes</b>	<b>412'183</b>	<b>38'383</b>	<b>4'706</b>	<b>7'939</b>	<b>(5'878)</b>	<b>457'333</b>
The effect of changes in foreign exchange rates	(12'341)	2'099	765	(2'261)	(459)	(12'197)
<b>Balance at 30 September 2017</b>	<b>1'266'950</b>	<b>11'900</b>	<b>(26'449)</b>	<b>59'672</b>	<b>(7'940)</b>	<b>1'304'134</b>

Certain assets/liabilities positions have an effect on financing cash flows, such as derivative instruments, non current financial assets and non controlling interest.

## 24. Finance lease liabilities

Finance leases relate predominantly to motor vehicles and vending equipment. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

The minimum lease payments due are as follows:

	<i>Present value of minimum lease payments</i>	
	<i>30 September 2018</i>	<i>30 September 2017</i>
	<i>€ (000's)</i>	<i>€ (000's)</i>
<b>Current finance lease liabilities</b>	<b>13'728</b>	<b>11'681</b>
Non-current finance lease liabilities:		
After one year but not more than five years	27'377	30'357
More than five years	-	-
<b>Total non-current finance lease liabilities</b>	<b>27'377</b>	<b>30'357</b>
<b>Total finance lease liabilities</b>	<b>41'105</b>	<b>42'038</b>

## 25. Post-employment benefits

### 25.1. Defined contribution plans

The Group operates defined contribution plans for qualifying employees in a number of its countries of operation. The assets of the plans are held separately from those of the Group under the control of unrelated parties.

### 25.2. Defined benefit plans

#### Description of plans

The Group offers defined benefit plans in Switzerland, Germany, UK, Belgium, Spain and Italy as well as retirement indemnity plans in France.

The two main significant plans are in Switzerland and UK, which represent a net asset position of € 59.9 million, the remainder of the countries recorded a net liability position of € 17.8 million.

#### Switzerland

The pension scheme is part of the Valora Pension Fund, domiciled in Muttenz, Switzerland and is governed by the rules of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which specifies the minimum benefits that are to be provided by pension plans. The scheme covers multiple employers, including Selecta, with the scheme assets allocated between Selecta and the other companies in the scheme in proportion to the mathematical reserve and savings capital as at 30 September 2018. One employee of Selecta AG in Switzerland is at the foundation board of the Valora Pension Fund to ensure representation of Selecta in the wider scheme.

The designated purpose of the scheme is to protect the employees, including the employees' dependents and survivors, of the Valora Group of companies of Switzerland and the companies with which the scheme has concluded an affiliation agreement against the economic consequences of old age, death and disability.

The benefits are defined in the pension plan regulations that are far above the minimum requirements stipulated by the BVG. Retirement benefits are based on the accumulated retirement

savings capital and can either be drawn as a life-long pension or as a lump sum payment. The pension is calculated upon retirement by multiplying the balance of the retirement savings capital with the applicable conversion rate. The retirement savings capital results from the yearly savings contributions by both employer and employee until retirement and carries interest thereon. The savings contributions are defined in the pension plan regulations. Minimum contributions and minimum interest are defined by the BVG and the Federal Council respectively.

The scheme provides for a basic and supplementary plan. Under the basic plan, the wage portions above the entry level for admission (equal to three quarters of the maximum retirement pension benefit prescribed by law) are pensionable. The supplementary plan additionally offers coverage of wage portions that exceed the 5-fold value of the maximum retirement pension benefit by more than CHF 5'000.

The scheme is subdivided into a risk pre-insurance and a primary insurance. The risk pre-insurance coverage is a pure risk insurance that covers the risks of death and disability up to the age of 25. The primary insurance begins at age 25 and is comprised of a savings facility run by the scheme and insurance covering the death and disability risks.

The scheme participates in compulsory coverage and is entered in the register for occupational pension providers as provided for by art. 48 of the Federal Occupational Retirement, Survivors' and Disability Pension Plans Act (BVG/LPP). At minimum it provides for the benefits pursuant to BVG/LPP. The scheme is under the regulatory supervision of the Canton of Basel Land.

#### UK

The Group operates a defined benefit pension scheme in the United Kingdom, which is identified as the Selecta (UK) Pension Plan (the "Plan", formerly known as the Autobar Group Retirement Benefits Plan). The scheme is managed by an independent trustee (ITS) and the ultimate authority is with the UK Pension Regulator in case of disputes between the trustee and the Group. The Group accounted for this plan as defined benefit plan because it is exposed to risks as mentioned in the paragraph 'sensitivity analysis'.

With effect from October 2004 the Plan was closed to new members and on 31 March 2015 future accrual stopped. Prior to that, pension accrual for active members was a proportion of the salary at retirement (or earlier date of leaving) based on length of Plan membership. Pensions are payable for life from retirement with the option to convert some pension to a cash lump sum at the point of retirement. A reduced pension is payable to any surviving spouse on death of the member. Pensions in payment increase each year at various rates depending on the period when accrued. Pensions for those members not yet retired are increased in line with the Consumer Prices Index subject to a cap of 5% a year (applied over the whole period).

#### **Amounts included in the consolidated financial statements**

The amounts recognised in the consolidated statement of profit or loss in respect of defined benefit plans are as follows:

	2018 € (000's)	2017 € (000's)
Current employer service cost	(4'739)	(4'550)
Past service credit/(cost) and gains/(losses) on plan amendment	14'120	2'135
Net interest income/(cost)	618	(92)
<b>Defined benefit income/(cost) recognised in statement of profit or loss</b>	<b>9'999</b>	<b>(2'507)</b>

In September 2018, following a review of the UK-Plan's governing legal documents, some changes to how future pension increases are determined, have been agreed by the Plan's Trustee and the Group. This amendment of future increases to these benefits has resulted in a decrease in the Plan's liabilities of €12.1 million as at 30 September 2018 and has been recognised as a negative past service cost in the year ended 30 September 2018.

Past service credit / (cost) and gains / (losses) relates to a Swiss plan amendment of the benefits payable under the Group's pension in scheme in Switzerland. In March 2018 the Valora pension scheme reduced the conversion rate for calculating the retirement pension, resulting in a reduction of the future pensions to be paid and hence the defined benefit obligation of the scheme. This has resulted in a decrease in the Plan's liabilities of €2 million as at 30 September 2018 and has been recognised as a negative past service cost in the year ended 30 September 2018. As communicated in March 2018 by the pension fund Valora, conversion rates will decrease to 6.2% to 6.0% (for men aged 65 and women aged 64), effective on 1 January 2019.

As regards to prior year credit as communicated in June 2017 by the pension fund Valora, conversion rates decreased to 6.2% for men and 6.4% for women, effective on 1 January 2018, resulting in a reduction of the future pensions to be paid and hence the defined benefit obligation of the scheme.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit obligation is as follows:

	<i>30 September 2018 € (000's)</i>	<i>30 September 2017 € (000's) restated</i>
Fair value of plan assets	458'841	444'891
Present value of defined benefit obligation	(397'149)	(422'230)
<b>Status of plan</b>	<b>61'692</b>	<b>22'661</b>
Effect of asset ceiling	(19'557)	-
<b>Net asset/(liability) in the balance sheet</b>	<b>42'135</b>	<b>22'661</b>
Net defined asset	59'890	33'698
Net defined liability	17'755	11'037

### Defined benefit obligation

The movement in the present value of the defined benefit obligation in the current period was as follows:

	<i>2018 € (000's)</i>	<i>2017 € (000's)</i>
<b>Present value of obligation at beginning of period</b>	<b>(422'230)</b>	<b>(207'866)</b>
Current employer service cost	(4'739)	(4'550)
Employees' contributions	(3'289)	(3'322)
Interest cost	(7'091)	(461)
Past service cost, curtailments, settlements, plan amendments	14'120	2'135
Benefits paid	16'428	14'504
Acquired through business combination	(6'119)	(217'110)
Actuarial gain/(loss) on defined benefit obligation	16'435	13'288
Currency loss	(664)	(18'848)
<b>Present value of obligation at end of period</b>	<b>(397'149)</b>	<b>(422'230)</b>



## Plan assets

The movement in the fair value of plan assets in the current period was as follows:

	2018 € (000's)	2017 € (000's)
<b>Fair value of plan assets at beginning of period</b>	<b>444'891</b>	<b>184'405</b>
Interest income on plan assets	7'709	369
Employees' contributions	3'289	3'322
Employer's contributions	6'936	4'606
Benefits paid	(15'967)	(14'320)
Acquired through business combination	-	240'540
Return on plan assets excl. interest income	11'069	3'461
Currency gain	914	22'508
<b>Fair value of plan assets at end of period</b>	<b>458'841</b>	<b>444'891</b>

Employer's contributions expected for the next year amount to € 7.8 million.

The fair value of the total plan assets at the balance sheet date comprises the following major categories of assets:

	<i>30 September 2018</i>	<i>30 September 2018</i>	<i>30 September 2017</i>	<i>30 September 2017</i>
	<i>Quoted market prices in active markets</i>	<i>Prices in non- active markets</i>	<i>Quoted market prices in active markets</i>	<i>Prices in non- active markets</i>
Cash	3.7%	0.0%	1.1%	0.0%
Bonds	67.0%	0.0%	70.6%	0.0%
Equities	11.4%	0.0%	11.7%	0.0%
Property	0.0%	13.5%	0.0%	11.7%
Other	3.5%	0.9%	4.9%	0.0%
<b>Total</b>	<b>85.6%</b>	<b>14.4%</b>	<b>88.3%</b>	<b>11.7%</b>

The funded pension plan assets are invested in accordance with local laws. They include neither the Group's own financial instrument nor property occupied by, or other assets used by, the Group.

## Actuarial assumptions

The principal actuarial assumptions are based on local economic conditions and are as follows (weighted average):

	<i>30 September 2018</i>	<i>30 September 2017</i>
Discount rate	2.03%	1.70%
Expected salary increase	1.13%	1.05%
Expected pension increase	1.65%	1.31%

The estimated duration of the plan liabilities is 16.59 years (2017: 18.8 years).

The following table shows the re-measurement gains and losses on post-employment benefit obligations recognised in other comprehensive income:

	2018 € (000's)	2017 € (000's)
Return on plan assets excl. interest income	11'069	3'461
Experience gains/(losses) on defined benefit obligation	(3'431)	4'654
Actuarial gains/(losses) arising from change in demographic assumptions	36	(537)
Actuarial gains/(losses) arising from change in financial assumptions	19'832	9'171
Change in asset ceiling / onerous liability	(19'078)	
<b>Total amount of remeasurement gain/(loss) on post-employment benefit obligations recognised in other comprehensive income</b>	<b>8'428</b>	<b>16'749</b>

The following table shows the change in asset ceiling / onerous liability:

	2018 € (000's)	2017 € (000's)
Asset ceiling/onerous liability at end of prior year	-	-
Remeasurements	(19'078)	-
Effect of changes in foreign exchange rates	(479)	-
<b>Asset ceiling/onerous liability at end of year</b>	<b>(19'557)</b>	<b>-</b>

As at 30 September 2017, the net defined benefit assets did not exceed the limit of the sum of the economic benefits from reductions to future contributions and the employer contribution reserve. At 30 September 2018, the net defined benefit assets exceed this limit, and an asset ceiling of € 19.5 million was recognized.

### Sensitivity analysis

The valuation of the pension benefit obligations is particularly sensitive with regard to changes to the discount rate and the assumptions of pension rises and the expected mortality rate. The following table shows the change of defined benefit obligation on the basis of a reasonably possible change to these actuarial assumptions at 30 September 2018 and 2017:

	2018 € (000's)	2017 € (000's)
Discount rate (+0.50%)	27'415	30'725
Discount rate (-0.50%)	(30'175)	(29'368)
Increase in future pension (+0.25%)	(7'726)	(7'377)
Decrease in future pension (-0.25%)	3'960	5'236
Mortality assumption -1 year	9'682	9'846
Mortality assumption + 1 year	(9'923)	(9'857)
Salary increase rate (-25 basis points)	776	496
Salary increase (+25 basis points)	(124)	(466)

Every sensitivity analysis considers the change of one assumption, while all other assumptions remain the same. This approach shows the isolating effect if an individual assumption is changed, but does not consider that some assumptions are mutually dependent.

## 26. Provisions

	Warranty € (000's)	Litigation & tax € (000's)	Restruct- uring € (000's)	Long term employee benefits € (000's)	Other € (000's)	Total € (000's)
<b>Balance at 1 October 2017 (restated)</b>	<b>(1'386)</b>	<b>(1'983)</b>	<b>(3'992)</b>	<b>(2'027)</b>	<b>(37'052)</b>	<b>(46'440)</b>
Charged to the statement of profit or loss	-	(231)	(9'147)	-	(2'215)	(11'593)
Expenditure in the period	75	66	6'715	-	3'182	10'038
Reversed against the statement of profit or loss without cost incurred	34	497	736	-	2,577	3'843
Acquired through business combination	-	-	(300)	-	(384)	(684)
Effect of foreign exchange differences	-	1	17	-	(351)	(333)
Reclassification between categories	-	(1'218)	8	-	1'210	-
<b>Balance at 30 September 2018</b>	<b>(1'277)</b>	<b>(2'867)</b>	<b>(5'965)</b>	<b>(2'027)</b>	<b>(33'032)</b>	<b>(45'168)</b>

The above provisions are presented in the Group's balance sheet as follows:

	30 September 2018 € (000's)	30 September 2017 € (000's)
Non-current liabilities	(34'637)	(37'723)
Current liabilities	(10'531)	(8'717)
<b>Total</b>	<b>(45'168)</b>	<b>(46'440)</b>

The warranty provision represents management's best estimate of the future outflow of economic benefits that will be required in respect of warranties on machine sales and has been based on historical trends observed.

The provisions in respect of litigations and tax represent management's best estimate of the future outflow of economic benefits required to settle legal claims and tax claims made against the Group, and has been based on advice from and discussion with the Group's lawyers.

The restructuring provision represents amounts due to be paid in respect of certain restructuring activities which have been initiated. The amounts provided include the costs of employee severance payments, as well as other costs associated with closing facilities or offices.

The 'Other' provision includes a deferred consideration of € 27 million as well as a significant portion of long service awards (jubilee benefits) to which all employees of Selecta Switzerland are entitled based on their years of service. The calculation requires an actuarial valuation to be performed as it is based on assumptions of expected service lengths, current service length, date of entry, monthly salary, sex, and long service awards paid in last financial year.

## 27. Deferred income taxes

### 27.1. Deferred tax balances

Deferred income tax balances are presented in the balance sheet as follows:

	30 September 2018 € (000's)	30 September 2017 € (000's)
Deferred income tax assets	24'456	18'192
Deferred income tax liabilities	(201'430)	(187'587)
<b>Total deferred tax liabilities, net</b>	<b>(176'974)</b>	<b>(169'395)</b>

### 27.2. Movement in deferred tax balances during the year

The movement in the deferred tax balances during the year was as follows:

	1 October 2017 € (000's)	(Charged)/ credited to income € (000's)	(Charged) / credited to OCI € (000's)	Change in Consolidation Scope € (000's)	Exchange differences € (000's)	30 September 2018 € (000's)
<b>Temporary differences</b>						
Intangible assets	(162'843)	10'437	-	(21'756)	(5)	(174'167)
Property, plant and equipment	(15'676)	1'359	-	(317)	297	(14'338)
Other non-current assets	(5'823)	(499)	(1'557)	-	21	(7'858)
Non-current financial assets	(1'167)	-	-	-	-	(1'167)
Inventories	(1'574)	(303)	-	400	1	(1'476)
Trade receivables	(288)	1'650	-	36	-	1'399
Current liabilities	(2'400)	1'299	-	189	(25)	(936)
Provisions	4'336	-	-	72	3	4'411
Other non-current liabilities	(1'756)	(1'272)	-	2'469	(16)	(575)
<b>Total temporary differences</b>	<b>(187'192)</b>	<b>12'671</b>	<b>(1'557)</b>	<b>(18'907)</b>	<b>277</b>	<b>(194'707)</b>
<b>Tax losses</b>						
Unused tax losses	17'797	-	-	-	(63)	17'734
<b>Total deferred tax asset/(liability)</b>	<b>(169'395)</b>	<b>12'671</b>	<b>(1'557)</b>	<b>(18'907)</b>	<b>214</b>	<b>(176'974)</b>

	1 October 2016 € (000's)	(Charged)/ credited to income € (000's)	(Charged)/ credited to OCI € (000's)	Reclassifi- cation to held for sale € (000's)	Exchange differences € (000's)	30 September 2017 € (000's)
<b>Temporary differences</b>						
Intangible assets	(107'316)	5'550	-	(61'173)	95	(162'843)
Property, plant and equipment	(12'936)	(1'147)	-	(1'909)	316	(15'676)
Other non-current assets	-	2'353	(2'859)	(5'340)	23	(5'823)
Non-current financial assets	(1'175)	554	(554)	-	8	(1'167)
Inventories	(1'587)	(38)	-	-	52	(1'574)
Trade receivables	(605)	235	-	-	82	(288)
Current liabilities	(3'580)	30	-	864	285	(2'400)
Provisions	(10)	-	-	4'346	-	4'336
Other non-current liabilities	1'307	(2'807)	(262)	-	6	(1'756)
<b>Total temporary differences</b>	<b>(125'902)</b>	<b>4'730</b>	<b>(3'675)</b>	<b>(63'212)</b>	<b>867</b>	<b>(187'192)</b>
<b>Tax losses</b>						
Unused tax losses	15'673	-	-	2'753	(629)	17'797
<b>Total deferred tax asset/(liability)</b>	<b>(110'229)</b>	<b>4'730</b>	<b>(3'675)</b>	<b>(60'459)</b>	<b>238</b>	<b>(169'395)</b>

### 27.3. Detail of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

30 September 2018	Assets € (000's)	Liabilities € (000's)	Net € (000's)
<b>Temporary differences</b>			
Intangible assets	16'678	(190'845)	(174'167)
Property, plant and equipment	2'584	(16'921)	(14'338)
Other non-current assets	40	(7'898)	(7'858)
Non-current financial assets	3	(1'170)	(1'167)
Inventories	417	(1'893)	(1'476)
Trade receivables	1'687	(288)	1'399
Current liabilities	4'959	(5'896)	(936)
Provisions	4'421	(10)	4'411
Other non-current liabilities	4'195	(4'768)	(575)
<b>Deferred tax assets/(liabilities) arising on temporary differences</b>	<b>34'982</b>	<b>(229'690)</b>	<b>(194'707)</b>
<b>Tax losses</b>			
Unused tax losses	17'734	-	17'734
<b>Deferred tax assets arising from unused tax losses</b>			
Offset deferred tax assets and deferred tax liabilities	(28'260)	28'260	-
<b>Total deferred tax asset/(liability)</b>	<b>24'456</b>	<b>(201'430)</b>	<b>(176'974)</b>

30 September 2017	Assets € (000's)	Liabilities € (000's)	Net € (000's)
<b>Temporary differences</b>			
Intangible assets	4'683	(167'526)	(162'843)
Property, plant and equipment	1'101	(16'777)	(15'676)
Other non-current assets	-	(5'823)	(5'823)
Non-current financial assets	-	(1'167)	(1'167)
Inventories	-	(1'574)	(1'574)
Trade receivables	-	(288)	(288)
Current liabilities	1'877	(4'277)	(2'400)
Provisions	4'346	(10)	4'336
Other non-current liabilities	1'620	(3'376)	(1'756)
<b>Deferred tax assets/(liabilities) arising on temporary differences</b>	<b>13'628</b>	<b>(200'819)</b>	<b>(187'192)</b>
<b>Tax losses</b>			
Unused tax losses	17'797	-	17'797
<b>Deferred tax assets arising from unused tax losses</b>			
Offset deferred tax assets and deferred tax liabilities	(13'232)	13'232	-
<b>Total deferred tax asset/(liability)</b>	<b>18'192</b>	<b>(187'587)</b>	<b>(169'395)</b>

#### **27.4. Unrecognised deferred tax assets/liabilities**

These deferred income tax assets have not been recognised as it is not probable that future taxable profits will be available to utilise the losses.

Deferred income tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested. The parent is not only able to control the distribution of dividends but has also no plan for any such distribution.

The value of unused tax losses carried forward which have not been capitalised as deferred tax assets, with their expiration dates is as follows:

##### Unused tax losses

	30 September 2018 € (000's)	30 September 2017 € (000's)
One year	6'814	1'450
Two years	35'034	7'243
Three years	74'233	37'045
Four years	95'510	70'125
Five years	217'700	93'478
More than five years	244'950	419'651
Unlimited	360'281	355'100
<b>Total unused tax losses carried forward</b>	<b>1'034'522</b>	<b>984'092</b>

## 28. Other current liabilities

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	30 September 2018 € (000's)	30 September 2017 € (000's) <i>restated</i>
Other payables	66'818	59'722
Accrued expenses	89'703	98'577
Interest payable	43'470	12'766
Tax and social security costs	22'254	21'767
Factoring liabilities	1'383	7'916
Reverse factoring liabilities	4'070	9'718
<b>Total other current liabilities</b>	<b>227'698</b>	<b>210'466</b>

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The balance of other payables represent the sum of payments on account of customers (deferred revenue), pension contribution payable (employer and employee portions), personnel accruals (overtime, vacations, wages and salaries, bonus/incentives) and other remaining current liabilities.

Selecta Group subsidiaries in Switzerland, UK, Benelux, Switzerland and Sweden have entered into a non-recourse receivable factoring program with ABNAMRO Commercial Finance BV. In Norway and Finland the factor is Ikano Bank AB, in France the factor is FactoFrance S.A.S. and in Spain the factor is Bankia S.A. In accordance with this agreement, the relevant Selecta's subsidiaries may assign eligible receivables to the Factor at an agreed market rate in order to receive funding at any given time. The agreement is subject to terms and conditions customary for such transactions. The Group's non-recourse facilities are not capitalised and amount to a total € 39 million at 30 September 2018.

## 29. Equity

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### 29.1. Share capital, share premium

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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 € 60.0 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.

## 29.2. Reserves

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

30 September 2018	Attributed to equity holders of the parent			Total € (000's)
	Currency translation reserve € (000's)	Retained earnings € (000's)	Hedging reserve € (000's)	
Foreign currency translation differences for foreign operations	(21'589)	-	-	(21'589)
Remeasurement gain/(loss) on post-employment benefit obligations, net of tax	-	6'871	-	6'871
Effective portion of change in fair value of cash flow hedges, net of tax	-	-	158	158
<b>Total other comprehensive income, net of tax</b>	<b>(21'589)</b>	<b>6'871</b>	<b>158</b>	<b>(14'560)</b>

30 September 2017	Attributed to equity holders of the parent			Total € (000's)
	Currency translation reserve € (000's)	Retained earnings € (000's)	Hedging reserve € (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
<b>Total other comprehensive income, net of tax</b>	<b>16'677</b>	<b>13'628</b>	<b>1'536</b>	<b>31'841</b>

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.

## 30. Financial risk management

### 30.1. Risk management framework

Financial risk management is an integral part of the way the Group is managed. The Management Board of the Group has overall responsibility for the establishment and oversight of the Group's financial policies. Group's management reports on a monthly basis to the Supervisory Board on the Group's performance. The Chief Financial Officer (CFO) is responsible for setting financial strategies, which are executed by Group Treasury and by the Group's subsidiaries. The activities of Group Treasury and of the various subsidiaries are regularly reviewed and monitored by the CFO thus verifying the compliance of operations within the approved guidelines and limits.

The Group Treasury function is responsible for ensuring adequate funds are available to the Group's subsidiaries as necessary to the subsidiaries' operations and development. To this end a cash pool has been established in several countries in which the Group operates, with funds being reallocated as appropriate across the Group. The Group's Treasury function is further responsible for drawing on and repaying amounts under the Group's revolving credit facilities. All drawings must be approved by the Group CFO and the outstanding borrowings under each facility are reported to the Supervisory Board on a monthly basis.



## 30.2. Market risk management

Financial market risk is essentially caused by exposures to foreign currencies, interest rates and coffee price. For further details on interest rate risk management see section 30.6 and foreign currency risk management see section 30.7.

The Group is also exposed to commodity price risk because of coffee price fluctuations. Some of these fluctuations can be passed on to clients through price increases in line with contractual conditions.

Coffee volumes are committed with suppliers between 1 and 6 months in advance depending on current green bean coffee prices and expectations of future price development.

In the past the coffee contracts were predominantly denominated in USD and the Group used USD forward contracts to hedge the foreign exchange risk.

As most of the current contracted coffee volumes are in EUR the Group is no longer hedging its USD exposure for new coffee contracts as it considers the hedging-cost as too high to make hedging a commercially attractive measure.

Per 30 September 2018 the Group is committed to remaining USD forward contracts of which the USD exposure is less than € 0.2 million and will expire in December 2018.

## 30.3. Credit risk management

Credit risk arises because a counterparty may fail to perform its obligations as prescribed, resulting in a financial loss to the Group. The Group is exposed to credit risk on its trade receivables, its non-current other financial assets and its cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		<i>Carrying amount</i>	
		<i>30 September 2018</i>	<i>30 September 2017</i>
	<i>Note</i>	<i>€ (000's)</i>	<i>€ (000's)</i>
Trade receivables	20	82'484	74'078
Non-current financial assets	18	8'803	6'267
Derivative financial instruments	31	11'942	7'884
Accrued income	21	34'147	31'371
Cash and cash equivalents	22	163'834	134'175
<b>Total exposure to credit risk</b>		<b>301'210</b>	<b>253'775</b>

Trade receivables are subject to credit limits and ongoing credit evaluation in all the subsidiaries. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables, and there were no counterparties where credit risk exceeded 5% of gross monetary assets at any time during the year. In addition, due to the nature of the Group's operations, a significant portion of its revenues are received in cash.

For details on how the Group manages its credit risk arising from trade receivables see note 20.

The Group is not exposed to significant credit risk on its cash and cash equivalents (€ 163.8 million, 2017: € 134.2 million) as these are spread over several institutions in different geographic areas.

Settlement risk results from the fact that the Group may not receive financial instruments from its counterparties at the expected time. This risk is managed by monitoring counterparty activity and settlement limits.

### 30.4. Liquidity risk management

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Liquidity risk arises when a company encounters difficulties to meet commitments associated with financial instruments. Such risk may result from inadequate market depth or disruption or refinancing problems. This risk is managed by limiting exposures in instruments that may be affected by liquidity problems and by actively matching the funding horizon of debt with incoming cash flows. The Group manages liquidity risk by ensuring adequate reserves are available, and through its banking facilities, in particular the Group's revolving credit facilities. In addition, the Group continuously monitors cash flows to ensure that adequate funds exist to settle its liabilities.

The Group has several benchmarks and approval requirements for borrowing and investing as well as for using derivative financial instruments. In general, subsidiaries may not borrow in their respective local currency without the approval of the CFO. The subsidiaries may also not hedge their foreign currency exposures without the approval of the CFO. Wherever possible, the Group requires that subsidiaries repatriate all their excess cash and bank balances to Group finance companies to allow the Group to ensure that adequate funds are made available across the Group as necessary.

#### Liquidity available through financing facilities

As part of the senior debt refinancing, the senior revolving credit facility was upsized from € 100 million to € 150 million as of 2 February 2018. The amounts drawn under this facility were GBP 50 million at 30 September 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 plus 3.5%.

#### Liquidity tables

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table includes both principal and interest payments, and has been prepared using undiscounted cash flows.

	Less than 3 months € (000's)	3 months to 1 year € (000's)	1-5 years € (000's)	More than 5 years € (000's)	Total € (000's)
<i>At 30 September 2018</i>					
Revolving credit facility	91	-	-	-	91
Credit facilities	6,319	4,973	10,582	-	21,874
Secured loan notes	42'810	42'027	301'376	1'369'362	1'755'575
Loans due to parent undertaking	-	-	-	613'428	613'428
Finance lease liabilities	3'863	11'588	27'337	32	42'819
Trade payables	267'375	-	-	-	267'375
Accrued expenses	89'702	-	-	-	89'702
<b>Total non-derivative financial liabilities</b>	<b>410'160</b>	<b>58'588</b>	<b>339'295</b>	<b>1'982'821</b>	<b>2'790'864</b>
Cross currency swaps					
Outflows	6'451	19'352	447'801	-	473'604
Inflows	(5'934)	(17'801)	(451'470)	-	(475'205)
<b>Total derivative financial liabilities</b>	<b>517</b>	<b>1'550</b>	<b>(3'669)</b>	<b>-</b>	<b>(1'601)</b>
<i>At 30 September 2017</i>					
Revolving credit facility	-	-	-	-	-
Secured loan notes	18'325	26'761	1'072'599	-	1'117'686
Loans due to parent undertaking	-	-	504'037	-	504'037
Finance lease liabilities	3'698	11'094	28'789	85	43'666
Trade payables	191'723	-	-	-	191'723
Accrued expenses	98'577	-	-	-	98'577
<b>Total non-derivative financial liabilities</b>	<b>312'323</b>	<b>37'855</b>	<b>1'605'425</b>	<b>85</b>	<b>1'955'688</b>
Cross currency swaps					
Outflows	9'121	260'025	-	-	269'146
Inflows	(8'288)	(263'288)	-	-	(271'575)
<b>Total derivative financial liabilities</b>	<b>834</b>	<b>(3'263)</b>	<b>-</b>	<b>-</b>	<b>(2'429)</b>

### 30.5. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of net debt (borrowings as disclosed in note 23 offset by cash and bank balances) and equity of the Group (comprising share capital, share premium, additional paid in capital, currency translation reserves, hedging reserves and retained earnings).

### 30.6. Interest rate risk management

Interest rate risk comprises the cash flow risk that results from changes in interest rates. The Group's secured loan notes carry fixed and variable rates (Note 23.2) and notes due to parent undertakings carry fixed rates. As these loans form the significant part of the Group's borrowings the Group's exposure to interest rate risk is relatively limited.

Interest on the Group's revolving credit facility is linked to LIBOR, and at 30 September 2018 GBP 50 million was outstanding on this facility (2017: nil).

The interest rate profile of the Group's interest-bearing financial instruments are as follows:

	30 September 2018 € (000's)	30 September 2017 € (000's)
Financial assets	-	-
Financial liabilities	(1'355'829)	(1'299'857)
<b>Total fixed-rate instruments</b>	<b>(1'355'829)</b>	<b>(1'299'857)</b>
Financial assets	154'677	127'263
Financial liabilities	(381'325)	-
<b>Total variable-rate instruments</b>	<b>(226'648)</b>	<b>127'263</b>

### Interest rate risk sensitivity

The sensitivity is based on the Group's total variable rate instruments at 30 September, assuming the amount of the liabilities outstanding and the financial assets held at the end of the reporting period was outstanding for the whole year.

At 30 September 2018, if interest rates had been 100 basis points higher/lower, with all other assumptions held constant and the outstanding liabilities as well as held assets assumed constant for the whole year, profit after taxation would decrease/increase by € 2.9 million (€ 0.6 million respectively in financial year ended 30 September 2017).

A 100 basis points change is used for the purposes of the sensitivity analysis as it represents management's assessment of a reasonably possible change in interest rates.

### 30.7. Foreign currency risk management

Foreign currency transaction risk arises because subsidiaries may undertake transactions in foreign currencies such as the import of machines and the acquisition of services and the related borrowings. Translation exposure arises from the consolidation of the Group accounts into euro and is not hedged but managed primarily through borrowings denominated in the relevant foreign currencies.

In order to minimise the Group's exposure to foreign exchange risk, the Group entered into cross currency swaps. The cross currency swaps have been terminated on 5 February 2018 due to the refinancing of the Group, resulting in a net positive € 6.8 million cash proceed. 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 (see note 31.3).

### Exposure to currency risk

Since each of the Group's subsidiaries invoices its customers in its functional currency and since the largest part of its cost base is also denominated in its functional currency, the exposure to currency risk within the trading subsidiaries of the Group is not significant.

## 31. Financial instruments

### 31.1. 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 September 2018*

	Carrying amount				Fair value			Total € (000's)
	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)	
<b>Financial assets measured at fair value</b>								
Cross currency swaps	11'942	-	-	11'942	-	11'942	-	11'942
	<b>11'942</b>	-	-	<b>11'942</b>				
<b>Financial assets not measured at fair value</b>								
Trade receivables	-	82'484	-	82'484				
Non-current financial assets	-	8'803	-	8'803				
Cash and cash equivalents	-	163'834	-	163'834				
Accrued income	-	34'147	-	34'147				
	-	<b>289'268</b>	-	<b>289'268</b>				
<b>Financial liabilities measured at fair value</b>								
Cross currency swaps	(3'383)	-	-	(3'383)	-	(3'383)	-	(3,383)
	<b>(3'383)</b>	-	-	<b>(3'383)</b>				
<b>Financial liabilities not measured at fair value</b>								
Revolving credit facility	-	-	(56'325)	(56'325)	-	(56'325)	-	(56'325)
Bank credit facility	-	-	(5,270)	(5,270)	-	(5,270)	-	(5,270)
Secured loan notes	-	-	(1,310'926)	(1,310,926)	(1'321'194)	-	-	(1'321'194)
Loans due to parent undertaking	-	-	(328'212)	(328'212)	-	(328'212)	-	(328'212)
Finance lease liabilities	-	-	(41'105)	(41'105)	-	(41'105)	-	(41'105)
Factoring liabilities	-	-	(1'383)	(1'383)	-	(1'383)	-	(1'383)
Reverse factoring liability & credit facilities	-	-	(8'199)	(8'199)	-	(8'199)	-	(8'199)
Trade payables	-	-	(267'375)	(267'375)				
	-	-	(2'018'794)	(2'018'794)				

### At 30 September 2017

	Carrying amount				Fair value			Total € (000's)
	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)	
<b>Financial assets measured at fair value</b>								
Cross currency swaps	7'884	-	-	7'884	-	7'884	-	7'884
	<b>7'884</b>	-	-	<b>7'884</b>				
<b>Financial assets not measured at fair value</b>								
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			
<b>Financial liabilities measured at fair value</b>							
Cross currency swaps	(6'211)	-	-	(6'211)	-	(6'211)	- (6'211)
	(6'211)	-	-	(6'211)			
<b>Financial liabilities not measured at fair value</b>							
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)			

### 31.2. 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>
Debt securities	Discounted cash flows	Not applicable
Other financial liabilities	Discounted cash flows	Not applicable

### 31.3. Derivative financial instruments designated as cash flow hedges

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 to the new cross currency swaps the Group entered as part of the refinancing process described below.

The Group applied hedge accounting for raw material purchases at the Roaster entity after the USD forward contracts and accounted for the fair valuation of the contracts in the hedge reserve € 0.2 million gain. As most of the contracts for purchase of raw material are in functional currency, the Group is no longer applying USD forward contracts. Per 30 September 2018 the Group is committed to remaining USD forward contracts of which the USD exposure is low and will expire in December 2018.

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 have been terminated on 5 February 2018 following Group's debt refinancing, resulting in a net positive € 6.8 million cash proceeds.

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 set out below. The fair value of the swaps at 30 September 2018 was recognized in the P&L in value of € 8.5 million.

30 September 2018	Beginning EUR Notional (000's)	Beginning Notional in Currency (000's)
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

### 31.4. Master netting or similar agreements

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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.

## 32. Business combinations

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### 32.1. Acquisition of Pelican Rouge: measurement period adjustments

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In September 2017, the Group completed the acquisition of the Pelican Rouge Group, through the acquisition by Selecta AG of 100 % of Pelican Rouge Group B.V.

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

The Pelican Rouge Group results were incorporated in the consolidated statement of profit and loss for the 24 days between the acquisition date, on 7 September 2017, and the closing date of the Group's consolidated financial statements, on 30 September 2017.

Pelican Rouge Group contributed during these 24 days € 36.6 million revenue and a net loss of € 2.4 million to the Group's consolidated results.

The Group's consolidated balance sheet incorporates the acquired assets and liabilities of the Pelican Rouge Group measured at fair value.

The consideration for Pelican Rouge group was structured as follows:

	€ (000's)
Cash consideration transferred	119'250
New Selecta loans issued	374'815
Deferred consideration	27'000
Total consideration	521'065

The cash consideration transferred of € 119.3 million consisted of a repayment of Pelican Rouge debt, on the day of change of control to the external lenders.

The new Selecta loans issued of € 374.8 million on the day of change of control, were in exchange for a Pelican Rouge debt, resulting in a non-cash transaction.

#### Measurement of fair values:

The identification and measurement process of intangible assets was conducted by a transaction advisory firm, leading to the provisional recognition of Pelican Rouge brand and customer contracts values, as well as the corresponding deferred tax liabilities, in Selecta Group's consolidated financial statements for the year ended September 2017.

The relief-from-royalty method was used to assess the Pelican Rouge trademark, it considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The customer contracts were assessed with the multi-period excess earnings method, which considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Pelican Rouge into Selecta. Shared best practices and know-how across a broader range of segments will enable further operational improvements and investments in innovation as well as quicker roll-outs of new technologies, resulting in an enhanced consumer experience. None of the goodwill recognized is expected to be deductible for tax purposes.

New information has been obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition. According to IFRS 3, accounting for the acquisition has been revised, as described in the table below.



	2017 € (000's) reported	Adjustments	2017 € (000's) restated
<b>Total consideration</b>	<b>521'065</b>		
<u>Amounts of assets acquired and liabilities assumed at the date of acquisition:</u>			
Property, plant and equipment	181'447	(935)	180'512
Intangible assets	5'277		5'277
Defined benefit plan assets	31'415		31'415
Other non-current assets acquired	7'812	(86)	7'726
Inventories	42'676	(1'871)	40'805
Trade receivables	35'578	(1'015)	34'562
Other current assets	15'250	(2)	15'248
Cash and cash equivalents	35'279	(606)	34'673
Trade payables	(78'656)	(754)	(79'410)
Finance lease liabilities	(8'139)		(8'139)
Provisions	(22'933)	12'698	(10'235)
Post-employment benefit obligations	(4'299)	(21)	(4'320)
Other liabilities	(90'370)	(4'045)	(94'415)
<b>Total identifiable net assets acquired</b>	<b>150'336</b>	<b>3'363</b>	<b>153'700</b>
<b>Consideration in excess of net assets acquired</b>	<b>370'729</b>	<b>3'363</b>	<b>367'365</b>
Customer contracts	205'749		205'749
Trademark	37'846		37'846
Deferred tax liability on intangible assets recognized	(60'899)		(60'899)
<b>Goodwill</b>	<b>188'033</b>		<b>184'669</b>

The acquisition goodwill was adjusted during the year by a net amount of €3.4 million resulting from fair value adjustments: these included the release of a significant provision related to a risk which was deemed highly unlikely to materialise, as well as various estimation and accounting alignments or corrections, such as : the final alignment to Selecta Group accounting policies on allowances for obsolete inventories and bad debt; the fair value measurement of property plant & equipment items to market value resulting in an impairment; corrections relating to liabilities and costs not provided for in the initial acquisition accounting.

### **32.2. Acquisition of the Argenta Group**

The Group has completed on 2 February 2018 the acquisition of 100 % of Gruppo Argenta S.p.A, a leading vending and coffee service provider in Italy, from Motion Equity Partners, Argenta's majority shareholder. In addition since 2014 KKR provided an equity financing loan for a holding company of Argenta (HGSC3).

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.

Argenta's results after 2 February 2018 are included in the Group's financial results, with a contribution to revenue € 137.2 million and net profit of € 1.8 million.

The Group's consolidated balance sheet incorporates the acquired assets and liabilities of Argenta measured at fair values as part of the acquisition's preliminary purchase price allocation.

The acquisition of Argenta was the result of:

- The buying out of a majority shareholder Motion Equity Partners and a minority shareholder Temma, amounting to a cash consideration of € 22.7 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.

Argenta's senior debt in value of € 201.2 million was refinanced as part of the Selecta Group debt refinancing.

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 to the acquired liabilities:

	€ (000's)
<b>Total consideration</b>	<b>223'133</b>
<u>Split into:</u>	
- Cash consideration	22'724
- Non cash consideration	200'409
<u>Amounts of assets acquired and liabilities assumed at the date of acquisition:</u>	
Property, plant and equipment	66'821
Other intangibles assets	686
Other non-current assets acquired	5'309
Inventories	12'859
Trade receivables	6'247
Other current assets	5'771
Cash and cash equivalents	4'186
Borrowings	(204'463)
Other noncurrent liabilities	(1'414)
Trade payables	(49'349)
Finance lease liabilities	(12'470)
Provisions	(384)
Post-employment benefit obligations	(5'637)
Other current liabilities	(16'533)
<b>Total identifiable net assets acquired</b>	<b>(188'370)</b>

<b>Consideration in excess of net assets acquired</b>	<b>411'504</b>
Customer contracts	77780
Deferred tax liability on intangible assets recognized	(18'667)
<b>Preliminary goodwill allocated</b>	<b>352'391</b>

The above amounts are the result of the preliminary measurement of the fair values of assets and liabilities acquired. The consideration in excess of net assets acquired was recorded as preliminary goodwill.

#### Measurement of fair values:

The process of identification and measurement of intangible assets was conducted internally leading to the provisional recognition of Argenta's customer contracts values, and the corresponding deferred tax liabilities, in Selecta Group's consolidated financial statements for the year ended 30 September 2018.

The customer contracts were assessed with the multi-period excess earnings method, which considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

The goodwill is attributable mainly to the market entry into Italy and with that expanding the Groups European Footprint. Argenta is widely recognized as a benchmark for operational excellence and a leader in coffee services and vending innovations including micro markets, cashless payment technologies and healthy on-the-go food retail offerings. None of the goodwill recognized is expected to be deductible for tax purposes.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition justifies adjustments to the acquisition values presented above, then the accounting for the acquisition will be revised.

### **32.3. Minor acquisitions within Argenta**

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 in the below preliminary goodwill allocation:

	€ (000's)
<b>Total investment in Tramezzino</b>	<b>3'508</b>
Total identifiable net assets acquired	1'533
Non-controlling Interests	753
<b>Preliminary goodwill allocated</b>	<b>2'729</b>

From the total value of the investment, € 0.8 million cash relates to the share of ownership acquired after Argenta's acquisition by Selecta.

In addition, in June 2018 Argenta acquired three local vending businesses (Plus Service, Stop&Go, All Inn Services) for a total cash value of € 11.1 million investment with the below preliminary goodwill allocation:

€ (000's)

<b>Total investment</b>	<b>11'150</b>
Total identifiable net assets acquired	1'176
Customer contracts	3'988
Deferred tax liability on intangible assets recognized	1'181
<b>Preliminary goodwill allocated</b>	<b>7'167</b>

In the € 11.1 million purchase price, € 1.3 million is to be settled after 30 September 2018, and is recorded as a liability.

### 32.4. Acquisition of Express Vending

On 17 August 2018, the Group acquired 100 % of the shares and voting interests in Express Vending, a vending company based in the UK.

Express Vending is involved in micro market design in the UK. Its Express HUB, with its open plan refreshment area, extensive product range and self-scan kiosks, will enable the Group to complement Selecta's Foodie's micro market offering.

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.

The Express Vending results were incorporated in the consolidated statement of profit and loss for days between the acquisition date, and the closing date of the Group's consolidated financial statements, on 30 September 2018.

Express Vending contributed € 7.2 million revenue and a net profit for the period of € 0.8 million to the Group's result for the year ended 30 September 2018.

The Group's consolidated balance sheet incorporates the acquired assets and liabilities of Express Vending measured at fair value, which amounts are preliminary and all the consideration in excess of net assets was recorded as a preliminary goodwill.

In the consideration transferred of € 69.8 million, € 9.2 million relates to an amount held on an escrow account until finalisation of the completion accounts by January 2019 and the calculation of the final purchase price.

The consideration for Express vending is structured as follows:

	2018 € (000's)
<b>Total consideration</b>	<b>69'764</b>
<i>Amounts of assets acquired and liabilities assumed at the date of acquisition:</i>	
Property, plant and equipment	986
Other non-current assets acquired	848
Inventories	1'966
Trade receivables	6'267
Cash and cash equivalents	6'432
Trade payables	(3'522)

Other current liabilities	(4'000)
<b>Total identifiable net assets acquired</b>	<b>8'977</b>
<b>Not yet allocated preliminary goodwill</b>	<b>60'787</b>

#### Measurement of fair values:

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Express Vending into Selecta UK.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

### **32.5. Effect of acquisitions on the financial statements**

As a result of the various acquisitions during the financial year ended 30 September 2018, if these had occurred on 1 October 2017, management calculates that consolidated net revenue would have been € 1.6 billion, and consolidated loss for the year would have been € 115 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 October 2017.

With regards to the Pelican Rouge Group acquisition completed during the financial year of 30 September 2017, if the acquisition had occurred on 1 October 2016, management estimates that consolidated revenue would have been € 1.3 billion, and consolidated loss for the year would have been € 178 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 October 2016.

## **33. Disposals**

### **33.1. Disposal of Selecta Finland**

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.

The Group completed the sale of Selecta Finland to JOBmeal. Selecta Finland was part of the region North. The deconsolidation of the company took place as effective of 1 October 2017, as a result of the change of control date defined as per the agreement.

Selecta Finland was presented as a disposal group held for sale in the consolidated financial statement per 30 September 2017.

The results of the transaction are as follows:

	<i>Total</i> € (000's)
Property plant and equipment	(1'823)
Intangible assets	(337)
Deferred tax assets	(9)
Inventories	(484)
Trade and other receivables	(1'609)
Cash and cash equivalents	(859)
Non-current liabilities	246
Trade and other payables	2'142

Financial liability	190
<b>Net assets</b>	<b>(2'543)</b>
<hr/>	
Consideration received, satisfied in cash	14'268
Cash and cash equivalents disposed of	(859)
Selling costs	(1'000)
<b>Net cash inflow</b>	<b>12'409</b>

The net disposal accounting gain recorded on the sale amounted to € 1.2 million, from which € 8.7 million loss relates to customer contracts and goodwill relating to Selecta Finland share, as well as € 0.8 million relating to a cumulated foreign exchange loss recycled to profit and loss.

### 33.2. Disposal of Custompack

On 19 September 2018 Custompack Ltd was sold to PortionPack Europe Group, the European market leader in the field of portion packed products, via its UK based company Single Source Ltd. Custompack was part of the Region South, UK & Ireland.

Custompack focuses on the provision of single portion items such as wet sauces, dry products and portion packing to its clients from its assembly facilities in Telford in the UK. Given Selecta's strategies around strengthening its leading position as unattended self-service convenience food and beverage operator in Europe, Custompack was divested as a non-core business.

The results of the transaction are as follows:

	<i>Total</i> € (000's)
Property plant and equipment	(1'731)
Inventories	(2'072)
Trade and other receivables	(3'451)
Cash and cash equivalents	(495)
Non-current liabilities	314
Trade and other payables	2'806
Current financial liabilities	116
<b>Net assets</b>	<b>(4'513)</b>
<hr/>	
Consideration received, satisfied in cash	6'021
Cash and cash equivalents disposed of	(495)
Selling costs	(856)
<b>Net cash inflow</b>	<b>4'670</b>

The net disposal accounting gain recorded on the sale amounted to € 0.6 million. No amount was allocated to Custompack from the customer contracts and goodwill of the Group.

### 33.3. Disposal of Baltic countries

During the year ended 30 September 2017, the Group's operating entities in the Baltics (Estonia, Lithuania, Latvia) including all assets, liabilities, contracts and commercial relationships were sold to the acquiring party, BaltCap.

- Selecta SIA (Latvia)
- Selecta UAB (Lithuania)
- Selecta Easti (Estonia)

The disposal group was part of the region North. The effective date of the transaction was 14 March 2017.

The results of the transaction are as below:

	<i>Total</i> € (000's)
Consideration received, satisfied in cash	10'629
Cash and cash equivalents disposed of	(1'635)
Selling costs	(1'004)
<b>Net cash inflow</b>	<b>7'990</b>

The net disposal accounting gain recorded on the sale amounted to € 3.6 million.

### **34. Share based payments**

In April 2018 the Group implemented a long term incentive plan for key senior management called «Management incentive plan» (MIP). Entitled managers entered into the plan in the following months by signing a deed of adherence. The individual deed signing date represents the grant date. Managers subscribed to 80 % of the total plan volume as by September 30, 2018.

The MIP offers the opportunity to invest in the following categories of shares of one of Selecta Group B.V.'s parents (which is not in the scope of the consolidation of these financial statements) at nominal value. The following investments were made by 30 September 2018:

- 22'738 ordinary shares, with a nominal value of EUR 227 representing 0.86 % of the Company's parent's share capital,
- 186'157 "Additional shares", with a nominal value of EUR 1'862 representing 7 % of the Company's parent's share capital; and
- 477,291,100 Preferred equity certificates (PECs) of the Company's parent's equity, with a total nominal value of EUR 4'772'911

Managers will be able to exercise their shares on the event of a change of control or a listing of the Company. In case of a termination of employment before an exit event a manager would become a good or a bad leaver depending on the circumstances of his termination. A good leaver's vested shares and PECs would be reimbursed at fair value whereas unvested shares would be reimbursed at cost. If a manager becomes a bad leaver all shares would be reimbursed at cost.

The MIP is a group share-based payment plan under IFRS 2. Due to the fact that the plan does not result in an obligation for the Group to settle the plan is classified as an equity settled plan

As a result of the above, the vesting period will either be:

Scenario 1: Full vesting on the event of change of control or a listing of the Company for managers who stay with Selecta by that point in time.

Scenario 2: Graded vesting (with 20% vesting at the grant date and at each anniversary additional 20%) over the period of four years for managers who become good leavers.

Due to the fact that a change of control or a listing of the Company have been assessed as not more likely than not the Group applied graded vesting accounting as described in scenario 2.

The MIP had no significant impact on the Group's financial statements for the year ended September 30, 2018 (i.e. no impact on the loss for the year and the Group's equity).

### 35. Commitments for expenditures

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#### Operating lease commitments

The Group leases various land and buildings, offices and vehicles under operating lease agreements. The lease expenditure charged to the statement of profit or loss for the period is € 172.6 million, thereof minimum lease payments € 83.8 million (2017: € 110.8 million and € 44.4 million respectively).

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 September 2018 € (000's)	30 September 2017 € (000's)
Within one year	26'200	23'398
After one year but not more than five years	54'664	55'364
More than five years	36'629	32'459
<b>Total operating lease commitments</b>	<b>117'493</b>	<b>111'220</b>

€ 35.6 million (2017: € 38.4 million) of the total future minimum lease payments under non-cancellable operating leases relate to building lease contracts held by the holding and trading company Selecta AG in Switzerland. The most significant lease contracts have been signed for a period between 15 and 20 years.

### 36. Contingent liabilities and contingent assets

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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.

### 37. Related parties

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#### 37.1. Parent undertaking

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In 2017, as a result of the Pelican Rouge acquisition, the controlling structure of the Group has been changed: the immediate parent of the Group is Selecta Midco S.à.r.l., a company incorporated in Luxembourg. The immediate parent of Selecta Midco S.à.r.l is Selecta Group S.à.r.l.

Since 11 December 2015, the ultimate controlling party of the Group are funds and accounts managed or advised by affiliates of KKR & Co. L.P., which is publicly traded on the New York Stock Exchange (NYSE: KKR).

#### 37.2. Compensation of key management personnel

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No remuneration is paid by the Group to any of the Members of the Supervisory Board or the Management Board of Selecta Group B.V. in their capacity as Members of the Supervisory Board or the Management Board of Selecta Group B.V. (2017: nil).

Selecta AG is the main operating entity of the Group. Selecta AG is managed by its board of directors and executive committee.

No remuneration is paid by the Group to any of the Directors of Selecta AG by the Group in their capacity as Members of the Board of Directors (2017: nil).



The remuneration of the Executive Committee during the period was as follows:

	2018 € (000's)	2017 € (000's)
Short term benefits	6'345	6'074
Post-employment benefits	892	316

There were no other material transactions or outstanding balances between the Group and its key management personnel or members of their close family (2017: nil).

### **37.3. Transactions and balances with related parties**

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The ultimate controlling party of the Group changed when, on 11 December 2015, funds and accounts managed or advised by affiliates of KKR & Co. L.P., which is publicly traded on the New York Stock Exchange (NYSE: KKR), acquired the shares of Selecta Group S.à.r.l., which is owning the Group's immediate parent Selecta Group Midco S.a.r.l. . KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds.

During the year 30 September 2018 the Group was charged by KKR Capital Markets Limited as disclosed below for the services regarding the successful refinancing of the Group in February 2018.

The Group entered into a contractual relationship with KKR Capstone regarding the provision of consulting services in the year 30 September 2017 as disclosed below. KKR Capstone, however, uses the name "KKR" under licence only and neither KKR & Co L.P. nor its affiliates owns or controls KKR Capstone or KKR Capstone's affiliates. Furthermore and for the avoidance of doubt, the provision on consulting services by KKR Capstone have been entered into on arm's length basis.

Transactions between the Group and other related parties prior to the change of ownership were as follows:

<i>Related party</i>	<i>Nature of the transaction</i>	<i>Amount of transaction € (000's)</i>	<i>Outstanding balance € (000's)</i>
<b>Year ended and as at 30 September 2018</b>			
KKR Capital Markets Limited	Fees relating to refinancing of Selecta Group	5'200	-
<b>Year ended and as at 30 September 2017</b>			
Capstone Europe	Consultancy services received	780	-

There were no other material transactions or outstanding balances between the Group and other related parties in the year ended 30 September 2018 (2017: nil).

### **38. Changes in scope of consolidations**

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

In the consolidated financial statements and all subsequent disclosure sections, Gruppo Argenta S.p.A,'s consolidated balance sheet is integrated as part of the balance sheet positions disclosed, whereas Gruppo Argenta S.p.A's consolidated statement of profit and loss is apportioned to the days, between the acquisition date and 30 September 2018.

The list of the acquired subsidiaries of Gruppo Argenta S.p.A. is presented in note 39.

On 17 September 2018, the Group completed the acquisition of Express Vending. The list of the acquired subsidiaries of Express Vending is presented in note 40.

Besides, during the year, the Group's sold its operating entity in Finland, with the effective date of the transfer of control on March 14, 2018 (see note 33). At 19 September 2018, Selecta Group sold its Custompack entity (see note 33).

## 39. Subsidiaries

The Company's subsidiaries at 30 September 2018 and 2017 were as follows:

Legal name of subsidiary	Place of incorporation (or registration)	Ownership % 30 Sept 2018	Ownership % 30 Sept 2017	Principal activities	Change	New legal name
Selecta Betriebsverpflegungs GmbH	Austria	100	100	Vending	-	
Selecta SA	Belgium	-	100	Vending	M	
Selecta Belgium N.V.	Belgium	100	100	Vending	-	
Selecta Danmark A/S	Denmark	100	100	Vending	R	Selecta A/S
Pelican Rouge Coffee Solutions OY	Finland	100	100	Vending	-	
OY Selecta AB	Finland	-	100	Vending	S	
Selecta Holding SAS	France	100	100	Holding	-	
Appofrais SA	France	99.92	99.92	Vending	-	
Selecta SAS	France	100	100	Vending	-	
Pelican Rouge Holding SAS	France	100	100	Holding	-	
Pelican Rouge Coffee Solutions SA	France	-	100	Vending	M	
Acorn (France) Sub 1 SAS	France	-	100	Vending	D	Dissolved 30 Sep 2018
Selecta Deutschland GmbH	Germany	100	100	Vending	-	
Selecta Holding GmbH	Germany	-	100	Holding	M	
BCA Betriebs Catering GmbH	Germany	-	100	Vending	M	
Selecta Refreshments Ltd	Ireland	-	100	Vending	M	
Pelican Rouge Coffee Solutions (Ireland) Ltd	Ireland	100	100	Vending	R	Selecta Ireland Vending Solutions Ltd
Gruppo Argenta S.p.A	Italy	100	-	Vending	N	
Tramezzino Iti S.r.l.	Italy	32	50.8	Vending	N	
Settembre 2007 Holding	Italy	100	-	Holding	N	
Pluservice S.r.l.	Italy	100	-	Vending	N	
All Inn services S.r.l.	Italy	100	-	Vending	N	
Stop & Go S.r.l.	Italy	100	-	Vending	N	
Selecta Luxembourg SA	Luxembourg	99.92	99.92	Dormant	-	
Pelican Rouge Coffee Solutions S.a.r.l.	Luxembourg	100	100	Vending	-	
HGSC 3 SA	Luxembourg	100	100	Holding	-	
Selecta Group S.a.r.l.	Luxembourg	-	100	Holding	M	
Selecta Holding B.V.	Netherlands	-	100	Holding	M	
Selecta B.V.	Netherlands	-	100	Vending	M	
Selecta AF B.V.	Netherlands	100	-	SPE	N	
Pelican Rouge Group B.V.	Netherlands	100	100	Holding	-	
Pelican Rouge Coffee Roasters B.V.	Netherlands	100	100	Vending	-	
Pelican Rouge Coffee Solutions B.V.	Netherlands	100	100	Vending	R	Selecta Netherlands B.V.
Pelican Rouge B.V.	Netherlands	100	100	Holding	-	
Charden International B.V.	Netherlands	-	100	Holding	M	
Acorn (Netherlands) 2 B.V.	Netherlands	-	100	Holding	M	
Acorn (Netherlands) 3 B.V.	Netherlands	-	100	Holding	M	
Selecta Norway AS	Norway	-	100	Vending	M	
Pelican Rouge Coffee Solutions AS	Norway	100	100	Vending	R	Selecta Norway AS
Selecta trading Sro	Slovakia	100	100	Vending	-	
AB Servicios Selecta Espana SL	Spain	100	100	Vending	-	
Servecave SL	Spain	100	100	Vending	-	
Acorn (Spain) 1 SLU	Spain	100	100	Holding	-	
Pelican Rouge Coffee Solutions SAU	Spain	-	100	Vending	M	
Demas SLU	Spain	-	100	Vending	M	
Pelican Rouge Nordis Social Coffee SLU	Spain	100	100	Vending	N / R	Nordic Social Coffee SLC
Selecta Nordic Holding AB	Sweden	100	100	Holding	-	
Selecta AB	Sweden	100	100	Vending	-	
Selecta Holding AB	Sweden	-	100	Holding	M	
Pelican Rouge Coffee Solutions Group AB	Sweden	100	100	Holding	-	
Selecta TMP AG	Switzerland	100	100	Holding	-	
Selecta AG	Switzerland	100	100	Vending	-	
Selecta Refreshments Ltd	UK	100	100	Vending	-	
Selecta Holding Ltd	UK	100	100	Holding	-	
Express Vending Group Ltd	UK	100	-	Vending	N	
Express Vending Ltd	UK	100	-	Vending	N	
Provend Group Ltd	UK	-	100	Dormant	M	
The Midlands Group Ltd	UK	-	100	Dormant	M	
Superior Vending Services Ltd	UK	-	100	Dormant	M	
Autobar (Northern Ireland) Ltd	UK	-	100	Vending	M	
Autobar Industries Ltd	UK	-	100	Holding	M	
Autobar Investments Ltd	UK	-	100	Holding	M	
Autobar UK Ltd	UK	-	100	Vending	M	
Pelican Rouge Coffee Solutions Ltd	UK	100	100	Vending	R	Selecta UK Ltd
Acorn UK (1) Ltd	UK	-	100	Holding	M	
Selecta UK Ltd	UK	-	100	Vending	M	
Pelican Rouge Coffee Solutions Group Ltd	UK	100	100	Holding	R	Selecta UK Holding Ltd
Vendcare (Holdings) Ltd	UK	100	100	Dormant	-	
Vendcare Services Ltd	UK	100	100	Dormant	-	
Retail Vending Ltd	UK	100	100	Dormant	-	
CustomPack Foods Ltd	UK	-	100	Vending	S	

Legend	
N	Newly acquired
S	Sold
M	Merged
R	Renamed
-	No change

#### 40. Approval of the consolidated financial statements

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The consolidated financial statements for the year ended 30 September 2018 have been authorised by the Board of Directors on 18 January 2019.

Amsterdam, 18 January 2019

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*

Ruud Gabriels  
*Member of the Board of Directors*

Robert Plooij  
*Member of the Board of Directors*

**Selecta Group B.V., Amsterdam**

**Independent Auditor's Report  
to the Board of Directors on the Audit of  
the Consolidated Financial Statements**

**2017/2018**

**Selecta Group B.V., Amsterdam**

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**Opinion**

As independent auditor, we have audited the consolidated financial statements of Selecta Group B.V. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in consolidated equity and consolidated cash flow statement for the year then ended 30 September 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Matter**

This set of consolidated financial statements has voluntarily been prepared by the Board of Directors. Our report thereon has been prepared at the request of the Board of Directors and does not represent a statutory auditor's report required in accordance with the laws and regulations in the Netherlands.

**Responsibility of Those Charged with Governance for the Consolidated Financial Statements**

The Board of Directors of Selecta Group B.V. is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, and for such internal control as Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one re-

sulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG AG

Reto Benz  
*Licensed Audit Expert*

Nicole Charrière Roos  
*Licensed Audit Expert*

Zurich, 18 January 2019