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

Condensed consolidated interim financial statements for the 3 months ended 31 December 2017 (unaudited)

Table of Contents

Operating and financial review

Overview of the business

Selecta is the leading unattended self-service coffee and convenience food provider in Europe by revenue, with operations in 15 countries across Europe. We operate a network of coffee, convenience food and beverage vending machines on behalf of a broad and diverse client base. We offer a wide range of products in our vending machines, including hot and cold beverages and various snacks and confectionary items. Our clients include a large number of both private and public organizations. Our private vending services, which also include our office coffee services ("OCS"), are directed primarily at office environments. Our public vending machines are located in high traffic public locations, such as airports, train and subway stations and gas stations, where our longer-term client contracts provide us with a steady stream of revenue. In addition to our public and private vending operations, we generate revenue from trade sales of machines and products.

With the acquisition in September 2017 of Pelican Rouge, a European vending and coffee services provider, we are the leading self-service coffee and convenience food provider in our core vending market in Europe, with an estimated market share of approximately 10% by revenue in 2017 based on market size data from the European Vending Association for 2016 and our own estimates. Selecta has widened its clients base to hotels, restaurants and cafés ("HoReCa"), and acquired a roasting facility in Dordrecht, Netherlands.

Selecta has now leading market shares in its key markets of Switzerland, Sweden, France, the Netherlands, the United Kingdom, Spain and Belgium.

Our business model covers the full value chain of the self-service coffee and convenience food market, from coffee roasting to managing vending machines. We purchase vending machines for our clients, install them at their premises and manage the sourcing and stocking of the food and beverage products on behalf of our clients. We leverage our technology capabilities and data collection from machines to improve consumer experience and client satisfaction. We also provide cleaning, maintenance, and technical support services, which can be customized based on individual client preferences. We roast and produce both instant and full bean coffee, which we use for our own machines and clients and sell to third parties. In addition to our self-service and coffee roasting operations, we also sell coffee and vending machines, including machines for hotels, restaurants and cafés (or "HoReCa"), and vending machine parts and products independent of vending service arrangements.

The Group has announced on 2 February 2018 the completion of the acquisition of Argenta , a leading vending and coffee service provider in Italy. Argenta's Italian operations ideally complement Selecta's country portfolio as Selecta currently has no presence in the country. Furthermore, Argenta adds a high quality, diversified and well established Italian client and customer base. The company 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.The combination with Argenta is expected to strengthen Selecta's position as the pan-European industry leader with an enlarged presence in 16 countries.

Presentation of financial information

The consolidated financial statements included in this report have been prepared in accordance with the International Financial Reporting Standards, as adopted by the International Accounting Standards Board ("IFRS").

In addition this report contains references to certain non IFRS measures and related ratios, including Net revenue, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, third party debt, net debt, capital expenditures and free cash flow.

"Net revenue", as compared to Revenue, is the revenue calculated after deduction of vending fees which are, primarily variable usage fees or commissions paid to public and semi-public clients.

"EBITDA" represents earnings before net finance result, income tax, depreciation, amortization and impairment expense. "Adjusted EBITDA" represents earnings before net finance result, income tax, depreciation, amortization and impairment expense and one off items.

"EBITDA margin" is calculated as EBITDA divided by net revenue whilst "Adjusted EBITDA margin" is calculated as Adjusted EBITDA divided by net revenue.

"Overhead costs" represents as the sum of employee benefits expenses and other operating expenses.

"Net capital expenditure" represents the sum of additions to property, plant and equipment, and other intangible assets, less cash proceeds from disposals of property, plant and equipment and other intangible assets.

"Free cash flow" represents net cash generated from operating activities less net cash used in investing activities.

"Net debt" represents financial debt and finance leases less cash and cash equivalents at the end of period. Note that this is different to the IFRS definition of borrowings where the outstanding liabilities are reduced by the amount of the unamortised refinancing costs incurred.

All comparisons in this Operating and Financial Review are against the equivalent quarter for the prior year unless otherwise stated.

Futhermore, this Operating and Financial Review introduces a new segmental reporting composed of 6 regional operating entities and an HQ, as detailed in section 5 of the Condensed consolidated interim financial statements.

Operating review [1]

Revenue in the three months ended 31 December 2017 was 0.7% below last year, but was 1.2% above last year at constant foreign exchange rates[2].

This quarter's revenue was affected by the adverse impacts of the depreciations of the CHF (-8.2%), the GBP (-1.4%) and the SEK (-1.1%) accounting for a €-5.7 million in the revenue.

At constant rates and at constant working days, sales grew by 1.6%.

Net revenue in the three months ended 31 December 2017 was 1.3% below last year, but was 0.7% above last year at constant foreign exchange rates[2].

For both revenue and net revenue, growth at constant rates was driven by public sales and non-vending and trade business lines, with different dynamics across regions:

- Growth came from France, BENE, and Spain, driven semi-public and non-vending sales in France, Roaster sales in BENE and Impulse sales in all main segments in Spain.
- The UK and DACH were relatively stable compared to prior year, with net revenue up 0.2% for DACH and down 0.2% for the UK at constant foreign exchange rates[2].
- The only region showing a decrease in sales was North with Sweden driving this decrease.

The Adjusted EBITDA in the quarter was € 2.7 million higher than last year, and € 4.1 million higher at constant foreign exchange rates[2] as a result of the slight improvement in the gross profit margin and significant savings in personnel expenses.

[1] In the operating review, unless stated otherwise, financial results are at comparable scope, i.e. including pro-forma results of Pelican Rouge in the 3 months ended December 2016, and excluding Selecta Finland, held for sale, in both the 3 months ended December 2017 and 2016. Unless stated otherwise, financial results are stated at actual foreign rates.
[2] Constant foreign currency rates applied: CHF/EUR 1.15; SEK/EUR 9.65; GBP/EUR 0.88

Financial review[1]

Pro-forma P&L

	3 months ended					
	Constant FX rates			Actual FX rates		
	December 17 €m	December 16 €m	Change %	December 17 €m	December 16 €m	Change %
Revenue	**325.8**	**321.9**	**1.2%**	**324.2**	**326.5**	**-0.7%**
Vending fees	(22.9)	(21.1)	8.5%	(22.8)	(21.2)	7.9%
Net revenue	**303.0**	**300.8**	**0.7%**	**301.3**	**305.3**	**-1.3%**
Materials and consumables used	(117.3)	(117.7)	-0.3%	(116.8)	(119.2)	-2.0%
Gross profit	**185.6**	**183.1**	**1.4%**	**184.5**	**186.1**	**-0.8%**
% margin on net revenue	*61.3%*	*60.9%*	*0.4 pts*	*61.2%*	*61.0%*	*0.3 pts*
Adjusted personnel expenses	(95.8)	(98.4)	-2.6%	(95.3)	(99.9)	-4.6%
Adjusted other operating expenses	(41.0)	(40.0)	2.5%	(40.8)	(40.6)	0.7%
Adjusted EBITDA	**48.8**	**44.7**	**9.1%**	**48.4**	**45.7**	**6.0%**
% margin on net revenue	*16.1%*	*14.9%*	*1.2 pts*	*16.1%*	*15.0%*	*1.1 pts*
Adjustments	(8.9)	(8.3)	7.9%	(8.9)	(8.2)	6.5%
Reported EBITDA	**39.8**	**36.4**	**9.4%**	**39.6**	**37.4**	**5.9%**
% margin on net revenue	*13.1%*	*12.1%*	*1.0 pts*	*13.1%*	*12.2%*	*0.9 pts*

Revenue

Revenue in the three months ended 31 December 2017 was 0.7% below last year and 1.3% below last year after deduction of vending fees (net revenue), but at constant foreign exchange rates[2] , it was up 1.2% above prior year and 0.7% above last year after deduction of vending fees (net revenue).

The net revenue was impacted by 0.4 less working day in the quarter, estimated to have a € -1.1 million impact on the Group's private sales.

The following table sets out the net revenue development by region in the 3 months ended 31 December 2017 and 2016.

	3 months ended					
	Constant FX rates			Actual FX rates		
External net revenue	December 17 €m	December 16 €m	Change %	December 17 €m	December 16 €m	Change %
France	59.6	58.3	2.2%	59.6	58.3	2.2%
UK and Ireland	49.4	49.6	-0.2%	49.4	50.2	-1.5%
BENE	58.7	57.9	1.3%	58.7	57.9	1.3%
DACH	68.0	67.9	0.2%	67.0	71.1	-5.8%
Spain	28.7	27.8	3.2%	28.7	27.8	3.2%
North	38.6	39.4	-2.0%	37.9	39.9	-5.1%
HQ	0.0	0.0		0.0	0.0	
Group	**303.0**	**300.8**	**0.7%**	**301.3**	**305.3**	**-1.3%**

[1] In the financial review, unless stated otherwise, financial results are at comparable scope, i.e. including pro-forma results of Pelican Rouge in the 3 months ended December 2016, and excluding Selecta Finland, held for sale, in both the 3 months ended December 2017 and 2016. Unless stated otherwise, financial results are stated at actual foreign rates.
[2] Constant foreign currency rates applied: CHF/EUR 1.15; SEK/EUR 9.65; GBP/EUR 0.88

France

The net revenue increased by 2.2% in the 3 months ended 31 December 2017 to € 59.6 million compared to prior year (2016: € 58.3 million). This was driven by strong non-vending sales in the quarter at Pelican Rouge France and growth in the semi-public segment at Selecta France.

UK and Ireland

For the combined Selecta and Pelican Rouge UK and Ireland, net revenue of € 49.4 million in the 3 months ended 31 December 2017 came in 1.5% lower than last year (2016: € 50.2 million), but was only down by 0.2% at constant foreign exchange rates. Adding to the €0.6 million effect from the GBP currency effect, semi-public sales were lower than in prior year, partially offset by strong trade machine sales in the quarter.

BENE

Net revenue of € 58.7 million in the 3 months ended 31 December 2017 was 1.3% higher than last year (2016: € 57.9 million). This was primarily driven by strong growth at the Roasting facility (+4.3%). The Netherlands and Belgium both showed slight growth on prior year.

DACH

Net revenue of € 67.0 million in the 3 months ended 31 December 2017 was lower by 5.8% than last year (2016: € 71.1 million) mainly due to the unfavourable CHF currency effect. At constant foreign exchange rates, decrease in private revenue (-1.7% on a constant day basis) was offset by public growth in CH (Migrolino) and Germany (Deutsche Bahn /Shell), resulting in slight growth for the region (+0.2%).

Spain

For the combined Selecta and Pelican Rouge Spain, net revenue of € 28.7 million in the 3 months ended 31 December 2017 grew by 3.2% compared to last year (2016: € 27.8 million), with growth in all segments on the back of Impulse sales.

North

Revenue decreased by 5.1% to € 38.6 million in the 3 months ended 31 December 2017 compared to prior year (2016: € 39.4 million), but was only down by 2.0% at constant foreign exchange rates, with the SEK and NOK depreciations having an adverse effect of €1.2 million. In the region and at constant rate, growth in (Pelican Rouge) Finland, Denmark and Norway was offset by sales decrease in Sweden.

Gross profit

Gross profit decreased by 0.8% to € 184.5 million in the 3 months ended 31 December 2017 compared to prior year (2016: € 186.1 million), but increased by 1.4% at constant foreign exchange rates. Gross profit margin on net revenue was improved by 0.3 percentage point to 61.2% in the 3 months ended 31 December 2017, and by 0.4 percentage point to 61.3% at constant foreign exchange rates.

Employee benefits expense

Adjusted for one-off items and at constant foreign exchange rates, personnel expenses amounted to € 95.8 million in the quarter and were € 2.6 million lower than in prior year.

At 31 December 2017 the Group had 8’070 FTEs, 414 less than at the end of December 2016.

Other operating expenses

Other operating expenses adjusted for one-off items, and at constant foreign exchange rates, amounted to € 41.0 million in the quarter and were € 1.0 million above prior year.

Adjustments

Adjustments in respect of one off items were € 8.9 million in the 3 months ended 31 December 2017, € 0.7 million higher than in prior year (2016: € 8.2 million).

In the quarter, a provision for the full restructuring in the Netherlands was recorded for € 2.4 million, covering 54 FTEs. Costs incurred in relation to legal entity mergers and integration amounted to € 1.1 million in the UK and € 0.6 million in Norway, whereas approximately € 2.3 million consultancy costs were incurred at HQ to support the ongoing integration.

Adjusted EBITDA

Adjusted EBITDA increased by € 2.7 million, or 6.0%, in the 3 months ended 31 December 2017 to € 48.4 million compared to prior year (2016: € 45.7 million), and by € 4.1 million, or 9.1% at constant foreign exchange rates[2] .

The following table sets out the adjusted EBITDA by region in the 3 months ended 31 December 2017 and 2016:

	3 months ended					
	Constant FX rates			Actual FX rates		
Adjusted EBITDA	**December 17**	**December 16**	**Change**	**December 17**	**December 16**	**Change**
	€m	**€m**	**%**	**€m**	**€m**	**%**
France	6.8	3.5	97.9%	6.8	3.5	97.9%
UK and Ireland	5.0	4.8	4.0%	5.0	4.9	2.6%
BENE	12.8	12.4	3.2%	12.8	12.4	3.2%
DACH	17.6	18.5	-4.6%	17.4	19.5	-11.2%
Spain	4.1	3.8	7.9%	4.1	3.8	7.9%
North	7.4	7.2	4.6%	7.4	7.3	1.6%
HQ	(5.2)	(5.5)	-5.7%	(5.1)	(5.7)	-10.5%
Group	**48.8**	**44.7**	**9.1%**	**48.4**	**45.7**	**6.0%**

France

For the total of Selecta France and Pelican Rouge France, the adjusted EBITDA increased by €3.4m (+97.9%) compared to prior year driven by high margin non-vending sales in the quarter. Added to this was a 4.1% saving in personnel expenses excluding one-off items, driven by FTE reductions of 5.0%.

UK and Ireland

The adjusted EBITDA at constant foreign exchange rates of the combined Selecta and Pelican Rouge UK and Ireland improved by €0.2m (+4.0%) compared to prior year driven by personnel savings which has more than offset the lower sales.

BENE

The adjusted EBITDA of € 12.8 million in the 3 months ended 31 December 2017 was 3.2% higher than last year (2016: € 12.4 million). Increased turnover has not greatly impacted gross margin due to sales mix effects. Savings in the region are seen in both personnel expenses and other overheads.

DACH

The adjusted EBITDA of € 17.4 million in the 3 months ended 31 December 2017 was lower by 11.2% than last year (2016: € 19.5 million) mainly due to the highly unfavourable CHF currency effect. At constant foreign exchange rates[2], the adjusted EBITDA in DACH decreased by 4.6% due to negative mix effects on the region's gross profit. However, this was mitigated by significant cost control – specifically relating to personnel expenses in Switzerland.

Spain

For the combined Selecta and Pelican Rouge Spain, the improvement by 7.9% of the adjusted EBITDA in the 3 months ended 31 December 2017 compared to last year was driven by net revenue growth in all segments.

North

The adjusted EBITDA of € 7.4 million in the 3 months ended 31 December 2017 was higher by 1.6% compared to prior year, and by 4.6% at constant foreign exchange rates[2]. In Sweden, lower sales in the quarter were to a very large extent compensated by personnel and overhead savings, whereas all the other countries in the region saw an improvement of their in profitability.

HQ

Adjusted EBITDA in the 3 months ended 31 December 2017 was € 0.6 million higher than prior year and € 0.3 million higher at constant foreign exchange rates[2], as a result of synergies realised at headquarters.

Cash flow

The cash flow statement is presented at actual foreign exchange rates, and for the 3 months ended 31 December 2016, includes Selecta only.

Actual foreign exchange rates	3 months ended		
	Dec 17	**Dec 16** (Selecta only)	**Change**
	€m	**€m**	**%**
Net cash generated from operating activities	(9.9)	(3.6)	+175%
Net cash used in investing activities	(25.7)	(15.9)	+62%
Free cash flow	**(35.7)**	**(19.5)**	**+83%**
Proceeds / repayment of borrowings	30.1	20.9	
Proceeds / repayment of factoring	(5.0)	2.1	
Interest paid	(19.7)	(20.4)	
Acquisition related financing costs	(6.7)	-	
Net cash used in financing activities	**(1.4)**	**(2.6)**	
Total net cash flow	**(37.1)**	**(16.8)**	

Net cash generated from operating activities of € (9.9) million in the 3 months ended 31 December 2017 was impacted by the disbursement of acquisition and integration costs relating to Pelican Rouge for an estimated € 13 million, accrued as of end September 2017.

Net cash used in investing activities amounted to € 25.7 million in the 3 months ended 31 December 2017 related to capital expenditures to support business growth.

Proceeds from borrowings amounting to € 30.1 million in the 3 months ended 31 December 2017 consisted of the € 30 million drawing on the Group's revolving credit facility to finance working capital timing differences.

Interest paid amounting to € 19.7 million in the 3 months ended 31 December 2017 mainly consisted of the bi-annual interest payment in relation to Selecta senior notes of € 350 million and CHF 245 million.

Acquisition related financing costs of € 6.7 million in the quarter related to the disbursement of debt issuance costs relating to the Pelican Rouge loan of € 374.8 million.

Net senior debt

The following table sets out the group's net debt as of end December 2017 and September 2017.

Actual foreign exchange rates	Dec 17 €m	Sep 17 €m	Change €m
Cash at bank	**85.9**	**127.3**	**-41.3**
Thereof cash at bank in subsidiary held for sale	0.8	0.8	0.0
Factoring facilities	5.0	7.9	(2.9)
Reverse factoring facilities	7.6	9.7	(2.2)
Revolving credit facility	30.0	-	30.0
Senior notes (Selecta)	559.4	563.8	(4.5)
New loans (Pelican Rouge acquisition)	374.8	374.8	0.0
PIK loan	337.7	318.7	18.9
Accrued interest	7.1	21.5	(14.4)
Finance leases	41.5	42.5	(1.0)
Total debt	**1'362.9**	**1'338.9**	**24.0**
Net debt	**1'277.0**	**1'211.7**	**65.3**

Note that the above definition of debt is different to the IFRS definition of borrowings where cash at bank is reduced by cash in the disposal group held for sale and the outstanding liabilities on borrowings are reduced by the amount of the unamortised refinancing costs incurred

Cash at bank decreased by € 41.3 million to € 85.9 million at 31 December 2017 (30 September 2017: € 127.3 million).

The amounts outstanding under the Group's revolving credit facility increased by € 30.0 million to € 30.0 million at 31 December 2017 (30 September 2017: € 0 million) as a result of drawings made under the facility to finance working capital timing differences.

The amounts outstanding on the senior notes decreased by € 4.5 million at 31 December 2017 due entirely to currency translation effects. CHF 245 million of the Group's senior notes have been issued in Swiss Francs.

The amounts outstanding under the factoring facility were at € 5.0 million at 31 December 2017, and € 7.6 million for the reverse factoring facility.

As a result total senior debt increased by € 24.0 million to € 1'362.9 million at 31 December 2017 (30 September 2017: € 1'338.9 million), whereas net senior debt increased by € 65.3 million to € 1'277.0 million at 31 December 2017 (30 September 2017: € 1'211.7 million).

Other material developments

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

The Notes were issued on February 2, 2018. The proceeds of the Notes are used to (i) fund the redemption of all of (a) the €350.0 million in aggregate principal amount of the the Group's 6.5% Senior Secured Notes due 2020 and (b) the CHF 245.0 million in aggregate principal amount of the Group's 6.5% Senior Secured Notes due 2020; (ii) repay all amounts outstanding under the existing €374.8 million senior term loan of the Group; (iii) repay all amounts outstanding under the existing revolving credit facility of the Group; (iv) in connection with the acquisition of Gruppo Argenta S.p.A. by a subsidiary of the Group, refinance certain of Argenta's existing third-party indebtedness and shareholder loans; (v) repay certain shareholder loans of the Group, the proceeds of which will ultimately be used to repay certain interests owed to a minority investor who will exit in connection with such repayment; (vi) fund excess cash on balance sheet for general corporate purposes; and (vii) pay estimated fees and expenses in connection with the the issuance of the Notes.

The Group has completed on 2 February 2018 the acquisition of Argenta, a leading vending and coffee service provider in Italy, from Motion Equity Partners. The combination with Argenta is expected to strengthen Selecta's position as the pan-European industry leader with an enlarged presence in 16 countries.

The Group has announced in January 2018 the sale of Selecta Finland to JOBmeal, with the finalization of the transaction expected to occur in March 2018. Selecta Finland employs about 95 people and generated sales of approximately €14 million in the prior financial year.

Condensed consolidated interim financial statements

Consolidated statement of profit or loss

	Notes	*3 months ended 31 December 2017 € (000's)*	*3 months ended 31 December 2016 € (000's)*
Revenue	5, 6	327'947	181'335
Vending fee		(22'898)	(21'016)
Materials and consumables used		(118'132)	(57'132)
Employee benefits expense		(101'681)	(56'869)
Depreciation and amortisation expense		(39'886)	(21'438)
Other operating expenses		(48'482)	(26'087)
Other operating income		3'204	3'765
Gain on the disposal of subsidiaries		200	0
Profit before finance results net and income tax		**272**	**2'559**
Finance costs	8	(29'302)	(17'983)
Finance income		176	8
Loss before income tax		**(28'854)**	**(15'416)**
Income taxes		2'269	733
Net loss for the period attributable to equity holders of the parent		**(26'585)**	**(14'682)**
Revenue net of vending fee	5, 7	305'049	160'319

Consolidated statement of comprehensive income

	3 months ended 31 December 2017 € (000's)	*3 months ended 31 December 2016 € (000's)*
Net loss for the period	**(26'585)**	**(14'682)**
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss		
Release of hedging reserve through profit and loss	-	229
Foreign exchange translation differences for foreign operations	9'709	(5'342)
Other comprehensive income net of tax	**9'709**	**(5'113)**
Total comprehensive income attributable to equity holders of the parent	**(16'876)**	**(19'796)**

Consolidated balance sheet

	Notes	31 December 2017 € (000's)	30 September 2017 € (000's)
Assets			
Non-current assets			
Property, plant and equipment	9	356'500	362'041
Goodwill	10	667'441	667'441
Trademarks	11	324'147	324'147
Customer contracts	11	309'704	318'306
Other intangible assets	11	19'484	20'795
Deferred income tax assets		22'191	18'192
Non-current financial assets		6'781	6'354
Defined benefit plan assets		33'589	33'698
Total non-current assets		**1'739'837**	**1'750'973**
Current assets			
Inventories		89'151	80'711
Trade receivables		76'554	75'093
Derivative financial instruments	14	11'813	7'884
Other current assets		54'903	52'945
Cash and cash equivalents		93'290	134'782
Assets classified as held for sale	15	5'822	5'446
Total current assets		**331'533**	**356'862**
Total assets		**2'071'370**	**2'107'835**
Equity and liabilities			
Equity			
Share capital	13	187	187
Share premium	13	279'566	279'566
Additional paid-in capital	13	415'999	415'999
Currency translation reserve	13	(101'511)	(111'220)
Retained earnings	13	(439'424)	(427'959)
Equity attributable to equity holders of the parent		**154'817**	**156'573**
Non-current liabilities			
Loans due to parent undertaking	12	329'822	319'888
Borrowings	12	947'007	922'995
Finance lease liabilities		30'945	30'357
Post-employment benefit obligations		11'099	11'016
Provisions		33'708	35'770
Other non -current liabilities		1'222	1'018
Deferred income tax liabilities		190'366	187'587
Total non-current liabilities		**1'544'168**	**1'508'632**
Current liabilities			
Derivative financial instruments	14	3'954	6'211
Finance lease liabilities		10'137	11'681
Trade payables		169'850	191'723
Provisions		8'466	23'368
Current income tax liabilities		269	920
Other current liabilities		176'566	206'150
Liabilities associated with assets held for sale	15	3'143	2'577
Total current liabilities		**372'385**	**442'630**
Total liabilities		**1'916'553**	**1'951'262**
Total equity and liabilities		**2'071'370**	**2'107'835**

Statement of changes in consolidated equity

	Share capital € (000's)	*Share premium € (000's)*	*Additional paid-in capital € (000's)*	*Currency translation reserve € (000's)*	*Hedging reserve € (000's)*	*Retained earnings € (000's)*	*Equity attributable to equity holders of the parent € (000's)*
Balance at 1 October 2016	**187**	**279'566**	**236'829**	**(127'897)**	**(1'536)**	**(339'877)**	**47'272**
Other comprehensive income	-	-	-	16'677	1'536	13'628	31'841
Net loss	-	-	-	-	-	(101'710)	(101'710)
Total comprehensive income	-	-	-	*16'677*	1'536	*(88'082)*	(69'869)
Capital contribution	-	-	*179'170*	-	-	-	*179'170*
Balance at 30 September 2017	**187**	**279'566**	**415'999**	**(111'220)**	**-**	**(427'959)**	**156'573**
Other comprehensive income				9'709			9'709
Net profit/(loss)						(26'585)	(26'585)
Total comprehensive income	**-**	**-**	**-**	**9'709**	**-**	**(26'585)**	**(16'876)**
Preliminary PPA adjustment - PR acquisition						15'120	15'120
Balance at 31 December 2017	**187**	**279'566**	**415'999**	**(101'511)**	**-**	**(439'424)**	**154'817**

Consolidated cash flow statement

	3 months ended 31 December 2017 € (000's)	3 months ended 31 December 2016 € (000's)
Cash flows from operating activities		
Net loss before income tax	(28'854)	(15'416)
Depreciation, amortization expense	39'886	21'438
Gain on disposal of property, plant and equipment, net	(1'526)	(966)
Gain on disposal of subsidiaries	(200)	0
Net finance costs	29'126	17'974
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
(Increase)/Decrease in inventories	(8'875)	(1'515)
(Increase)/Decrease in trade receivables	(7'258)	3'664
(Increase)/Decrease in other current assets	(659)	1'503
Increase/(Decrease) in trade payables	(21'340)	(30'087)
Increase/(Decrease) in other liabilities	(9'247)	333
Income taxes (paid)/received	(964)	(528)
Net cash generated from/(used in) operating activities	**(9'911)**	**(3'600)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(27'170)	(13'416)
Purchases of intangible assets	(1'073)	(4'297)
Proceeds from sale of property, plant and equipment	2'317	1'842
Interest received	183	5
Net cash used in investing activities	**(25'743)**	**(15'866)**
Cash flows from financing activities		
Proceeds/repayment from issuance of loans and borrowings	30'072	20'895
Proceeds provided/payments processed from recourse factoring	(5'045)	2'116
Interest paid	(19'679)	(20'371)
Financing related financing costs paid	(6'747)	
Net cash generated from/(used in) financing activities	**(1'400)**	**2'640**
Net increase/(decrease) in cash and cash equivalents	**(37'054)**	**(16'826)**
Cash and cash equivalents at the beginning of the period*	134'782	66'871
Exchange gains/(losses) on cash and cash equivalents	(4'440)	(1'390)
Movement in cash at bank in Finland	3	-
Cash and cash equivalents at the end of the period*	**93'290**	**48'655**

*Amount without Finland, as it is classified as held for sale.

Notes to the condensed consolidated interim financial statements

1. General Information

Selecta Group BV ("the Company") is a limited company incorporated and domiciled in Amsterdam, the Netherlands. The Company and its subsidiaries are collectively referred to herein as "the Group" or "the Selecta Group". The Group is a European provider of food and beverage vending machine solutions. These financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V.

2. Basis of preparation

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

Selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 September 2017.

3. Summary of significant accounting policies

3.1. Accounting policies

The accounting policies adopted in the interim period are consistent with those in the previous financial year as disclosed in the financial statements for the year ended 30 September 2017, except for those accounting policies which have changed as a result of the issuance of new or revised standards and interpretations as disclosed in note 3.2 below.

3.2. New and revised/amended standards and interpretations

There were the below four revisions and amendments to Standards or Interpretations which had been applied in the current financial year and had no material impact on the financial statements.

	Effective date	***Application by Selecta Group B.V.***
Revisions and amendments of Standards and Interpretations		
Disclosure Initiative (Amendments to IAS 7)	1 January 2017	Reporting year 2017/18
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017	Reporting year 2017/18
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2017	Reporting year 2017/18
Annual improvements to IFRSs 2014-2016 cycle	1 January 2017/2018	Reporting year 2017/18

International Financial Reporting Standards and Interpretations, whose application is not yet mandatory and that have not been adopted early

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

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

	Effective date	*Planned application by Selecta Group B.V.*
Revisions and amendments of Standards and Interpretations		
Disclosure Initiative (Amendments to IAS 7)	1 January 2017	Reporting year 2017/18
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017	Reporting year 2017/18
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2017	Reporting year 2017/18
Annual improvements to IFRSs 2014-2016 cycle	1 January 2017/2018	Reporting year 2017/18

There are no other new or amended standards or interpretations which have been published and become effective on or after 1 October 2017 that are relevant to the Group's operations.

The Group is currently reviewing its financial reporting for the new and amended standards which take effect on or after 1 October 2017 and which the Group did not voluntarily adopt early.

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

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

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

3.3. Foreign exchange rates

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

		31 December 2017	
		Balance sheet	*Income statement*
Danish Krone	DKK	7.44	7.44
Great Britain Pound	GBP	0.89	0.88
Norwegian Kroner	NOK	9.84	9.73
Swedish Krona	SEK	9.84	9.84
Swiss Franc	CHF	1.17	1.17

3.4. Statement of seasonality of operations

Whilst the business of Selecta fluctuates from month to month, the impact between quarters is limited, except for working capital which is traditionally more negative at year end than during the rest of the year.

Seasonal fluctuations across the months offset each other to a certain degree at group level.

4. Use of estimates and key sources of estimation uncertainties

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

5. Segmental reporting

As a result of the Pelican Rouge group acquisition and the planned merger of the operations in certain countries, the Group operating segments have been re-designed per October 1st 2017.

The Group has started this quarter to operate under 6 new regions which are as well the 6 newly identified cash generating units (CGUs) of the Group.

The key factor in the assessment conducted is the level at which operating results will be reviewed and resource allocation decisions will be made. The management is of the opinion that this is represented by the six new regions of the combined Group, headed by a new regional leadership team, effective from October 2017 :

- Region France: includes operating entities in France
- Region Spain: includes operating entities in Spain
- Region BENE: includes operating entities in Netherlands (including the Roaster) and Belgium
- Region UK: includes operating entities in United Kingdom and Ireland
- Region DACH: includes operating entities in Switzerland, Germany and Austria
- Region North: includes operating entities located in Sweden, Finland, Denmark and Norway

This regional organization reflects how the performance of the Group will be analysed, key management are incentivised, and resources will be allocated within the Group.

Therefore, these six regions will represent the operating segments and cash generating units of the Group, starting from October 2017.

The following tables set out the segmental results for the 3 months ended 31 December 2017 and 2016, with different scopes:

- the 3 months ended 31 December 2017 include the consolidated Selecta and Pelican Rouge results
- the 3 months ended 31 December 2016 only include Selecta's results as issued in the interim financial statements for the 3 months ended 31 December 2016

Results for the 3 months ended 31 December 2017

	France *€ (000's)*	Spain *€ (000's)*	BENE *€ (000's)*	UK *€ (000's)*	DACH *€ (000's)*	NORTH € (000's)	Total segment *€ (000's)*	HQ *€ (000's)*	IC eliminations *€ (000's)*	Total Group *€ (000's)*
External revenue	74'275	28'918	68'827	52'198	69'632	42'777	**336'627**		(8'680)	**327'947**
Revenue net of vending fee	59'616	28'696	67'101	49'656	67'040	41'620	**313'729**	-	(8'680)	**305'049**
Gain on the disposal of subsidiaries	-	-	-	-	-	-	-	200	-	**200**
Profit before finance results net, income tax, depreciation and amortisation (EBITDA)	5'907	3'760	9'756	3'919	16'903	7'224	**47'469**	(7'311)	-	**40'158**
Depreciation and amortisation expense	(8'107)	(2'892)	(5'893)	(3'545)	(5'991)	(3'721)	**(30'149)**	(9'737)	-	**(39'886)**
Profit before finance results net and income tax										**272**
Finance costs and finance income, net										**(29'126)**
Loss before income tax										**(28'854)**

Results for the 3 months ended 31 December 2016

	France € (000's)	West € (000's)	Central € (000's)	North € (000's)	Total segments € (000's)	HQ € (000's)	IC elimin-ations € (000's)	Total Group € (000's)
External revenue	43'301	25'952	80'012	32'086	**181'351**	-	(16)	**181'335**
Revenue net of vending fee	29'947	21'873	77'517	30'999	**160'335**	-	(16)	**160'319**
Profit before finance results net, income tax, depreciation and amortisation (EBITDA)	246	1'537	20'160	6'072	**28'016**	(4'019)	-	**23'997**
Depreciation and amortisation expense	(4'007)	(1'911)	(6'221)	(3'105)	**(15'244)**	(6'193)	-	**(21'438)**
Profit before finance results net and income tax								**2'559**
Finance costs and finance income, net								**(17'974)**
Loss before income tax								**(15'416)**

Note on the results:

- The external revenue of € 327.9m and revenue net of vending fee of € 305 million in the 3 months ended 31 December 2017 includes the revenue generated in the quarter by Selecta Finland, as do the North results presented in the segmental reporting.

- The IC eliminations of € 8.7 million in the 3 months ended 31 December captures the internal revenue generated by the Roaster (which is part of region BENE) with the other regions of the Group.

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

	Revenue net of vending fee		*Non-current assets excluding deferred tax assets*	
	3 months ended 31 December 2017 € (000's)	*3 months ended 31 December 2016 € (000's)*	*31 December 2017 € (000's)*	*30 September 2017 € (000's)*
France	59'616	29'947	100'580	101'710
UK	49'656	14'026	43'936	44'381
Switzerland	50'804	56'312	59'880	60'731
Netherlands	28'593	6'868	39'108	40'418
Spain	28'696	6'177	43'655	43'686
Sweden	23'479	24'835	29'588	29'382
Belgium	15'072	1'145	26'215	27'425
Germany	13'633	12'538	16'621	17'002
All other countries	35'501	8'471	18'172	18'541
Not allocated			1'339'891	1'349'505
Total	**305'049**	**160'319**	**1'717'646**	**1'732'781**

The non-current assets excluding deferred tax assets reported as "not allocated" consist primarily of intangible assets, such as goodwill, customer contracts and trademarks.

6. Revenue by business line

	3 months ended 31 December 2017 € (000's)	*3 months ended 31 December 2016 € (000's)*
Revenue from publicly accessible points of sale	57'670	51'459
Revenue from semi-public points of sale	43'070	23'751
Revenue from privately placed points of sale	168'001	89'210
Revenue from trade sales of machines and products	23'367	11'002
Revenue from the coffee roaster	15'159	-
Other revenue	20'680	5'914
Total revenue	**327'947**	**181'335**

In order to enhance the visibility on the performance of individual business lines under the new combined Group, a re-definition of business lines was conducted and implemented starting 1 October 2017, with a restatement of the financial year ended 30 September 2017.

The main change, for business lines, is the introduction of the semi-public line. Semi-public defines an area accessible to end-consumers either visiting the premises or employed on the premises. The main purpose of visitors on the premises shall not be travel (such premises are captured within the public line) or work (such premises are captured within the private line): it can be leisure, education, health, access to public services, etc.

OCS, or Office Coffee Solutions, have become part of the private line characterised by, and targeting "Workplace" customers, as opposed to "On The Go".

As a result of the Pelican Rouge acquisition, the coffee roasting activity is captured in a new, distinct business line.

Due to the nature of the Group's operating segments, whereby the sale of goods and rendering of services are often incorporated into one contractual price, it remains impossible to split revenue into these categories. Therefore the Group continues to disclose instead the allocation of revenue used for internal management reporting purposes.

7. Vending fee

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

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

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

8. Finance costs results net

	3 months ended 31 December 2017 € (000's)	*3 months ended 31 December 2016 € (000's)*
Interest on loan due to parent undertaking	(11'910)	(9'584)
Interest on other loans	(13'937)	(10'556)
Finance lease interest expense	(317)	(225)
Factoring interest expense	(256)	(7)
Other interest and finance expense	(304)	(30)
Change in fair value of derivative financial instruments	6'199	(1'712)
Foreign exchange gain/(loss) (net)	(8'778)	4'130
Total finance costs	**(29'303)**	**(17'983)**

9. Property, plant and equipment

Property, plant and equipment consists primarily of vending equipment.

Additions of property, plant and equipment in the 3 months ended 31 December 2017 amount to € 26.5 million.

Net book values of disposals of property, plant and equipment in the 3 months ended 31 December 2017 amount to € 0.8 million.

10. Goodwill

	31 December 2017 € (000's)	*30 September 2017 € (000's)*
Goodwill	**667'441**	**667'441**

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

The goodwill as a result of Pelican Rouge acquisition is a provisional number and subject to adjustment as a result of the Purchase Price Allocation one year window from date of acquisition available.

11. Other intangible assets

Other intangible assets consist primarily of trademarks and customer contracts.

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

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

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

12. Borrowings

	31 December 2017 € (000's)	30 September 2017 € (000's)
Loans due to parent undertaking at amortised cost	329'822	319'888
Borrowings at amortised cost (including revolving facilities)	947'007	922'995
Total borrowings at amortised cost	**1'276'829**	**1'242'883**

The maturity of borrowings is as follows:

	31 December 2017 € (000's)	30 September 2017 € (000's)
Less than one year	-	-
After one year but not more than five years	1'276'829	1'242'883
Total borrowings at amortised cost	**1'276'829**	**1'242'883**

12.1. Total borrowings by currency

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

	31 December 2017			30 September 2017		
	€ million	in %	Interest rate	€ million	in %	Interest rate
EUR	1'092.6	83.9%	7.4%	1'053.1	83.1%	7.5%
CHF	209.4	16.1%	6.5%	213.8	16.9%	6.5%
Total	**1'302.0**	**100%**	**7.2%**	**1'266.9**	**100%**	**7.3%**

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

12.2. Rate structure of borrowings

	31 December 2017 € million	30 September 2017 € million
Total borrowings at variable rates	30.0	-
Total borrowings at fixed rates	1'246.8	1'242.9
Total borrowings at amortised cost	**1'276.8**	**1'242.9**

12.3. Details of borrowing facilities

In June 2014 the Group issued a € 350 million 6.5% senior secured note (ISIN: XS1078234686, XS1078234330) and a CHF 245 million 6.5% senior secured note (ISIN: XS1078234926, XS1078235147). The notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF market.

In addition the Group's parent undertaking, Selecta Group S.a.r.L. issued a PIK loan for € 220 mil-lion, 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.

As part of the Pelican Rouge acquisition, new Selecta loans were issued for € 374.8 million, both carrying a cash interest rate of 4.0% + EURIBOR (with a floor of 0.50%) at closing, with an increasing ratchet for PIK interest of 0.0% to 3.0% between closing and December 2019 (1.0% in June 2018, 2.0% in December 2018, 2.50% in June 2019 and 3.0% in December 2019). These loan facilities are not listed on the Stock Exchange.

As part of the Pelican Rouge acquisition, the Group has upsized its senior revolving credit facility by € 50 million, to € 100 million. The amounts drawn under this facility were € 30 million at 31 December 2017 (30 September 2017: € 0 million). The interest rate on this senior revolving credit facility has remained based on the relevant rate of the currency drawn (LIBOR/EURIBOR) plus 3.5%.

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 receivables and 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, a minimum net leverage ratio must be met before further drawings may be made under the facility. The net leverage ratio represents the ratio of Consolidated Adjusted EBITDA as defined in the super senior revolving credit facility agreement of the last twelve months to Consolidated Senior Secured Net Debt.

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

13. Equity

13.1. Share capital and share premium

The Group’s share capital consists of 187’000 fully paid ordinary shares (2016: 187’000) with a nominal value of € 1 per share.

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

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

13.2. Reserves

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

	Attributed to equity holders of the parent			
31 December 2017	*Currency translation reserve € (000’s)*	*Retained earnings € (000’s)*	*Hedging reserve € (000’s)*	***Total** € (000’s)*
Foreign currency translation differences for foreign operations	9’709	-	-	9’709
Total other comprehensive income, net of tax	**9’709**	**-**	**-**	**9’709**

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

Reserves arising from foreign currency translation adjustments comprise the differences from the foreign currency translation of the financial statements of subsidiaries from the functional currency into €. Additionally, the foreign exchange differences on qualifying net investment loans are included in this reserve.

Retained earnings include the accumulated net losses as well as the accumulated remeasurement gains and losses on post-employment benefit obligations, including any related income taxes.

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

13.3. Preliminary Purchase Price Allocation adjustment

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

In the first quarter, a €15.1 million adjustment was recorded after the identification of several fair value adjustments, the main one being the release of a current provision for which the risk was assessed as being highly unlikely to materialise.

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

14. Financial instruments

14.1. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

At 31 December 2017

	Carrying amount				*Fair value*			
	Cash flow hedging instrument € (000's)	*Loans and receivables € (000's)*	*Other financial liabilities € (000's)*	***Total € (000's)***	*Level 1 € (000's)*	*Level 2 € (000's)*	*Level 3 € (000's)*	***Total € (000's)***
Financial assets measured at fair value								
Cross currency swaps	11'813			11'813		11'813		11'813
	11'813	-	-	**11'813**				
Financial assets not measured at fair value								
Trade receivables	-	76'554	-	76'554				
Non-current other financial assets	-	6'781	-	6'781				
Cash and cash equivalents	-	93'290	-	93'290				
Accrued income	-	36'277	-	36'277				
	-	**212'903**	**-**	**212'903**				
Financial liabilities measured at fair value								
Cross currency swaps used for hedging	(3'954)			(3'954)		(3'954)		(3'954)
	(3'954)	-	-	**(3'954)**				**-**
Financial liabilities not measured at fair value								
Revolver credit facility	-	-	(27'713)	**(27'713)**		(27'713)		**(27'713)**
Secured loan notes	-	-	(919'294)	**(919'294)**	(942'129)			**(942'129)**
Loans due to parent undertaking	-	-	(329'822)	**(329'822)**		(329'822)		**(329'822)**
Finance lease liabilities	-	-	(41'082)	**(41'082)**		(41'082)		**(41'082)**
Factoring liabilities			(5'002)	**(5'002)**		(5'002)		**(5'002)**
Reverse factoring liability			(7'557)	**(7'557)**		(7'557)		**(7'557)**
Trade payables	-	-	(169'850)	**(169'850)**				
	-	-	(1'500'321)	**(1'500'321)**				

At 30 September 2017

	Carrying amount				Fair value			
	Cash flow hedging instrument € (000's)	*Loans and receivables € (000's)*	*Other financial liabilities € (000's)*	***Total € (000's)***	*Level 1 € (000's)*	*Level 2 € (000's)*	*Level 3 € (000's)*	***Total € (000's)***
Financial assets measured at fair value								
Cross currency swaps	7'884	-	-	**7'884**	-	7'884	-	**7'884**
	7'884	-	-	**7'884**				
Financial assets not measured at fair value								
Trade receivables	-	75'093	-	**75'093**				
Non-current other financial assets	-	6'354	-	**6'354**				
Cash and cash equivalents	-	134'782	-	**134'782**				
Accrued income	-	31'191	-	**31'191**				
	-	**247'420**	**-**	**247'420**				
Financial liabilities measured at fair value								
Cross currency swaps	(6'211)	-	-	**(6'211)**	-	(6'211)	-	**(6'211)**
	(6'211)	**-**	**-**	**(6'211)**				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	-	**-**	-	-	-	**-**
Secured loan notes	-	-	(922'995)	**(922'995)**	(948'623)	-	-	**(948'623)**
Loans due to parent undertaking	-	-	(319'888)	**(319'888)**	-	(319'888)	-	**(319'888)**
Finance lease liabilities	-	-	(42'038)	**(42'038)**	-	(42'038)	-	**(42'038)**
Factoring liabilities	-	-	(7'916)	**(7'916)**	-	(7'916)	-	**(7'916)**
Reverse factoring liability	-	-	(9'718)	**(9'718)**	-	(9'718)	-	**(9'718)**
Trade payables	-	-	(191'723)	**(191'723)**				
	-	**-**	(1'494'278)	**(1'494'278)**				

14.2. Measurement of fair values

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

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

14.3. Derivative financial instruments

The Group holds certain cross currency swaps in order to hedge against the impact of exchange rate fluctuations on the Group's interest payments and borrowings. Part of the cross currency swaps entered into in June 2014 have been designated as cash flow hedges to the extent that they represent an effective accounting hedge. These hedging instruments have been terminated in May 2016 and therefore hedge accounting was discontinued prospectively. The remaining hedge reserve of the terminated hedging instruments have been fully reclassified from equity to profit and loss when the original exchange rate fluctuations on the Group's interest payments and borrowings impact profit or loss. No hedge accounting is applied to the new cross currency swaps the Group entered into in the renewal transactions in the reporting period.

At 31 December 2017 the derivative financial instruments had a positive fair value of net € 7.9 million, at prior year end had a positive fair value of net € 1.8 million. The fair value movement was recognized in the P&L.

The following table shows the original trade date, maturity date, notional amounts and carrying amount of the cross currency swaps designated as cash flow hedges:

31 December 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	(3'842)
SEK / EUR cross currency swap	20 June 2014	15 June 2018	170'000	11'812

14.4. Master netting or similar agreements

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

15. Assets and liabilities held for sale

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.

Consequently, the Group's management is committed to a plan to sell Selecta Finland, including all assets, liabilities, contracts and commercial relationships.

Accordingly, these Selecta Finland is presented as a disposal group held for sale in the consolidated financial statements per 30 September 2017 as well as at 31 December 2017.

At 31 December 2017, assets and liabilities of the disposal group held for sale were:

	Total *€ (000's)*
Property, plant and equipment	1'773
Other intangible assets	315
Deferred income tax assets	9
Inventories	751
Trade and other receivables	1'671
Other current assets	445
Cash and cash equivalents	856
Asset held for sale	**5'822**
Finance lease liabilities	387
Deferred income tax liabilities	0
Trade payables	816
Current income tax liabilities	94
Other current liabilities	1'845
Liabilities held for sale	**3'143**

16. Events after the balance sheet date

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

The Notes were issued on February 2, 2018. The proceeds of the Notes are 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 the issuance of the Notes.

The Group has completed on 2 February the acquisition of Argenta, a leading vending and coffee service provider in Italy, from Motion Equity Partners. The combination with Argenta is expected to strengthen Selecta's position as the pan-European industry leader with an enlarged presence in 16 countries.

The Group has announced in January 2018 the sale of Selecta Finland to JOBmeal, with the finalisation of the transaction expected to occur in March 2018. Selecta Finland employs about 95 people and generated sales of approximately €14 million in the prior financial year.

To the best of management's knowledge, no other events have occurred between 31 December 2017 and the date of these consolidated financial statements that could have a material impact on the consolidated financial statements.

Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the 3 months ended 31 December 2017 have been authorised by the Board of Directors on 27 February 2018.

Amsterdam, 27 February 2018

David Hamill
President of the Supervisory Board

Mark Brown
Member of the Supervisory Board

Markus Hunold
Member of the Supervisory Board

David Flochel
Member of the Board of Directors

Hugues Rougier
Member of the Board of Directors