selecta

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

Condensed consolidated interim financial statements for the 6 months ended 31 March 2019

These condensed consolidated interim financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V. prepared in accordance with Dutch GAAP.

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Condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss

	Notes	6 months ended 31 March 2019 € (000's)	6 months ended 31 March 2018 Restated[1] € (000's)	3 months ended 31 March 2019 € (000's)	3 months ended 31 March 2018 Restated[1] € (000's)
Revenue	5, 6	810'108	700'744	408'305	364'264
Vending fee	7	(80'220)	(67'030)	(39'702)	(36'810)
Materials and consumables used		(275'225)	(243'482)	(140'941)	(124'197)
Employee benefits expense		(235'313)	(211'503)	(117'932)	(109'823)
Depreciation and amortisation expense		(99'308)	(85'874)	(51'207)	(43'704)
Other operating expenses		(125'707)	(106'309)	(63'531)	(61'960)
Other operating income		5'508	9'216	3'102	10'202
(Loss) / Gain on disposal of subsidiaries		(48)	1'460	(1)	1'260
Profit/(Loss) before finance costs, net and income tax		**(205)**	**(2'778)**	**(1'907)**	**(768)**
Finance costs	8	(72'161)	(120'004)	(26'598)	(76'205)
Finance income	8	20'937	15'063	50	17'403
Profit/(Loss) before income tax		**(51'429)**	**(107'719)**	**(28'455)**	**(59'570)**
Income taxes		2'157	6'357	317	5'004
Profit/(Loss) for the period		**(49'272)**	**(101'362)**	**(28'138)**	**(54'566)**
Profit/(Loss) attributable to:					
Owners of the Company		(49'015)	(101'362)	(28'013)	(54'566)
Non-controlling interests		(257)	-	(125)	-
		(49'272)	**(101'362)**	**(28'138)**	**(54'566)**
Revenue net of vending fees[2]	5, 7	729'888	633'714	368'603	327'454

The notes on pages 9 to 28 are an integral part of these condensed consolidated interim financial statements.

[1] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

[2] The Group presents revenue net of vending fee which is a leading internal performance measure but not a defined performance measure in IFRS (refer to note 7). Due to this vending fee is separately disclosed below the revenue line and excluded from the line other operating expenses for both half years ending 31 March 2019 and 2018.

Condensed consolidated statement of comprehensive income

	6 months ended	*6 months ended*	*3 months ended*	*3 months ended*
	31 March 2019	*31 March 2018*	*31 March 2019*	*31 March 2018*
	€ (000's)	*€ (000's) Restated[3]*	*€ (000's)*	*€ (000's) Restated[3]*
Profit/(Loss) for the period	**(49'272)**	**(101'362)**	**(28'138)**	**(54'566)**
Items that will not be reclassified to the consolidated statement of profit or loss				
Re-measurement loss on post-employment benefit obligations	(3'000)	-	(3'000)	-
Income tax relating to re-measurement gain on post-employment benefit obligations	867	-	867	-
	(2'133)	**-**	**(2'133)**	**-**
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss				
Foreign exchange translation differences for foreign operations	(18'919)	(5'837)	(10'935)	(15'546)
Other comprehensive income/(loss) for the period	**(21'052)**	**(5'837)**	**(13'068)**	**(15'546)**
Total comprehensive income/(loss) for the period	**(70'324)**	**(107'199)**	**(41'206)**	**(70'112)**
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(70'067)	(107'199)	(41'082)	(70'112)
Non-controlling interests	(257)	-	(124)	-
	(70'324)	**(107'199)**	**(41'206)**	**(70'112)**

The notes on pages 9 to 28 are an integral part of these condensed consolidated interim financial statements.

[3] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

Condensed consolidated balance sheet

	Notes	*31 March 2019 € (000's)*	*30 September 2018 € (000's) Restated*[4]
Non-current assets			
Property, plant and equipment	9	405'196	405'621
Goodwill	10	1'076'146	1'061'389
Trademarks	11	347'114	348'414
Customer contracts	11	339'242	357'496
Other intangible assets	11	23'937	22'905
Deferred income tax assets		24'409	24'442
Non-current financial assets		8'338	8'576
Net defined benefit asset		62'568	59'890
Derivative financial instruments	15	11'625	11'942
Total non-current assets		**2'298'575**	**2'300'675**
Current assets			
Inventories		107'196	99'510
Trade receivables		68'622	82'382
Other current assets		64'800	55'550
Cash and cash equivalents		99'918	163'833
Total current assets		**340'536**	**401'275**
Total assets		**2'639'111**	**2'701'950**

The notes on pages 9 to 28 are an integral part of these condensed consolidated interim financial statements.

[4] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

	Notes	31 March 2019 € (000's)	30 September 2018 € (000's) Restated[5]
Equity and liabilities			
Equity			
Share capital	13	187	187
Share premium	13	895'974	895'974
Currency translation reserve	13	(151'728)	(132'809)
Hedging reserve	13	158	158
Retained earnings	13	(590'008)	(538'860)
Equity attributable to owners of the Company		**154'583**	**224'650**
Non-controlling interests		**87**	**344**
Total equity		**154'670**	**224'994**
Non-current liabilities			
Loans due to parent undertaking	12	347'916	328'212
Borrowings	12	1'325'160	1'322'441
Derivative financial instruments	15	7'711	3'383
Finance lease liabilities		24'707	27'377
Net defined benefit liability		18'779	17'986
Provisions		35'484	34'769
Other non-current liabilities		12'848	13'723
Deferred income tax liabilities		201'471	207'254
Total non-current liabilities		**1'974'076**	**1'955'145**
Current liabilities			
Finance lease liabilities		11'640	13'728
Trade payables		271'615	267'491
Provisions		7'421	10'531
Current income tax liabilities		4'709	1'649
Other current liabilities		214'980	228'412
Total current liabilities		**510'365**	**521'811**
Total liabilities		**2'484'441**	**2'476'956**
Total equity and liabilities		**2'639'111**	**2'701'950**

The notes on pages 9 to 28 are an integral part of these condensed consolidated interim financial statements.

[5] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

Condensed statement of changes in consolidated equity

	Attributable to owners of the Company							
	Share capital	*Share premium*	*Currency translation reserve*	*Hedging reserve*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Balance at 1 October 2017	**187**	**695'565**	**(111'220)**	**-**	**(427'959)**	**156'573**	**-**	**156'573**
Other comprehensive Income/(loss)	-	-	(5'837)			(5'837)	-	(5'837)
Income/(loss) for the period	-	-	-	-	(101'362)	(101'362)	-	(101'362)
Total comprehensive income/(loss)	-	-	(5'837)	-	(101'362)	(107'199)	-	(107'199)
Equity contribution[6]	-	200'409	-	-	-	200'409	-	200'409
Acquisition of subsidiary with NCI	-	-	-	-	-	-	1'087	1'087
Balance at 31 March 2018 restated[7]	**187**	**895'974**	**(117'057)**	**-**	**(529'321)**	**249'783**	**1'087**	**250'870**
Balance at 1 October 2018 restated[6]	**187**	**895'974**	**(132'809)**	**158**	**(538'860)**	**224'650**	**344**	**224'994**
Other comprehensive income/(loss)	-	-	(18'919)	-	(2'133)	(21'052)	-	(21'052)
Income/(loss) for the period	-	-			(49'015)	(49'015)	(257)	(49'272)
Total comprehensive income/(loss)	-	-	(18'919)	-	(51'148)	(70'067)	(257)	(70'324)
Balance at 31 March 2019	**187**	**895'974**	**(151'728)**	**158**	**(590'008)**	**154'583**	**87**	**154'670**

The notes on pages 9 to 28 are an integral part of these condensed consolidated interim financial statements.

[6] Please refer to note 13.1

[7] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

Condensed consolidated cash flow statement

	6 months ended 31 March 2019 € (000's)	*6 months ended 31 March 2018 € (000's) Restated[8]*
Cash flows from operating activities		
Profit/(Loss) before income tax	(51'429)	(107'719)
Depreciation and amortisation expense	99'308	85'874
Gain on disposal of property, plant and equipment, net	(9'231)	(2'867)
Loss / (gain) on disposal of subsidiaries	48	(1'460)
Finance costs, net	51'224	104'941
Changes in working capital:		
(Increase)/Decrease in inventories	(6'172)	(7'174)
(Increase)/Decrease in trade receivables	5'901	(17'132)
(Increase)/Decrease in other current assets	1'377	2'158
Increase/(Decrease) in trade payables	277	(34'930)
Increase/(Decrease) in other liabilities	(8'517)	(24'031)
Income taxes paid	(720)	(866)
Net cash generated from operating activities	**82'066**	**(3'206)**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(16'962)	(20'683)
Proceeds from sale of subsidiaries, net of cash disposed	-	12'749
Purchases of property, plant and equipment	(79'677)	(54'402)
Purchases of intangible assets	(5'064)	(2'210)
Proceeds from sale of property, plant and equipment	19'010	4'322
Interest received	75	81
Net cash used in investing activities	**(82'618)**	**(60'143)**
Cash flows from financing activities		
Proceeds from issuance of loans and borrowings	-	1'302'314
Repayment of loans and borrowings	(6'902)	(1'176'524)
Repayment from factoring	(3'008)	(4'013)
Interest paid	(53'214)	(33'920)
Financing costs paid	(1'913)	(32'275)
Proceeds from settlement of derivatives	-	6'784
Net cash used in financing activities	**(65'037)**	**62'367**
Net increase / (decrease) in cash and cash equivalents	**(65'589)**	**(982)**
Cash and cash equivalents at the beginning of the period	163'833	135'640
Exchange gains / (losses) on cash and cash equivalents	1'674	(1'905)
Cash and cash equivalents at the end of the period	**99'918**	**132'753**

The notes on pages 9 to 28 are an integral part of these condensed consolidated interim financial statements.

[8] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

Notes to the condensed consolidated interim financial statements

1. General Information

Selecta Group B.V. (“the Company”) is a limited liability company incorporated and domiciled in Amsterdam, the Netherlands. The Company and its subsidiaries are collectively referred to herein as “the Group” or “the Selecta Group”. The Group is a pan-European self-service retail and coffee services company.

These condensed consolidated interim financial statements do not represent statutory financial statements of the Company prepared in accordance with Dutch GAAP and the requirements of the Dutch chamber of commerce and have been prepared voluntarily by the Board of Directors.

2. Basis of preparation

These condensed consolidated half year financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”).

The disclosure requirements of IAS 34 are based on the assumption that the reader of the half year financial statements is doing so together with the most recent consolidated financial statements.

The half year financial statements do not include all information required for a complete set of IFRS financial statements and should therefore be read in conjunction with the annual consolidated financial statements as at and for the year ended 30 September 2018.

Selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements for the year ended 30 September 2018.

3. Summary of significant accounting policies

3.1. Accounting policies

Except as described below, the accounting policies adopted in the half year period are consistent with those in the previous financial year as disclosed in the Company’s consolidated financial statements for the year ended 30 September 2018.

The Group applied IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”) and IFRS 9 *Financial Instruments* (“IFRS 9”) for the first time as of 1 October 2018. The impact of the initial application of these standards is explained below.

IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations, and contains new requirements related to presentation and disclosure. The core principle included in the new 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 has applied IFRS 15 as of 1 October 2018 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18. The Group only applied IFRS 15 retrospectively to contracts which had not yet been completed as at 1 October 2018.

IFRS 15 did not have a significant impact on the Group’s accounting policies with respect to all of the Group’s revenue streams (see Note 6). Because the initial application of IFRS 15 did not result in significant changes in the amount and the timing of revenue recognition as well as the accounting for contract cost, equity was not adjusted as of 1 October 2018.

IFRS 9

IFRS 9 specifies how financial assets, financial liabilities and some contracts to buy or sell non-financial items should be classified and measured. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

Classification and measurement of financial assets and financial liabilities

The new standard contains three principal classification categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, available-for-sale and trading. The existing requirements for the classification and measurement of financial liabilities have largely been retained. As a result of the new classification requirements the Group reclassified financial assets previously classified as loans and receivables to financial assets at amortised cost as of 1 October 2018. The change in classification did not have an impact on the measurement of these financial assets.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. Under the new guidance, credit losses are recognised earlier than under IAS 39. The new impairment model applies to financial assets measured at amortised cost and contract assets in the scope of IFRS 15. The transition to the new impairment model did not result in a material impact to the financial statements of the Group.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively as of 1 October 2018 and comparative information has not been restated. The Group did not adjust equity as of 1 October 2018 because the transition to the new standard did not result in a material impact to the Group's financial statements.

Various other IFRIC and IFRS requirements are effective from 1 October 2018, which do not have a material effect on the Group's financial statements.

3.2. New and revised/amended standards and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 October 2019 and earlier application is permitted. However, the Group has not early adopted them in preparing these condensed consolidated interim financial statements.

The Group is currently reviewing its financial reporting for the new and amended standards which take effect on or after 1 October 2019 with a focus on the initial application of IFRS 16 *Leases* ("IFRS 16"). IFRS 16 replaces existing leases guidance, including IAS 17 *Leases* and related interpretations. The new leases standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard.

3.3. Statement of seasonality of operations

Whilst the business of Selecta fluctuates from month to month, the impact between quarters is limited, except for working capital 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 the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

5. Segmental reporting

The Group's Board of Directors examines the results achieved by each segment when making decisions on the allocation of resources and assessment of performance. The Group's 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, earns revenues and incurs expenses:

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

- **Segment Central:** characterised by paid-vend, mixed channel vending and includes Switzerland, Germany, Austria and France, with a strong presence and expertise in the public business

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

Revenues, revenues net of vending fees and profit/(loss) before finance costs, net and income taxes, depreciation and amortisation expense as the operating result of the Group's reportable segments are regularly reviewed by the Board of Directors, as the Group's Chief Operating Decision Maker, to assess performance and to determine how resources should be allocated.

Result for the 6 months ended 31 March 2019

	South, UK & Ireland	*Central*	*North*	*Total reportable segments*	*HQ and Interco*	*Total Group*
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Revenue	298'146	295'180	230'638	**823'964**	(13'856)	**810'108**
Revenue net of vending fee	273'580	248'786	221'378	**743'744**	(13'856)	**729'888**
Profit/(loss) before finance costs, net and income taxes, depreciation and amortisation expense	**41'131**	**34'771**	**44'543**	**120'445**	**(21'342)**	**99'103**
Depreciation and amortisation expense	(26'431)	(28'553)	(19'961)	**(74'945)**	(24'363)	**(99'308)**
Loss before finance costs, net and income tax						**(205)**
Finance costs, net						**(51'224)**
Profit/(Loss) before income tax						**(51'429)**

Result for the 6 months ended 31 March 2018

	South, UK & Ireland	Central	North	Total reportable segments	HQ and Interco	Total Group
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Revenue	207'539	292'777	212'276	**712'592**	(11'849)	**700'744**
Revenue net of vending fee	191'121	246'650	207'792	**645'563**	(11'849)	**633'714**
Profit/(loss) before finance costs, net and income taxes, depreciation and amortisation expense	**20'781**	**40'084**	**47'887**	**108'752**	**(25'656)**	**83'096**
Depreciation and amortisation expense	(18'733)	(29'028)	(18'833)	**(66'594)**	(19'280)	**(85'874)**
Loss before finance costs, net and income tax						**(2'778)**
Finance costs, net						**(104'941)**
Profit/(Loss) before income tax						**(107'719)**

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

Result for the 6 months ended 31 March 2019

	South, UK & Ireland *€ (000's)*	Central *€ (000's)*	North *€ (000's)*	Total reportable segments *€ (000's)*	HQ and Interco **€ (000's)**	Total Group *€ (000's)*
Revenue from On the Go channel	107'992	144'542	32'800	285'334	-	285'334
Third party revenue from Workplace channel	140'549	122'670	117'590	380'809	-	380'809
Intersegment revenue from Workplace channel	-	34	-	34	(34)	-
Third party revenue from Trading channel	49'595	27'829	66'541	143'965	-	143'965
Intersegment revenue from Trading channel	10	105	13'707	13'822	(13'822)	-
Revenue	**298'146**	**295'180**	**230'638**	**823'964**	**(13'856)**	**810'108**

Result for the 6 months ended 31 March 2018

	South, UK & Ireland *€ (000's)*	Central *€ (000's)*	North *€ (000's)*	Total reportable segments *€ (000's)*	HQ and Interco **€ (000's)**	Total Group *€ (000's)*
Revenue from On the Go channel	78'729	141'325	28'286	248'339	-	248'339
Third party revenue from Workplace channel	89'958	125'892	117'137	332'988	-	332'988
Intersegment revenue from Workplace channel	-	8	-	8	(8)	-
Third party revenue from Trading channel	37'392	25'484	56'541	119'417	-	119'417
Intersegment revenue from Trading channel	1'461	69	10'311	11'841	(11'841)	-
Revenue	**207'539**	**292'777**	**212'276**	**712'592**	**(11'849)**	**700'744**

6. Revenue by channel

On-the-Go:
The On-the-Go channel includes public and semi-public points of sale (vending machines).

Public points of sale are characterized by their public access, and the fact the customer on these premises purchase the merchandise (goods such as foods and drinks) 'on the go', with travel being the main purpose of their presence at such premises.

Semi-public points of sales are in areas accessible to customers either visiting the premises or employed on the premises. The main purpose of visitors on the premises shall not be travel (such premises are captured within public) or work (such premises are captured within workplace), it can be leisure, education, health, access to public services, etc.

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

Trading:
The Trading channel captures sales of vending machines and ingredients, rental and technical services and the sales of products from our own coffee roasting facility. Roaster products include roasted, blended and packed coffee and related ingredients.

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

7. Vending fee and revenue net of vending fee

The Group enters into contracts with public and semi-public counterparties to install, operate, supply and maintain self-service retail machines on freely accessible public and semi-public locations. In return Selecta pays the counterparties a consideration which is presented as vending fee expense in the consolidated statement of profit or loss.

Over the last few years the Group reported significant increases in public and semi-public revenues with customers and associated vending fees which are partially based on the respective revenue generated by the Group. From the perspective of the Company's management, the economic substance of these transactions is in such cases a revenue-sharing business model between Selecta and its counterparties. As such, for internal operating and management purposes the Group has started to use the measure of revenue net of vending fee in order to assess the performance of the segments and to draw management decisions accordingly, on a consistent basis across segments.

Revenue net of vending fees is not a defined performance measure in IFRS. Management presents the performance measure of revenue net of vending fees because it monitors this performance measure at a consolidated and segment level and it believes that this measure is relevant to the understanding of the Group's financial performance. Due to this, vending fees are separately disclosed below the revenue line and excluded from the line other operating expenses for both half years ending 31 March 2019 and 2018.

8. Finance costs and finance income

	6 months ended 31 March 2019	*6 months ended 31 March 2018 Restated*[9]
	€ (000's)	*€ (000's)*
Interest on loan due to parent undertaking	(19'704)	(18'971)
Interest on other loans	(40'702)	(31'754)
Refinancing costs amortisation	(4'857)	(24'767)
Change in fair value of derivative financial instruments	(4'636)	-
Foreign exchange losses, net	-	(42'863)
Other interest and finance expense	(2'262)	(1'649)
Total finance costs	**(72'161)**	**(120'004)**

	6 months ended 31 March 2019	*6 months ended 31 March 2018*
	€ (000's)	*€ (000's)*
Change in fair value of derivative financial instruments	-	15'063
Foreign exchange gains, net	20'862	-
Other interest and finance income	75	-
Total finance income	**20'937**	**15'063**

[9] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

9. Property, plant and equipment

Cost	*Freehold land and buildings € (000's)*	*Vending equipment € (000's)*	*Vehicles € (000's)*	*Other equipment € (000's)*	***Total € (000's)***
Balance at 1 October 2017	**14'047**	**740'525**	**20'992**	**64'605**	**840'170**
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)	(120)	(65)	**(39'322)**
Effects of foreign currency exchange differences	(6)	(2'098)	(760)	(220)	**(3'083)**
Balance at 30 September 2018	**18'282**	**801'853**	**24'677**	**84'798**	**929'609**
Additions	397	63'984	1'947	8'591	**74'919**
Disposals	(830)	(31'252)	(1'703)	(177)	**(33'961)**
Acquisitions through business combinations	23	3'373	190	419	**4'005**
Disposals through sale of subsidiaries	-	(10'580)	(493)	(1'248)	**(12'320)**
Reclassifications *	114	(18'788)	0	(428)	**(19'102)**
Effects of foreign currency exchange differences	35	4'150	(96)	551	**4'641**
Balance at 31 March 2019	**18'020**	**812'741**	**24'523**	**92'507**	**947'791**
Accumulated depreciation and impairment					
Balance at 1 October 2017	**(3'711)**	**(427'721)**	**(12'540)**	**(35'094)**	**(479'065)**
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	196	(320)	**33'267**
Effects of foreign currency exchange differences	4	1'134	366	205	**1'709**
Balance at 30 September 2018	**(3'522)**	**(466'577)**	**(12'210)**	**(41'678)**	**(523'987)**
Depreciation expense	(622)	(61'185)	(2'243)	(6'377)	**(70'427)**
Disposals	562	24'758	1'417	32	**26'769**
Disposals through sale of subsidiaries	-	10'580	493	1'248	**12'320**
Reclassifications *	(0)	15'441	(0)	230	**15'672**
Effects of foreign currency exchange differences	(28)	(2'694)	43	(262)	**(2'941)**
Balance at 31 March 2019	**(3'611)**	**(479'677)**	**(12'501)**	**(46'808)**	**(542'596)**
Net Book Value					
At 30 September 2018	**14'760**	**335'275**	**12'466**	**43'120**	**405'621**
At 31 March 2019	**14'409**	**333'065**	**12'022**	**45'699**	**405'196**

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

10. Goodwill

	6 months ended 31 March 2019 € (000's)	12 months ended 30 Sept 2018 *€ (000's) Restated*[10]
Balance gross and net carrying amount opening	**1'061'389**	**664'077**
Goodwill relating to Selecta Finland sold in March 2018	-	(7'382)
Provisional goodwill relating to Express Vending acquisition	-	62'150
Goodwill relating to Argenta Group acquisitions	-	342'545
Provisional goodwill relating to minor acquisitions	14'757	-
Balance gross and net carrying amount closing	**1'076'146**	**1'061'389**

The provisional goodwill for the year ending 30 September 2018 resulting from the Argenta Group and Express Vending acquisitions have been restated and their values reach now an amount of € 405 million.

The goodwill relating to Argenta Group is the sum of three components. Selecta's acquisition of the Argenta Group, Argenta's acquisition of a majority stake in Tramezzino and three other local acquisitions performed in the prior year by the Argenta Group.

The acquisition accounting adjustments are presented in note 14.

11. Other intangible assets

Other intangible assets consist primarily of trademarks and customer contracts.

The trademarks "Selecta" and "Pelican Rouge" recognised by the Group represent the brand names and have an indefinite useful life. Therefore, these trademarks are tested for impairment annually.

Customer contracts recognised by the Group arise from customer contracts acquired as part of previous business combinations, including the Pelican Rouge acquisition, and are amortised over their useful life of 15 years. Trademarks and customer contracts recognised in the Argenta acquisition are amortised over their useful life of 10 years.

12. Borrowings

	31 March 2019	*30 September 2018*
	€ (000's)	*€ (000's)*
Loans due to parent undertaking at amortised cost	347'916	328'212
Borrowings at amortised cost (incl. revolving credit facility)	1'325'160	1'322'441
Total borrowings	**1'673'076**	**1'650'653**

[10] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

12.1. Borrowings

	31 March 2019			30 September 2018		
	€ (000's)	*in %*	*Interest rate*	*€ (000's)*	*in %*	*Interest rate*
EUR	1'442'916	84.2%	7.2%	1'418'212	83.6%	7.1%
CHF	223'594	13.1%	5.9%	220'926	13.0%	5.9%
GBP	46'598	2.7%	4.2%	56'325	3.3%	4.2%
Total	**1'713'108**	**100%**	**6.9%**	**1'695'463**	**100%**	**6.9%**

The amounts shown above reflect the nominal value and original currency of the borrowings including accrued interest for the PIK proceeds loan without the deduction of net capitalized transaction costs. The nominal interest rate is disclosed.

12.2. Rate structure of borrowings

	31 March 2019	*30 September 2018*
	€ (000's)	*€ (000's)*
Total borrowings at variable rates	365'424	368'817
Total borrowings at fixed rates	1'307'652	1'281'836
Total borrowings at amortised cost	**1'673'076**	**1'650'653**

12.3. Details of borrowing facilities

On 2 February 2018, the Group completed 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 $5^{7/8}$% 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.

As part of the senior debt refinancing, the senior revolving credit facility was upsized to € 150 million from € 100 million. The amounts drawn under this facility were € 51.6 million at 31 March 2019 (30 September 2018: € 56.3 million). The interest rate on this senior revolving credit facility is based on the relevant rate of the currency drawn either EURIBOR or LIBOR plus 3.5%. As at 31 March 2019 in € currency 5 million was drawn with an interest rate of 3.5%, and in GBP currency 40 million was drawn with an interest rate of 4.2%.

In addition, one of the Group's parents, Selecta Group S.a.r.L., had issued a PIK loan for € 220 million in June 2014, 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 of € 5.6 million with the same conditions to the Group. 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.

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 exceed 40% of the RCF facility.

	Interest rate	*31 March 2019*

	%	€ (000's)
PIK proceeds loan	11.875	347'916
Senior secured note (EUR fixed)	5.875	765'000
Senior secured note (EUR floating)	5.375	325'000
Senior secured note (CHF fixed)	5.875	223'594
Senior revolving credit facility (Euribor + 3.5%)	3.5	5'000
Senior revolving credit facility (Libor + 3.5%)	4.2	46'598
Total borrowings and loans due to parent undertaking		**1'713'108**

13. Equity

13.1. Share capital, share premium

The Group's share capital consists of 187'002 fully paid ordinary shares (30 September 2018: 187'002) 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 € 1 per share to Selecta Group Midco S.a.r.L., the shareholder of Selecta Group B.V. The new shares were 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 had previously entered into a PIK loan agreement, as a result of which this shareholder had a receivable on the Company in the 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.

13.2. Reserves

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

	Attributable to owners of the Company			
For the 6 months ended 31 March 2019	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total** € (000's)*
Foreign currency translation differences for foreign operations	(18'919)	-	-	**(18'919)**
Re-measurement gain/(loss) on post-employment benefit obligations, net of tax	-	(2'133)	-	**(2'133)**
Total other comprehensive income, net of tax	**(18'919)**	**(2'133)**	**-**	**(21'052)**

	Attributable to owners of the Company			
For the 12 months ended 30 September 2018	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total** € (000's)*
Foreign currency translation differences for foreign operations	(21'589)	-	-	**(21'589)**
Re-measurement 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**
Total other comprehensive income, net of tax	**(21'589)**	**6'871**	**158**	**(14'560)**

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

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

14. Purchase price allocation adjustment

As part of the purchase price allocation conducted according to IFRS 3 – *Business Combinations* after the acquisition of Argenta and Express Vending, the Group has identified fair value adjustments to the acquisition opening balance sheet of these companies, to be finalised within one year from the date of acquisition.

14.1. Acquisition of Argenta: measurement period adjustments

On 2 February 2018, the group completed the acquisition of 100% of Gruppo Argenta S.p.A, a leading vending and coffee service provider in Italy.

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.

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.

The acquisition goodwill was adjusted during the 6 months ended 31 March 2019 by a net amount of € 20’289k resulting from fair value adjustments. These primarily include the fair value measurement of intangible assets resulting in a valuation of the trademark of € 26’000k, related deferred tax liabilities of € 6’240k and other adjustments for € 529k.

	2 February 2018 € (000's) Restated[11]
Total consideration	**223'133**
Split into:	
- *Cash consideration*	*22'724*
- *Non-cash consideration*	*200'409*
Amounts of assets acquired and liabilities assumed at the date of acquisition:	
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	(16'004)
Total identifiable net assets acquired	**(187'842)**
Consideration in excess of net assets acquired	**410'975**
Customer contracts	77'780
Trademark	26'000
Deferred tax liability on intangible assets recognized	(24'907)
Goodwill allocated	**332'102**

[11] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

14.2. Acquisition of Tramezzino: measurement period adjustments

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 the result of a step by step contracted stake acquisition. Before 1 March 2018, Argenta held 32.18% and the assets were accounted for as an investment.

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.

	1st March 2018 € (000's) Restated[12]
Total investment in Tramezzino	**3'493**
Total identifiable net assets acquired	429
Non-controlling Interests	211
Goodwill allocated	**3'275**

The acquisition goodwill was adjusted by a net amount of € 546k resulting from fair value adjustments. These included various estimation and accounting alignments or corrections such as the final alignment to Selecta Group accounting policies on fair values of intangible assets, corrections relating to liabilities and costs not provided for in the initial acquisition accounting.

14.3. Acquisition of Express Vending: measurement period adjustments

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.

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.

The acquisition goodwill was adjusted during the year by a net amount of € 1'363k resulting from fair value adjustments due to an adjustment of the final purchase price by € 623k, as well as accounting alignments or corrections such as intercompany accounts receivable.

[12] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

	17 August 2018 *€ (000's)* *Restated*[13]
Total consideration	**69'141**
Amounts of assets acquired and liabilities assumed at the date of acquisition:	
Property, plant and equipment	986
Other non-current assets acquired	607
Inventories	1'655
Trade receivables	6'196
Cash and cash equivalents	6'432
Trade payables	(3'522)
Other current liabilities	(5'230)
Other non-current liabilities	(133)
Total identifiable net assets acquired	**6'991**
Preliminary goodwill	**62'150**

15. Financial instruments

15.1. Accounting classifications and fair values

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

[13] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

31 March 2019	*Carrying amount*				*Fair value*			
	Mandatorily at FVTPL - others	*Financial assets at amortised cost*	*Other financial liabilities*	***Total***	*Level 1*	*Level 2*	*Level 3*	***Total***
	€ (000's)	*€ (000's)*	*€ (000's)*	***€ (000's)***	*€ (000's)*	*€ (000's)*	*€ (000's*	***€ (000's)***
Financial assets measured at fair value								
Cross currency swaps	**11'625**	**-**	**-**	**11'625**		11'625	-	11'625
	11'625	**-**	**-**	**11'625**				
Financial assets not measured at fair value								
Trade receivables	-	68'622	-	68'622				
Non-current financial assets	-	8'338	-	8'338				
Cash and cash equivalents	-	99'918	-	99'918				
Accrued income	-	39'488	-	39'488				
	-	**216'366**	**-**	**216'366**				
Financial liabilities measured at fair value								
Cross currency swaps	(7'711)	-	-	(7'711)		(7'711)	-	(7'711)
	(7'711)	**-**	**-**	**(7'711)**				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	(51'598)	(51'598)		(51'598)		(51'598)
Bank credit facility	-	-	(4'215)	(4'215)		(4'215)		(4'215)
Secured loan notes	-	-	(1'313'594)	(1'313'594)	(1'336'515)			(1'336'515)
Loans due to parent undertaking	-	-	(347'916)	(347'916)		(347'916)		(347'916)
Finance lease liabilities	-	-	(36'347)	(36'347)		(36'347)	-	(36'347)
Factoring liabilities	-	-	(99)	(99)		(99)	-	(99)
Reverse factoring liability & credit facilities	-	-	(7'477)	(7'477)		(7'477)	-	(7'477)
Trade payables	-	-	(271'615)	(271'615)				
	-	**-**	**(2'032'861)**	**(2'032'861)**				

30 September 2018	Carrying amount Restated[14] Cash flow hedging instrument € (000's)	Loans and receivables € (000's)	Other financial liabilities € (000's)	Total € (000's)	Fair value Level 1 € (000's)	Level 2 € (000's)	Level 3 € (000')	Total € (000's)
Financial assets measured at fair value								
Cross currency swaps	11'942	-	-	**11'942**	-	11'942	-	**11'942**
	11'942	-	-	**11'942**				
Financial assets not measured at fair value								
Trade receivables	-	82'382	-	**82'382**				
Non-current financial assets	-	8'576	-	**8'576**				
Cash and cash equivalents	-	163'834	-	**163'834**				
Accrued income	-	34'147	-	**34'147**				
	-	**288'939**	**-**	**288'939**				
Financial liabilities measured at fair value								
Cross currency swaps	(3'383)	-	-	**(3'383)**	-	(3'383)	-	**(3,383)**
	(3'383)	**-**	**-**	**(3'383)**				
Financial liabilities not measured at fair value								
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	-	-	(267'491)	**(267'491)**				
	-	**-**	(2'018'911)	**(2'018'911)**				

Factoring liabilities have reduced since 30 September 2018 as the Group replaced its legacy trade receivables factoring with recourse program by a trade receivables factoring program with no recourse to the Company. This new non-recourse program allowed the Group to de-recognize trade receivables in the amount of € 56.2 million (€ 39.0 million at 30 September 2018) and improve its net working capital as well as cash flow from operating activities.

[14] Restatement due to measurement period adjustments of acquired businesses and other movements as described in note 17.

15.2. 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	Discounted cash flows	Not applicable
Other financial liabilities	Discounted cash flows	Not applicable

15.3. Derivative financial instruments designated as cash flow hedges

On 2 February 2018, the Group entered into new cross currency swaps in the value of € 404 million with a maturity date of 1 October 2021 and conditions set out below. No hedge accounting is applied to these cross currency swaps. The net fair value of the swaps at 31 March 2019 was recognized at a value of € 3.9 m (30 September 2018: € 8.5 million), resulting in a loss of € 4.6 million in the period ended 31 March 2019.

31 March 2019 and 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
UR/SEK Fixed-Fixed Principal Final Exchange Cross Currency Swap	173'000	1'695'400

16. Commitments for expenditures

Operating lease commitments

The Group leases land, operating buildings like warehouses, offices and vehicles under operating lease agreements. The lease expenditure charged to the statement of profit or loss for the 6 months ended 31 March 2019 is € 94.6 million, thereof minimum lease payments € 47.3 million (for the 6 months ended 31 March 2018: € 73.4 million and € 36.2 million, respectively).

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

	31 March 2019 € (000's)	*30 September 2018 € (000's)*
Within one year	37'341	26'200
After one year but not more than five years	71'604	54'664
More than five years	36'148	36'629
Total operating lease commitments	**145'093**	**117'493**

€ 34.3 million (2018: € 35.6 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.

17. Restated prior year interim financial statement

During the preparation of these condensed consolidated interim financial statements, adjustments were made to the comparative financial statements for the period ended 31 March 2018.

In the condensed cash flow statement Argenta's repayment of the loan of € 201'254k was re-classified from investing activities to financing activities. The amount presented in the restated cash flow statement of € 1.3 billion proceeds and € -1.1 billion repayment is gross value instead of net value of € 163 million.

Certain of the Group's intercompany loans qualify as a net investment in a foreign operation requiring any foreign currency gains and losses to be recognized in other comprehensive income. Accordingly, foreign currency gains of € 22.3 million were recorded in equity. Furthermore, a € 4.0 million decrease of deferred tax liabilities was recorded.

Additionally, accounting for acquisitions was revised within the one-year measurement period in accordance with IFRS 3 as disclosed in Note 14.

18. Share based payments

In April 2018, the Group implemented a long-term incentive plan for key senior management called «Management incentive plan» (MIP). The MIP offers the opportunity to invest indirectly, through a partnership, in certain instruments of one of Selecta Group B.V.'s parents (HoldCo) which is not in the scope of these consolidated financial statements, at nominal value. 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, it is classified as an equity-settled plan.

Entitled managers entered into the plan in April 2018 and the following months by signing a deed of adherence. The individual deed signing date represents the grant date. Managers subscribed to almost 100 % of the total plan volume by 31 March 2019.

The following investments were made by 31 March 2019:

- Class A interests which provide an indirect economic interest in 597,238,605 preferred equity certificates (PECs) of HoldCo with a total nominal value of € 5'972'386.
- Class B interests which provide an indirect economic interest in 28'455 ordinary shares with a nominal value of € 285 representing 0.86 % of the HoldCo's share capital and
- Class C interests which provide an indirect economic interest in 223'193 additional shares with a nominal value of € 2'232 representing 6.70 % of the HoldCo's share capital

The PECs underlying class A interests are interest-bearing, have a mandatory retirement date and do not entitle to voting rights in Holdco. They are generally not convertible to equity.

Holders of class B and C interests are entitled to distributions based on the underlying shares including distributions in case of a sale or an initial public offering (IPO), an exit event, of the Group.

The MIP provides the following vesting rules in regards to class C interests:

- Graded vesting over a period of four years with 20% vesting at the grant date and 20% at each anniversary over a period of four years
- Accelerated vesting in case of an exit event

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 termination. A good leaver's vested class C interests would be reimbursed at fair value whereas unvested class C interests would be reimbursed at cost. If a manager became a bad leaver all class C interests would be reimbursed at cost.

The MIP had no significant impact on the Group's financial statements for the period ended 31 March 2019 and 30 September 2018.

19. Contingent liabilities and contingent assets

The Group, through a number of its subsidiaries, is involved in various legal proceedings or claims arising from its normal business. Provisions are made as appropriate where management assesses that it is probable that an outflow of economic benefits will arise. None of these proceedings results in a material contingent liability for the Group.

20. Events after the balance sheet date

To the best of management's knowledge, no events have occurred between 31 March 2019 and the date of issuance of these condensed consolidated interim financial statements that could have a material impact on the consolidated financial statements.