Annual Bond Report 2018

27 February 2019

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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 16 countries across Europe and leading market shares in its key markets of France, Sweden, Switzerland, Italy and the United Kingdom. As of September 30, 2018, Selecta operated a network of approximately 460,000 active coffee, convenience food and beverage vending machines on behalf of a broad and diverse range of clients, serving over ten million consumers each day. Selecta's revenue for the year ended September 30, 2018 amounted to € 1.5bn.

On September 7, 2017, we completed the acquisition of the Pelican Rouge Group, which increased our presence in nine of our 16 existing markets and made us the market leader by revenue in France, Spain, the United Kingdom, and Belgium. In connection with the Pelican Rouge Acquisition, we gained the capability to roast and produce our own blends of coffee using Pelican Rouge's extensive experience in the industry. We believe that following the Pelican Rouge Acquisition, Selecta is well-placed to serve its existing clients with a more diversified product offering, increased density of operations and implementation of more cost-effective sourcing and procurement, as well as benefiting from Pelican Rouge's coffee roasting capability.

On February 2, 2018, we completed the acquisition of the Argenta Group, a leading vending machine operator in Italy. The Argenta Acquisition made us a market leader in Italy, a new geographic market for Selecta. The Argenta Group's compelling market offering, efficient operational set-up and sophisticated IT infrastructure have contributed to its current success in terms of market share in Italy. Increased scale resulting from the Argenta Acquisition is expected to also improve capital expenditure efficiency by way of intra-group machine park harmonization as well as access to Argenta's best-in-class refurbishment operations and know-how.

On August 17, 2018, we acquired Express Vending, a leading UK supplier of premium vending services, which confirmed our position as the leading European provider of route-based unattended self-service coffee and convenience food offerings, and further consolidated our leading position in the United Kingdom.

We operate in the convenience food and beverage market in the European Union (our "Addressable Market"), of which approximately €42 billion arises in our focus countries of France, Italy, Sweden, Switzerland, the Netherlands, Germany, Spain, and the United Kingdom (the "Focus Countries"). Within the Addressable Market, Selecta focuses on the vending market (our "Core Vending Market"), of which approximately €15 billion arises in the Focus Countries. Our Core Vending Market can be categorized into two segments – "workplace" and "on-the-go." The workplace segment consists of private vending services, which are vending machines placed and serviced in various private locations, such as corporate offices, and Office Coffee Services ("OCS"), which comprises table-top coffee machines rented out to corporate clients for office use and often include the provision of technical services. The on-the-go segment consists of coffee, convenience food and beverage vending machines placed and serviced in semi-public areas, such as public schools or hospitals and entertainment venues, or public areas, such as train stations, airports, and gas stations. Through the continued development and expansion of new concepts, such as micro markets, we intend to further expand into the broader Addressable Market.

Selecta's business model covers the full value chain in the Core Vending Market 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.

Our Reporting Segments

Geographic Areas

The three regions where we operate correspond to the Group's reporting segments under IFRS. These three regions present similarities in terms of both channel and business model pre-dominances, and related characteristics. Each of those regions engages business activities as described below, earn revenues and incur expenses:

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

Key Factors Affecting Results of Operations and Financial Condition

Our results of operation are affected by a combination of factors, including factors which are beyond our control. We believe that our results of operations, and particularly the results of operation during the periods under review, have been primarily affected by the following factors.

General Economic Conditions, Consumer Spending and Consumer Preferences

Demand for our vending machines and vending products is affected by general economic conditions and consumer spending. Changes in general economic conditions directly impact consumer spending as well as the investment levels of our clients in non-essential services, such as vending machines and services. For the year ended September 30, 2018, we derived 49% of our revenue from Workplace channels, which includes both Private, OCS end Markets points of sale. As vending machines in such privately placed points of sale are generally located in companies and office environments and similar locations, macroeconomic factors such as GDP and employment levels, among others, affect the number of items sold through these machines. For example, reductions in workforce levels or hours worked during recessionary periods (including the effects of reduced overtime, layoffs and increased reliance on part-time versus full-time workers) means that our vending machines in companies and office environments are available to fewer consumers and/or consumers with less purchasing power. On the other hand, economic growth may have a positive impact on our ability to generate new business if companies invest in non-essential services, such as the decision to contract for the placement of a vending machine on their premises. Variations in consumer spending or consumer purchasing power can also affect revenue generated from our vending machines in public locations, but our public vending operations are in general less impacted by macroeconomic conditions than our private vending operations.

In addition, our revenues in any given period are impacted by our ability to maintain the appeal of our vending machines to existing consumers and attract new consumers, which depends on continuously developing and offering a compelling range of products and services that are responsive to evolving trends and consumer preferences. For instance, our increasing focus on premium coffee brands and the introduction of touchscreen technology and cashless payment options for our vending machines is a result of changing consumer behaviors. Specific factors affecting consumer spending in our vending machines include our ability to maintain and improve our attractive product assortment, including through partnerships with Starbucks and Lavazza, the location and overall aesthetic appeal of our vending machines, the accessibility and integration of our on-the-go machines channels, and our ability to effectively predict and respond to quickly changing consumer demands and preferences.

Seasonality

Our vends of certain products have historically been affected by seasonal variation during the year. Many of our vending machines include cold drinks, which have historically generated increased sales during the summer months. Coffee sales generally exhibit less variation, but can also be affected by seasonal factors, especially for our vending machines inside offices or in other private locations, where sales are lower during holiday times. In addition, severe weather can influence consumer traffic patterns in high-traffic areas such as gas stations, train and subway stations and airports. If, for example, transportation services are closed due to heavy snow or rain, our vending machines in those locations may

be accessible by significantly fewer consumers and vends lost on a particular business day typically cannot be recouped in the future.

Capital Expenditures

We operate a network of vending machines that we place on our clients' premises, which means that we need to purchase new machines and refurbish existing vending machines in the ordinary course of business. We also enter into leasing arrangements in order to lower our maintenance capital expenditures. A significant portion of our capital expenditures relates to the purchase of new vending machines and refurbishment of our existing vending machines. In addition, we incur capital expenditures in connection with the development of new technologies for the vending industry, such as the ability to transmit sales and stock data remotely.

As our capital expenditure requirements vary from year to year based on different capital intensity in different business segments, specific reinvestment requirements in relation to new business, levels of capital expenditure funded through new machines versus refurbished machines and specific initiatives to further develop telemetry and cashless payment technologies, among other factors, we cannot assure you that our level of capital expenditure will not increase significantly in the future. See "*Risk Factors—Risks Related to Our Business—Our business requires capital expenditures that may divert significant cash flow from other investments or uses, including debt servicing*."

Clients

We believe that we have stable relationships with our clients, some of which are longstanding clients. In addition, our client base is highly fragmented, which limits our dependence on any single client. Nevertheless, the gain or loss of significant clients affects our results of operations.

We manage our client relationships differently depending on the end-market. With private end-market clients, our contractual relationships have a shorter duration, typically between three and five years, but automatic renewal of the relationship is frequent. Clients in our public and semi-public end-markets (like train stations, gas stations, public institutions and hospitals) will typically organize periodic tenders for the assignment of multi-year contracts, sometimes lasting five to over ten years. Larger clients will also generally charge us a vending rent to place our vending machines on their premises. Redevance costs are negotiated according to formulas related to past and/or expected traffic in the relevant location and number of vends, and redevance payments can be either variable (i.e. based on total sales from the applicable vending machines) or fixed (i.e. based on the number of vending machines installed pursuant to the relevant contract). Our long experience in the vending machine operator industry provides us with extensive datasets that we can use to calculate acceptable redevance costs that will allow us to submit competitive bids without compromising our profitability.

Vending Machine Density and Concept and Product Mix

Our results of operations and profit before interest and income tax are affected by a combination of factors, including the number of vending machines in a given area, the type of vending machine, the product mix in our vending machines and the level of vending services we provide. Our partnerships with premium coffee brands such as Starbucks and Lavazza provide us with the platform to offer a compelling product mix, which drives revenue generation. In addition, in both Workplace and On the Go vending, vending machine density is one of the primary drivers of profitability and, in connection with the acquisition of Pelican Rouge, we have increased vending machine density in the markets where both Selecta and Pelican Rouge operate. Vending machines which are closer together can be more quickly and efficiently managed by the same personnel, which reduces transport time and the relative costs associated with personnel, restocking, fuel and maintenance. In contrast, single machines in isolated locations may not generate sufficient gross profit to cover the costs of visits to clean, restock or perform scheduled or unscheduled maintenance.

Our revenue and margins are also driven by our mix of Workplace and On the Go vending services. Because the margins on our products may vary, changes in the mix of our product sales have a direct impact on our total revenue and profitability. Workplace vending is our largest vending concept by revenue and is primarily driven by sales of coffee and other hot beverages. Workplace vending margins vary based on the type of vending machines located in a particular area as well as the extent to which a client agrees to subsidize the cost of vending products for its employees, or alternatively wants to get a refund on it. Consumers generally consume more products and beverages when the cost is subsidized by their employers, leading to larger volumes of vends and higher margins. Public vending margins vary

primarily based on the combination of the volume of vends and the price points for the products sold, which depend on the locations of the vending machines and the number of other locations in close proximity to our vending machines which sell the same or similar products, as well as the level of vending rent paid to the client. OCS margins are primarily driven by the sales of coffee and the level of maintenance services. Therefore, the combination of location, machine density, product mix, prices and contributions paid to the client are among the key factors which determine profitability of our vending machines.

Prices of Vending Stock and Procurement Initiatives

Prices of certain commodities, such as green bean coffee, cocoa and sugar, affect our cost of materials. Among other things, for our private label coffee brands, we estimate we require approximately 7,400 tons of arabica green bean coffee and approximately 4,100 tons of robusta green bean coffee to regularly stock our hot drinks vending machines or supply our clients with coffee beans. For financial year 2019 Selecta expects to buy more than 20,000 tons, more than half of which is for our private label brands (Pelican Rouge and Miofino). Prices for green bean coffee have fluctuated significantly in recent years. For example, the price of arabica coffee increased considerably from November 2013 to April 2014 and, alternatively, prices ranged from U.S.$2.30 per pound in October 2011 to U.S.$1.09 per pound in October 2018 (based on the ICE ‘C’ New York index). In order to manage sufficient volumes and risks from fluctuations in commodities prices, we secure the green bean requirements for our private label coffee for periods of up to twelve months by entering into forward commodity contracts with coffee traders, fixing both volumes and prices.

In connection with the acquisitions of Pelican Rouge and Argenta, we have strengthened our corporate procurement department to leverage our scale and obtain better prices. We are harmonizing prices of products we purchase for our vending machines (such as snack or cold drinks) by leveraging our scale and negotiating prices with large suppliers (such as Coca-Cola) through strategic initiatives at the Group level. While certain vending products, such as confectionary items, and other vending stock items which cater to local or regional tastes continue to be sourced on a country level, we source our private label green bean coffee as well as cups, sugar and stirrers, among other supplies, through our corporate procurement department, which allows us to secure more competitive pricing based on larger volume orders.

Anticipated Cost Savings and Synergies Resulting from the Pelican Rouge Acquisition and the Argenta Acquisition

To evaluate cost savings and synergies that potentially can be realized as a result of the Pelican Rouge Acquisition and the Argenta Acquisition, we have worked with consultants and advisors, including experienced industry professionals, to examine the profile of our combined businesses and operations. The synergies following the Pelican Rouge Acquisition and the Argenta Acquisition that we hope to capture primarily fall into two categories: logistics and footprint optimizations and consolidation of procurement and selling, general and administrative costs across the entire organization. The integration process will require changes to our purchasing practices to improve margins, while also implementing our own systems and best practices and adjusting our combined organizational structure and management footprint to maximize synergies. In order to supervise this integration process, we have created an integration office at the group level led by a dedicated project manager with extensive experience in integrations and operational turnaround reporting to the Executive Chairman of the Group and supported by our senior management team and dedicated specialists. In total, we expect we will realize estimated run-rate cost synergies of approximately €75 million from the Pelican Rouge and Argenta acquisitions.

Factors Affecting Comparability of Our Financial Statements

Pelican Rouge Acquisition and Disposals

On September 7, 2017, we completed the Pelican Rouge Acquisition. Argenta Group was acquired February 2, 2018 and Express Vending’s acquisition completed August 17, 2018. As a result, the audited consolidated financial information of the Group as of and for the year ended September 30, 2018, partially includes the operations of the above. Therefore, the comparability of the Group financial statements as of and for the year ended September 30, 2018, with the financial statements of the Group as of and for the year ended September 30, 2017, is limited.

Selecta Disposals

In connection with the Pelican Rouge Acquisition, we disposed of Selecta's operations in Finland to comply with antitrust requirements. For the year ended September 30, 2017, Selecta's operations in Finland generated €13.9 million in revenue. We were required by the European Commission to dispose of our operations in Finland within six months following the completion of the Pelican Rouge Acquisition. As a result of applying IFRS 5 to our financial statements for the year ended September 30, 2017, the assets and liabilities relating to our operations in Finland are presented separately in dedicated lines in our consolidated balance sheet as of September 30, 2017. The assets presented separately as "assets classified as held for sale" in our consolidated balance sheet as of September 30, 2017, are valued at the lower of their carrying amount and fair value less costs to sell. The corresponding liabilities are presented separately as "liabilities associated with assets held for sale" in the consolidated balance sheet as of September 30, 2017.

We disposed of our operations in three Baltic countries (Lithuania, Latvia and Estonia) in March 2017.

Description of Key Income Statement Items

Revenue

Revenue means revenue from our publicly accessible vending machines, our privately placed vending machines and from trade sales of machines and products as well as revenue from the rendering of technical services and rental income from machines placed at client sites under a rental contract and rental of advertising space. Revenue from the sale of goods is recognized when the goods are delivered to the client's site or when goods are purchased from a machine by a consumer, depending on the contract terms. Revenue may be received directly in the form of cash from the consumer, or may be invoiced to a client periodically. Where revenue is received in the form of cash, the amount recognized is the amount of cash received until the last date on which the cash was collected from the machine, plus an estimate of the sales between this date and the period end calculated based on historical trends. Where the sale of goods is invoiced to the client, the amount recognized is based either on the amounts delivered to the client or on the consumption in the machines, depending on the specific contractual terms.

Materials and Consumables Used

Materials and consumables used primarily relates to our cost of materials (which mainly consists of ingredients and products used to fill our vending machines or for trade sales, spare parts used in servicing our vending machines and the cost of vending machines sold as trade business) adjusted for rebates and discounts.

Vending fee

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

Employee Benefits Expense

Employee benefits expense consists of wages and salaries as well as social security costs and postemployment benefits under defined contributions and benefit plans.

Depreciation, Amortization and Impairment Expense

Depreciation, amortization and impairments relate to depreciation of property, plant and equipment, which we initially recognize at cost and depreciate using a straight-line method over their estimated useful lives, and amortization and impairment of tangible and intangible assets.

Other Operating Expenses

Other operating expenses primarily consist of maintenance, administration expense and travel and representation expenses and non-vending rental expenses.

Finance Costs and Finance Income

Financial costs consist of interest on bank loans, finance lease expense and other interest expense as well as changes in the fair value of derivative financial instruments and net foreign exchanges gains or losses. Finance income consists of gains generated on foreign exchange transactions, interest on cash deposits and fair value gains on derivative financial instruments.

Income Taxes

Income taxes represent income and expenses in respect of current and deferred income taxes.

Results of Operations

Pro forma [1] financial results

At actual currency rates

€m	FY18	FY17	% change
Gross Sales (harmonised vending fees)	1'536.2	1'498.4	2.5%
Gross Sales (prior to vending fee harmonisation)	1,510.6	1'498.4	0.8%
Net Sales	1'373.2	1'379.2	(0.4)%
Adjusted EBITDA	246.2	237.7	3.6%

At constant currency rates [2]

€m	FY18	FY17	% change
Gross Sales (harmonised vending fees)	1'545.0	1'485.5	4.0%
Gross Sales (prior to vending fee harmonisation)	1'519.3	1'485.5	2.3%
Net Sales	1,381.7	1,366.6	1.1%
Adjusted EBITDA	248.0	234.5	5.7%

[1] Proforma scope consists of the amalgamation of the Selecta, Pelican Rouge and Argenta results in both FY18 and FY17 for comparability purposes

[2] Constant currency rates used:
CHF: 1.15
GBP: 0.88
SEK: 9.65
NOK: 9.41
DKK: 7.44

Gross sales

Gross sales at constant currency rates increased by 4.0% compared to last year, and by 2.3% excluding the effects of the harmonisation of the vending fees accounting presentation in FY18.

Net sales

Net sales at constant currency rates increased by 1.1% or €15.1 million compared to last year, driven by a growth in SMD, new business gains and a progressive improvement of retention though the year.

Across the Group, all market countries reported growth in net sales except in France and the UK, due to retention challenges particularly in the first part of the year, and the effects on FY18 sales of the machine park decline from the legacy Pelican Rouge in these two markets.

Net sales in the region South, UK & Ireland increased by €10.8 million in FY18, primarily due to growth in net sales in Spain and Italy. Our operations in Spain benefitted from the development of new concepts and a strong performance in sales-per-machine-per-day across all channels, whereas growth in sales in Italy was supported by the development of new concepts, bolt-on M&A additions and improved sales-per-machine-per-day in the workplace channel. This positive performance was partially offset by lower sales in the UK, impacted by legacy Pelican Rouge sales decline and retention challenges in the early part of FY18. The acquisition of Express Vending in August 2018 added €7.2 million net sales to the region in FY18.

Net sales in the region North increased by €14.1 million in FY18 with strong growth reported in Belgium, Norway and Denmark. Across the region, the sharp increase in trading sales was the main growth driver, but the region also benefitted from successful rollouts in semi-public in Sweden and public growth in Belgium and Denmark.

Net sales in the region Central decreased by €9.3 million entirely due to lower sales in France. The moderate growth in Switzerland and Germany and the strong growth in Austria was offset by lower sales in the workplace and semi-public channels in France, impacted by legacy Pelican Rouge sales decline and retention challenges.

Adjusted EBITDA

Adjusted EBITDA at constant currency rates increased by 5.7% year-on-year to €248.0 million. This was driven by the growth in sales and the gross margin expansion of 0.2pt coming from procurement synergies, representing an increase of €12.1 million in gross profit year-on-year.

The reduction of operating expenses was mainly the result of the effects of synergies, partially reinvested in capabilities mainly in sales, technology as well as growth financing schemes allowing a significant optimisation of capex.

The adjusted EBITDA of region South, UK & Ireland increased by €9.3 million driven by revenue growth and synergies; the acquisition of Express Vending in August 2018 added €0.9 million adjusted EBITDA to the region.

Sales growth in region North resulted in a €1.3 million increase in adjusted EBITDA year-on-year, with profitability negatively affected by channel mix (higher trading sales) and investment in capabilities and capex financing schemes impacting operating expenses.

The adjusted EBITDA of region Central decreased by €8.8 million year-on-year, which was mainly due to significant one-off benefits in FY17 comparable in Switzerland, as well as the lower sales in France.

Our Corporate segment reported a €11.7 million improvement in adjusted EBITDA in FY18, driven by a €12 million benefit arising from the re-indexation of pension plans in a legacy Pelican Rouge headquarter entity in the UK.

The adjustments to our EBITDA amounted to €53.5 million at constant currency rates in FY18, a decrease by €9.8 million compared to the prior year. This decrease was the result of increased focus on the one-off costs spent on key strategic transformation programs, which in FY18 mainly related to our synergy program.

Comparison of the Year Ended September 30, 2017 to the Year Ended September 30, 2018

The following table sets forth our consolidated statement of profit or loss of the periods indicated.

	Year ended September 30,		
(in € million)	**2017**	**2018**	**Change in %**
Revenue	**761.4**	**1,451.5**	**90.6%**
Vending fee	(88.9)	(155.7)	75.1%
Materials and consumables used	(244.0)	(489.4)	100.6%
Employee benefits expense	(228.6)	(416.6)	82.2%
Depreciation, amortization and impairment expense	(93.2)	(182.8)	96.1%
Other operating expenses	(141.5)	(223.0)	57.6%
Other operating income	21.8	8.7	(60.1)%
Gain on the disposal of subsidiaries	3.6	1.8	(50.0)%
Profit/(Loss) before finance results net and income tax	**(9.5)**	**(5.4)**	**43.2%**
Finance costs	(103.7)	(142.4)	37.3%
Finance income	7.5	22.3	197.3%
Loss before income tax	**(105.7)**	**(125.5)**	**(18.7)%**
Income taxes	4.0	7.8	95.0%
Loss from continuing operations	**(101.7)**	**(117.8)**	**(15.8)%**
Profit from discontinued operations, net of tax	**-**	**0.7**	**100.0%**
Loss for the period	**(101.7)**	**(117.0)**	**(15.1)%**

Revenue
Revenue increased by €690.1 million, or 90.6%, from €761.4 million for the year ended September 30, 2017 to €1,451.5 million for the year ended September 30, 2017. This increase was primarily due to the Pelican Rouge Acquisition, and to a lesser extent the Argenta and Express Vending acquisitions.

In the financial year starting October 1, 2017, the Group Selecta consolidated the entities of the Pelican Rouge Group acquired on September 7, 2017 and the Argenta Group acquired on February 2, 2018. The acquisition of both Groups has led the Selecta Group to grow nearly twofold and triggered a revision of the Group's previous segment 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.

Result for the year ended 30 September 2018

	South, UK & Ireland	**Central**	**North**	**Total segments**	**HQ & IC elimination**	**Total Group**
	€ (m's)	*€ (m's)*	*€ (m's)*	*€ (m's)*	*€ (m's)*	*€ (m's)*
Revenue	467.3	589.5	415.5	**1,472.3**	(20.8)	**1,451.5**
Revenue net of vending fee	427.8	484.6	404.3	**1,316.7**	(20.8)	**1,295.8**
Gain on disposal of subsidiaries	-	-	-	**-**	1.8	**1.8**
Profit/(loss) before finance results net and income taxes, depreciation and amortisation expense	**61.5**	**74.7**	**81.0**	**217.1**	**(39.7)**	**177.4**
Depreciation and amortisation expense	(43.4)	(58.1)	(37.5)	**(139.0)**	(43.8)	**(182.8)**
Loss before finance results net and income tax						**(5.4)**
Finance results, net						**(120.1)**
Loss before income tax -continued operation						**(125.5)**

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

Result for the year ended 30 September 2017

	South, UK & Ireland	Central	North	Total segments	HQ & IC elimination	Total Group
	€ (m's)	*€ (m's)*	*€ (m's)*	*€ (m's)*	*€ (m's)*	*€ (m's)*
Revenue	98.2	477.9	185.4	**761.5**	(0.1)	**761.4**
Revenue net of vending fee	88.6	409.7	174.2	**672.6**	(0.1)	**672.5**
Gain on disposal of subsidiaries	-	-	-	**-**	3.6	**3.6**
Profit/(loss) before finance results net and income taxes, depreciation and amortisation expense	**8.0**	**84.8**	**29.3**	**122.1**	(38.4)	**83.8**
Depreciation and amortisation expense	(8.4)	(39.1)	(18.7)	**(66.2)**	(27.0)	**(93.2)**
Loss before finance results net and income tax						**(9.5)**
Finance results, net						**(96.3)**
Loss before income tax -continued operation						**(105.7)**

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

Revenue in our South, UK & Ireland region increased by €369.1 million, or 376%, from €98.2 million for the year ended September 30, 2017, to €467.3 million for the year ended September 30, 2018. This increase was primarily due to the Pelican Rouge acquisition in Spain, the Argenta acquisition in Italy and to a lesser extent the Express Vending acquisition in the UK. On a pro-forma basis we saw growth in Spain and have benefited from bolt-on M&A to grow in Italy; this was partly offset by our results in the UK where we are currently implementing our turnaround plan.

Revenue in our Central region increased by €111.6 million, or 23.3%, from €477.9 million for the year ended September 30, 2017 to €589.5 million for the year ended September 30, 2018. This increase was primarily driven by the Pelican Rouge acquisition in France. Organic growth continued in DACH, but was partly offset by our results in France where we are currently implementing our turnaround plan.

Revenue in our North region increased by €230.2 million, or 124.2%, from €185.4 million for the year ended September 30, 2017, to €415.5 million for the year ended September 30, 2018. This increase was primarily due the Pelican Rouge acquisition (driving growth in the Netherlands, Belgium, Roaster, Norway and Finland). We achieved organic growth in all countries, but particularly in Belgium, Norway and Denmark.

Vending fee

The vending fees increased by €66.8 million, or 75.1%, from €88.9 million for the year ended September 30, 2017, to €155.7 million for the year ended September 30, 2018. This increase was primarily due to the Pelican Rouge, Argenta and Express Vending acquisitions, and the harmonisation in the year ended September 30, 2018 of the reporting of vending fees across the integrated legacies.

Materials and Consumables Used

Expenses for materials and consumables used increased by €245.4 million, or 100.6%, from €244.0 million for the year ended September 30, 2017 to €489.4 million for the year ended September 30, 2018. This increase was primarily due to the Pelican Rouge, Argenta and Express Vending acquisitions, partly offset by the disposal of Selecta's operations in Finland.

Employee Benefits Expense

Employee benefits expense increased by €188.0 million, or 82.2%, from €228.6 million for the year ended September 30, 2017, to €416.6 million for the year ended September 30, 2018. This increase was primarily due to the acquisitions mentioned above, partly offset by the Finland disposal.

Depreciation, Amortization and Impairment Expense
Depreciation, amortization and impairment expense increased by €89.6 million, or 96.1%, from €93.2 million for the year ended September 30, 2017, to €182.8 million for the year ended September 30, 2018. This increase was primarily due to the above mentioned acquisitions, partly offset by the Finland disposal.

Other Operating Expenses
Other operating expenses increased by €81.5 million, or 56.9%, from €141.5 million for the year ended September 30, 2017, to €223.0 million for the year ended September 30, 2018. This increase was primarily due to the Pelican Rouge, Argenta and Express Vending acquisitions, coupled with integration related advisory costs.

Finance Costs
Finance costs increased by €38.7 million, or 37.3%, from €103.7 million for the year ended September 30, 2017 to €142.4 million for the year ended September 30, 2018. This increase was primarily due to an increase in interest on other loans and refinancing costs, partly offset by foreign exchange losses incurred in the year ended September 30, 2017, but not in the year ended September 30, 2018.

Finance Income
Finance income increased by €14.8 million, or 197.3%, from €7.5 million for the year ended September 30, 2017, to €22.3 million for the year ended September 30, 2018. This increase was primarily due to a change in fair value of derivative financial instruments, and foreign exchange gains.

Income Taxes
The benefit reported in income tax increased by €3.8 million, or 95.0%, from €4.0 million for the year ended September 30, 2017 to €7.8 million for the year ended September 30, 2018. This increase was mainly related to the change in deferred tax relating to the customer contracts amortisation.

Liquidity and Capital Resources

Our principal sources of funds have been cash generated from our operating activities and borrowings refinanced in February 2018.

Our principal uses of cash are to fund debt service obligations, working capital and capital expenditures. As of September 30, 2018, we had cash and cash equivalents of €163.8 million. Our principal source of liquidity on an ongoing basis is expected to be our operating cash flows. Our ability to generate cash depends on our future operating performance, which, in turn, depends to some extent on general economic, financial, industry and other factors, many of which are beyond our control. See "*Risk Factors*."

Details of borrowing facilities
The Group completed on February 2, 2018 its senior debt refinancing with an aggregate principal amount of €1,300.0 million (euro-equivalent) senior secured notes due 2024 (the "Notes"). The Notes comprise (i) €765.0 million in aggregate principal amount of $5^7/_8$% senior secured notes, (ii) €325.0 million in aggregate principal amount of senior secured floating rate notes and (iii) CHF 250.0 million in aggregate principal amount of $5^7/_8$% senior secured notes.

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

As part of the senior debt refinancing, the senior revolving credit facility was upsized to €150 million as of February 2, 2018 from €100 million. The amounts drawn under this facility were €56.3 million at 30 September 2018 (30 September 2017: €0 million). The interest rate on this senior revolving credit facility has remained based on the relevant rate of the currency drawn EURIBOR / LIBOR 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 inter-company receivables of the Company and the Guarantors and certain bank accounts of the Company.

Cash Movements in Working Capital

The table below sets forth a summary of cash movements in our working capital for the periods indicated, derived from our consolidated cash flow statements:

	Year ended September 30,	
(in € million)	**2017**	**2018**
(Increase)/Decrease in inventories	(1.1)	(8.1)
(Increase)/Decrease in trade receivables	(4.0)	8.9
(Increase)/Decrease in other current assets	(1.4)	(16.7)
Increase/(Decrease) in trade payables	9.7	16.5
Increase/(Decrease) in other liabilities	22.9	(20.0)
Cash movements in working capital	**26.1**	**(19.4)**

Cash outflow from movements in working capital amounted to €19.4 million for the year ended September 30, 2018, and was primarily driven by other liabilities, due to the payment in FY 2018 relating to the Pelican Rouge Acquisition and pre-integration costs. This was partly offset by improved trade receivables due to the non-recourse factoring program.

Cash inflow from movements in working capital amounted to €26.1 million for the year ended September 30, 2017, and was primarily attributable to lower accruals due to transaction and integration costs as a result of the Pelican Rouge Acquisition.

Cash Flows

The table below sets forth a summary of our consolidated statements of cash flows for the periods indicated:

	Year ended September 30,	
(in € million)	**2017**	**2018**
Net cash generated from operating activities	99.9	143.1
Net cash used in investing activities	(134.3)	(186.2)
Net cash used in financing activities	107.2	75.7
Net (decrease)/increase in cash and cash equivalents	**72.8**	**32.6**
Cash and cash equivalents at the beginning of the period	66.9	135.0
Exchange gains/(losses) on cash and cash equivalents	(4.7)	(3.8)
Cash at bank in the books of Finland classified as held for sales	(0.9)	—
Cash and cash equivalents at the end of the period	**134.2**	**163.8**

Cash Flows from Operating Activities

Comparison of the Years Ended September 30, 2017 and 2018
Net cash flows from operating activities increased by €43.2 million, or 43.2%, from €99.9 million for the year ended September 30, 2017 to €143.1 million for the year ended September 30, 2018. This increase was primarily due to Pelican Rouge, Argenta and Express Vending acquisitions, including synergies achieved in employee expenses and overall operating expense.

Cash Flows from Investing Activities

Comparison of the Years Ended September 30, 2017 and 2018

Net cash flows used in investing activities increased from €134.3 million for the year ended September 30, 2017 to €186.2 million for the year ended September 30, 2018. This increase was primarily due to the increased vending capex due to the Group size growth following Pelican Rough and Argenta acquisitions.

Cash Flows from Financing Activities

Comparison of the Years Ended September 30, 2017 and 2018
Net cash flows used in financing activities decreased to €75.7 million in the year ended September 30, 2018 from €107.2 million for the year ended September 30, 2017. Positive cash flows for the year ended September 30, 2017, were primarily due to a capital contribution of €179.7 million to finance the acquisition of Pelican Rouge. Positive cash flows for the year ended September 30, 2018, were due to the net proceeds from the portion of the February 2018 refinancing designed to finance the Argenta acquisition.

Capital Expenditures

Our capital expenditures for the years ended 2017 and 2018 relate primarily to the acquisition of vending machines to be installed on our clients' premises. Our capital expenditures also related to the purchase of vehicles and other equipment, such as vending furniture, machine installations (particularly in public vending locations) and IT investments.

The table below sets forth our capital expenditures for the periods presented:

	Year ended September 30,	
(in € million)	**2017**	**2018**
Additions to vending equipment	65.7	99.8
Additions to vehicles	3.2	4.1
Additions to freehold land and buildings	0.0	0.4
Additions to other equipment	2.9	11.6
Total additions to other intangible assets	5.1	6.6
Capital expenditures	**76.9**	**122.5**
Less		
Total disposals	(6.4)	(8.8)
Net capital expenditures	**70.5**	**113.7**

Net capital expenditures is defined as capital expenditures less net book value of disposals of vending equipment

Capital expenditures for the year ended September 30, 2018 were €113.7 million, an increase of €43.2 million, or 61%, from €70.5 million for the year ended September 30, 2017. This increase was primarily attributable to growth in the business complemented by continued local management investment checks.

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

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

These consolidated 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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Consolidated statement of profit or loss

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

[1] The Group discloses revenue net of vending fee which is a leading internal performance measure but not a defined performance measure in IFRS (refer to note 7). Due to this vending fee is separately disclosed below the revenue line and excluded from the line other operating expenses for both years ending 30 September 2017 and 2018.

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

Consolidated statement of comprehensive income

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

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

Consolidated balance sheet

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

[1] Restatement due to measurement period adjustments as a result of Pelican Rouge acquisition, movements are described in note 32.1.

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

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

[1] Restatement due to measurement period adjustments as a result of the Pelican Rouge acquisition; movements are described in note 32.1.

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

Statement of changes in consolidated equity

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

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

Consolidated cash flow statement

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

[1] Restatement due to measurement period adjustments as a result of the Pelican Rouge acquisition; movements are described in note 32.1.

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

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

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

1. General Information

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

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

2. Basis of preparation

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

3. Summary of significant accounting policies

3.1. Accounting policies

The Group has adopted all International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (the IASB) as well as Interpretations given by the IFRS Interpretations Committee (the IFRIC) and the former Standing Interpretations Committee (SIC) that are relevant to the Group's operations and effective for annual reporting periods beginning on 1 October 2017.

3.2. New and revised/amended standards and interpretations

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

	Impact	***Effective date***	***Planned application by Selecta Group B.V.***
New standards or interpretations			
IFRS 9 *Financial Instruments*	3)	1 January 2018	Reporting year 2018/19
IFRS 15 *Revenue from Contracts with Customers*	3)	1 January 2018	Reporting year 2018/19
IFRIC 22 *Foreign currency transactions and advance consideration*	3)	1 January 2018	Reporting year 2018/19
IFRS 16 *Leases*	3)	1 January 2019	Reporting year 2019/20
IFRIC 23 *Uncertainty over income tax treatments*	1)	1 January 2019	Reporting year 2019/20
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1)	1 January 2018	Reporting year 2018/19
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	3)	1 January 2019	Reporting year 2019/20
Annual Improvements to IFRS Standards 2015-2017 Cycle: *-Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements* *-Amendments to IAS 12 Income Taxes* *-Amendments to IAS 23 Borrowing Costs*	3)	1 January 2019	Reporting year 2019/20
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	3)	1 January 2019	Reporting year 2019/20
Amendments to References to the Conceptual Framework in IFRS Standards	1)	1 January 2020	Reporting year 2020/21

1) No significant impacts are expected on the consolidated financial statements of Selecta Group

2) Mainly additional disclosures are expected in the consolidated financial statements of Selecta Group
3) The impact on the consolidated financial statements of Selecta Group cannot yet be determined with sufficient reliability

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

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

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

3.3. Basis of consolidation

Subsidiaries

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

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

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

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

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

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

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

3.4. Business combinations

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

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statement of profit or loss.

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

3.5. Foreign currencies

Foreign currencies in individual financial statements

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

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

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

Foreign currencies in consolidated financial statements

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

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

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

3.6. Property, plant and equipment

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

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

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

IT Hardware	3 to 5 years

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

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

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

3.7. Goodwill and intangible assets

Goodwill

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

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

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

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

Other intangible assets

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

Trademark

The trademarks recognised by the Group have an indefinite useful life and are not amortised. The trademarks are allocated on a reasonable and consistent basis to the cash-generating units that are tested for impairment annually as described in the section on goodwill above.

Customer contracts

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

Software

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

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

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

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

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

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

3.9. Prepayments and accrued income

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

3.10. Inventories

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

3.11. Rebates and other amounts received from suppliers

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

3.12. Trade and other receivables

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

3.13. Cash and cash equivalents

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

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

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

3.14. Provisions

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

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

3.15. Loans due to parent undertaking / borrowings

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

3.16. Derivative financial instruments

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

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

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

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

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

3.17. Accruals and deferred income

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

3.18. Taxation

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

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

Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it can be reasonably expected that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities, which affects neither taxable nor accounting income.

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

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

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

3.19. Employee benefits

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

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

Defined benefit plans

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

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

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

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

Defined contribution plans

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

3.20. Revenue recognition

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

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered to the client site or when goods are purchased from a machine by a customer, depending on the contract terms.

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

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

Where the sale of goods is invoiced to the client, the amount recognised is based either on the amounts delivered to the client or based on the consumption in the machines, depending on the specific contractual terms. Where revenue is recognised based on consumption in the machines, the amount recognised is based on the last recorded consumption from the machine plus an estimate of the sales

between this date and the period end calculated based on historical trends.

Rendering of services

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

Interest income

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

Dividend income

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

3.21. Leases

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

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

3.22. Purchasing income

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

3.23. Finance costs

Finance costs comprise interest expense on borrowings and finance leases calculated using the effective interest method, fair value losses on derivatives classified as held for trading and foreign exchange losses. Foreign exchange gains and losses are reported on a net basis as either finance income or finance expense depending on whether the total foreign currency movements represent a gain or a loss accordingly. Net interest expense on the net defined benefit obligation is included in the finance costs.

4. Use of estimates and key sources of estimation uncertainties

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below.

Goodwill and intangible assets with indefinite useful lives

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

Customer Contracts

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

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

Sales estimations

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

Inventories

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

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

5. Segmental reporting

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

The Group's Board of Directors examine the results achieved by each segment when making decisions on the allocation of resources and assessment of performance. The Group's financial activities are managed at Group level and are not allocated to segments.

Three different regions present similarities in terms of both channel and business model pre-dominances, and related characteristics. Each of those regions engages business activities as described below, earn revenues and incur expenses:

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

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

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

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

Result for the year ended 30 September 2018

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

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

Result for the year ended 30 September 2017

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

Finance results, net	**(96'273)**
Loss before income tax -continued operation	**(105'746)**

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

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

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

6. Revenue

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

Revenue by channel:

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

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

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

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

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

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

7. Vending fee and revenue net of vending fee

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

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

Revenue net of vending fee is not a defined performance measure in IFRS. Management presents the performance measure of revenue net of vending fee because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to the understanding of the Group's financial performance. Due to this vending fee is separately disclosed below the revenue line and excluded from the line other operating expenses for both years ending 30 September 2017 and 2018.

8. Materials and consumables used

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

9. Employee benefits expense

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

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

10. Depreciation and amortisation

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

11. Other operating expenses

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

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

12. Other operating income

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

13. Finance cost results net

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

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

14. Income taxes

Income tax expense comprises:

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

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

	Year ended 30 September 2018 € (000's)	*Year ended 30 September 2017 € (000's)*
Loss before income tax	(125'514)	(105'746)

Applicable tax rate	25.3%	25.4%
Expected tax credit	31’755	26’859
Effect of expenses not deductible for tax purposes	(1’357)	(333)
Effect of taxable losses for the period not recognised as deferred tax assets	(21’020)	(22’189)
(Write-off) / Recognition of previously unrecognised tax losses and deferred tax assets	-	(85)
Income tax expense of previous years	(1’625)	(216)
Income tax income recognised in statement of profit or loss	**7’753**	**4’036**

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

15. Property, plant and equipment

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 2016	**3'868**	**605'506**	**19'748**	**45'104**	**674'226**
Additions	39	65'666	3'169	2'916	**71'790**
Disposals	-	(51'715)	(3'580)	(1'357)	**(56'652)**
Acquisitions through business combinations	10'159	148'649	2'505	19'198	**180'512**
Disposals through sale of subsidiaries	-	(7'664)	(102)	(228)	**(7'994)**
Reclassifications	-	(8'403)	(629)	(246)	**(9'278)**
Effects of foreign currency exchange differences	(19)	(11'514)	(120)	(782)	**(12'435)**
Balance at 30 September 2017	**14'047**	**740'525**	**20'991**	**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)	(121)	(66)	**(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**
Accumulated depreciation and impairment					
Balance at 1 October 2016	**(3'379)**	**(434'196)**	**(15'242)**	**(33'701)**	**(486'518)**
Depreciation expense	(348)	(59'564)	(1'390)	(3'388)	**(64'690)**
Disposals	-	46'077	3'284	1'153	**50'514**
Disposals through sale of subsidiaries	-	5'106	91	180	**5'377**
Reclassifications	-	6'593	618	244	**7'454**
Effects of foreign currency exchange differences	16	8'264	100	418	**8'797**
Balance at 30 September 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	197	(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)**
Net Book Value					
At 30 September 2017	**10'336**	**312'804**	**8'453**	**29'513**	**361'106**
At 30 September 2018	**14'760**	**335'275**	**12'466**	**43'120**	**405'621**

* Reclassifications mainly relates to transfers to inventory of used equipment to be sold
* Pelican Rouge Group assets restated following the final purchase price allocation

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

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

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

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

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

16. Goodwill

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

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

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

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

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

16.1. Impairment testing

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

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

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

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

16.2. Allocation to cash-generating units

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

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

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

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

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

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

	30 September 2018 *€ (000's)*
Selecta goodwill	
Region South, UK & Ireland	519'978
Region Central	226'206
Region North	272'798
Goodwill	**1'018'983**
Provisional goodwill relating to Express Vending acquisition (not yet allocated)	60'787
Total Goodwill	**1'079'770**

	30 September 2017 *€ (000's)* *Restated*
Selecta goodwill	
Region France	69'213
Region West	21'989
Region Central	271'146
Region North	117'061
Goodwill	**479'409**
Provisional goodwill relating to Pelican Rouge acquisition (not yet allocated)	184'669
Total Goodwill	**664'077**

16.3. Summary of assumptions used in goodwill impairment testing

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

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

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

In 2017, the growth rates were as follows:

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

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

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

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

16.4. Headroom and sensitivity to change in assumptions

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

	2018 *€ millions*
Region South, UK & Ireland	130.8
Region Central	716.3
Region North	510.8

	2017 *€ millions*
Region France	78.4
Region West	62.9
Region Central	959.2
Region North	100.8

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

	2018	
	Level to which Post-tax WACC would need to increase to eliminate all of the headroom in the region	*Level to which growth rates would need to fall to eliminate all of the headroom in the region*
Region South, UK & Ireland	8.6%	0.0%
Region Central	14.0%	-15.7%
Region North	13.9%	-13.9%

	2017	
	Level to which Post-tax WACC would need to increase to eliminate all of the headroom in the region	*Level to which growth rates would need to fall to eliminate all of the headroom in the region*
Region France	10.4%	-4.0%
Region West	11.1%	-6.2%
Region Central	18.4%	-60.7%
Region North	14.1%	-15.1%

17. Intangible assets

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

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

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

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

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

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

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

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

	2018 *€ (000’s)*
Region South, UK & Ireland	31’771
Region Central	203’829
Region North	88’547
Trademark allocated to cash generating units	**324’147**

	2017 *€ (000’s)*
Region France	41’027
Region West	13’034
Region Central	160’982
Region North	71’258
Trademark allocated to cash generating units	**286’301**
Provisional trademark resulting from acquisition of Pelican Rouge (unallocated)	37’846
Trademark total	**324’147**

Customer contracts

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

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

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

18. Non-current financial assets

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

The maturity of the non-current financial assets is as follows:		
After one year but not more than five years	8'683	6'243
More than five years	120	24
Total more than one year	**8'803**	**6'267**
Total non-current financial assets	**8'803**	**6'267**

19. Inventories

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

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

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

20. Trade receivables

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

The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables until the end of the credit period, thereafter the charging of interest is at the discretion of local management depending on the amounts and customers involved. Where interest is charged in respect

of an overdue receivable the interest rate applied is between 3% and 15% per annum depending on the country and the customer contract.

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

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

20.1. Analysis of receivables past due but not impaired

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

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

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

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

20.2. Movement in the allowance for doubtful accounts

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

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

The concentration of credit risk is limited due to the fact that the Group has a very large customer base and a mix of credit and cash sales. Accordingly, management believes that there is no further credit

provision required in excess of the allowance for doubtful accounts.

20.3. Ageing of impaired trade receivables

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

21. Other current assets

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

22. Cash and cash equivalents

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

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

23. Loans due to parent undertaking / borrowings

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

23.1. Borrowings and loans due to parent undertaking

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

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

23.2. Rate structure of borrowings

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

23.3. Details of borrowing facilities

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

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

As part of the senior debt refinancing, the senior revolving credit facility was upsized to € 150 million as of 2 February 2018 from € 100 million. The amounts drawn under this facility were € 56.3 million at 30 September 2018 (30 September 2017: € 0 million). The interest rate on this senior revolving credit facility has remained based on the relevant rate of the currency drawn LIBOR plus 3.5%.

In addition the Group's parent undertaking, Selecta Group S.à r.l had issued in June 2014 a PIK loan for € 220 million, the proceeds of which have been loaned to the Group also in the form of a PIK loan (the "PIK proceeds loan"). The PIK proceeds loan carries an interest rate of 11.875%. In December 2015 Selecta Group S.à r.l granted an additional PIK loan with the same conditions to the Group of € 5.6 million. From this facility € 37.4 m was repaid in cash in February 2018 and the remaining facility was renewed until 2024. The interest payable is accrued and capitalized bi-annually.

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

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

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

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

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

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

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

24. Finance lease liabilities

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

The minimum lease payments due are as follows:

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

25. Post-employment benefits

25.1. Defined contribution plans

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

25.2. Defined benefit plans

Description of plans

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

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

Switzerland

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

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

The benefits are defined in the pension plan regulations that are far above the minimum requirements stipulated by the BVG. Retirement benefits are based on the accumulated retirement savings capital and can either be drawn as a life-long pension or as a lump sum payment. The pension is calculated upon retirement by multiplying the balance of the retirement savings capital with the applicable

conversion rate. The retirement savings capital results from the yearly savings contributions by both employer and employee until retirement and carries interest thereon. The savings contributions are defined in the pension plan regulations. Minimum contributions and minimum interest are defined by the BVG and the Federal Council respectively.

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

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

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

UK

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

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

Amounts included in the consolidated financial statements

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

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

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

Past service credit / (cost) and gains / (losses) relates to a Swiss plan amendment of the benefits payable under the Group’s pension in scheme in Switzerland. In March 2018 the Valora pension scheme reduced the conversion rate for calculating the retirement pension, resulting in a reduction of the future pensions to be paid and hence the defined benefit obligation of the scheme. This has resulted in a decrease in the Plan’s liabilities of €2 million as at 30 September 2018 and has been recognised as a

negative past service cost in the year ended 30 September 2018. As communicated in March 2018 by the pension fund Valora, conversion rates will decrease to 6.2% to 6.0% (for men aged 65 and women aged 64), effective on 1 January 2019.

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

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

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

Defined benefit obligation

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

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

Plan assets

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

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

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

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

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

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

Actuarial assumptions

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

	30 September 2018	*30 September 2017*
Discount rate	2.03%	1.70%
Expected salary increase	1.13%	1.05%
Expected pension increase	1.65%	1.31%

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

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

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

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

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

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

Sensitivity analysis

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

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

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

26. Provisions

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

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

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

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

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

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

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

27. Deferred income taxes

27.1. Deferred tax balances

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

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

27.2. Movement in deferred tax balances during the year

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

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

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

27.3. Detail of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

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

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

27.4. Unrecognised deferred tax assets/liabilities

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

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

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

Unused tax losses

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

28. Other current liabilities

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

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

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

29. Equity

29.1. Share capital, share premium

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

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

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

During the prior financial year, a contribution in cash in an amount of € 60.0 million was made to the additional paid in capital of Selecta Group B.V. and a contribution in cash in an amount of € 119.2 million was made to the additional paid in capital of Selecta AG from the parent company Selecta Midco S.à r.l.

29.2. Reserves

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

30 September 2018	*Attributed to equity holders of the parent*			
	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)**
Remeasurement gain/(loss) on post-employment benefit obligations, net of tax	-	6'871	-	**6'871**
Effective portion of change in fair value of cash flow hedges, net of tax	-	-	158	**158**
Total other comprehensive income, net of tax	**(21'589)**	**6'871**	**158**	**(14'560)**

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

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

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

30. Financial risk management

30.1. Risk management framework

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

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

30.2. Market risk management

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

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

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

In the past the coffee contracts were predominantly denominated in USD and the Group used USD forward contracts to hedge the foreign exchange risk.
As most of the current contracted coffee volumes are in EUR the Group is no longer hedging its USD exposure for new coffee contracts as it considers the hedging-cost as too high to make hedging a commercially attractive measure.

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

30.3. Credit risk management

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

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

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

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

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

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

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

30.4. Liquidity risk management

Liquidity risk arises when a company encounters difficulties to meet commitments associated with financial instruments. Such risk may result from inadequate market depth or disruption or refinancing

problems. This risk is managed by limiting exposures in instruments that may be affected by liquidity problems and by actively matching the funding horizon of debt with incoming cash flows. The Group manages liquidity risk by ensuring adequate reserves are available, and through its banking facilities, in particular the Group's revolving credit facilities. In addition, the Group continuously monitors cash flows to ensure that adequate funds exist to settle its liabilities.

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

Liquidity available through financing facilities

As part of the senior debt refinancing, the senior revolving credit facility was upsized from € 100 million to € 150 million as of 2 February 2018. The amounts drawn under this facility were GBP 50 million at 30 September 2018 (30 September 2017: € 0 million). The interest rate on this senior revolving credit facility has remained based on the relevant rate of the currency drawn LIBOR plus 3.5%.

Liquidity tables

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

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

30.5. Capital management

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

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

30.6. Interest rate risk management

Interest rate risk comprises the cash flow risk that results from changes in interest rates The Group's secured loan notes carry fixed and variable rates (Note 23.2) and notes due to parent undertakings carry fixed rates. As these loans form the significant part of the Group's borrowings the Group's exposure to interest rate risk is relatively limited.
Interest on the Group's revolving credit facility is linked to LIBOR, and at 30 September 2018 GBP 50 million was outstanding on this facility (2017: nil).

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

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

Interest rate risk sensitivity

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

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

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

30.7. Foreign currency risk management

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

In order to minimise the Group's exposure to foreign exchange risk, the Group entered into cross currency swaps. The cross currency swaps have been terminated on 5 February 2018 due to the refinancing of the Group, resulting in a net positive € 6.8 million cash proceed. On 2 February 2018, the Group entered into new cross currency swaps, in value of € 404 million, with a maturity date of 1 October 2021 (see note 31.3).

Exposure to currency risk

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

31. Financial instruments

31.1. Accounting classifications and fair values

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

At 30 September 2018

	Carrying amount				*Fair value*			
	Cash flow hedging instrument	*Loans and receivables € (000's)*	*Other financial liabilities*	***Total € (000's)***	*Level 1 € (000's)*	*Level 2 € (000's)*	*Level 3 € (000's)*	***Total € (000's)***

	€ (000's)		€ (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	-	82'484	-	**82'484**				
Non-current financial assets	-	8'803	-	**8'803**				
Cash and cash equivalents	-	163'834	-	**163'834**				
Accrued income	-	34'147	-	**34'147**				
	-	**289'268**	**-**	**289'268**				
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	-	-	(267'375)	**(267'375)**				
	-	**-**	(2'018'794)	**(2'018'794)**				

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)**				

31.2. Measurement of fair values

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

Financial instruments measured at fair value

	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

31.3. Derivative financial instruments designated as cash flow hedges

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

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

The Group applied hedge accounting for raw material purchases at the Roaster entity after the USD forward contracts and accounted for the fair valuation of the contracts in the hedge reserve € 0.2 m gain. As most of the contracts for purchase of raw material are in functional currency, the Group is no longer applying USD forward contracts. Per 30 September 2018 the Group is committed to remaining USD forward contracts of which the USD exposure is low and will expire in December 2018.
At 30 September 2017 the derivative financial instruments had a positive fair value of net € 1.8 million, with the below conditions:

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

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

On 2 February 2018 the Group entered into new cross currency swaps, in value of € 404 million, with a maturity date of 1 October 2021 and conditions set out below. The fair value of the swaps at 30 September 2018 was recognized in the P&L in value of € 8.5 million.

30 September 2018	*Beginning EUR Notional (000's)*	*Beginning Notional in Currency (000's)*
EUR/GBP Fixed-Fixed Principal Final Exchange Cross Currency Swap	125'000	109'275
EUR/CHF Fixed-Fixed Principal Final Exchange Cross Currency Swap	106'000	122'960
EUR/SEK Fixed-Fixed Principal Final Exchange Cross Currency Swap	173'000	1'695'400

31.4. Master netting or similar agreements

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

32. Business combinations

32.1. Acquisition of Pelican Rouge: measurement period adjustments

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

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

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

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

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

The consideration for Pelican Rouge group was structured as follows:

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

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

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

Measurement of fair values:

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

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

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

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

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

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

32.2. Acquisition of the Argenta Group

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

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

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

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

The acquisition of Argenta was the result of:

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

- The contribution of Argenta by KKR in exchange for a loan payable to Selecta Group Midco S.à r.l (the shareholder of Selecta Group B.V), which was offset by the issuance of shares by Selecta Group BV to Selecta MidCo, translating into a non-cash consideration of € 200.4 million.

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

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

	€ (000's)
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	(16'533)
Total identifiable net assets acquired	**(188'370)**
Consideration in excess of net assets acquired	**411'504**
Customer contracts	77'780
Deferred tax liability on intangible assets recognized	(18'667)
Preliminary goodwill allocated	**352'391**

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

Measurement of fair values:

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

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

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

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

32.3. Minor acquisitions within Argenta

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

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

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

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

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

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

	€ (000's)
Total investment	**11'150**
Total identifiable net assets acquired	1'176
Customer contracts	3'988
Deferred tax liability on intangible assets recognized	1'181

Preliminary goodwill allocated	7’167

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

32.4. Acquisition of Express Vending

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

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

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

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

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

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

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

The consideration for Express vending is structured as follows:

	2018 *€ (000’s)*
Total consideration	**69'764**
Amounts of assets acquired and liabilities assumed at the date of acquisition:	
Property, plant and equipment	986
Other non-current assets acquired	848
Inventories	1'966
Trade receivables	6'267
Cash and cash equivalents	6'432
Trade payables	(3'522)
Other current liabilities	(4'000)
Total identifiable net assets acquired	**8'977**
Not yet allocated preliminary goodwill	**60'787**

Measurement of fair values:

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

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

32.5. Effect of acquisitions on the financial statements

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

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

33. Disposals

33.1. Disposal of Selecta Finland

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

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

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

The results of the transaction are as follows:

	Total *€ (000's)*
Property plant and equipment	(1'823)
Intangible assets	(337)
Deferred tax assets	(9)
Inventories	(484)
Trade and other receivables	(1'609)
Cash and cash equivalents	(859)
Non-current liabilities	246
Trade and other payables	2'142
Financial liability	190
Net assets	**(2'543)**
Consideration received, satisfied in cash	14'268
Cash and cash equivalents disposed of	(859)
Selling costs	(1'000)
Net cash inflow	**12'409**

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

33.2. Disposal of Custompack

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

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

The results of the transaction are as follows:

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

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

33.3. Disposal of Baltic countries

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

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

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

The results of the transaction are as below:

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

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

34. Share based payments

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

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

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

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

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

As a result of the above, the vesting period will either be:
Scenario 1: Full vesting on the event of change of control or a listing of the Company for managers who stay with Selecta by that point in time.
Scenario 2: Graded vesting (with 20% vesting at the grant date and at each anniversary additional 20%) over the period of four years for managers who become good leavers.

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

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

35. Commitments for expenditures

Operating lease commitments

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

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

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

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

years.

36. Contingent liabilities and contingent assets

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

37. Related parties

37.1. Parent undertaking

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

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

37.2. Compensation of key management personnel

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

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

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

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

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

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

37.3. Transactions and balances with related parties

The ultimate controlling party of the Group changed when, on 11 December 2015, funds and accounts managed or advised by affiliates of KKR & Co. L.P., which is publicly traded on the New York Stock Exchange (NYSE: KKR), acquired the shares of Selecta Group S.à r.l, which is owning the Group's immediate parent Selecta Group MidCo S.à r.l. KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds.
During the year 30 September 2018 the Group was charged by KKR Capital Markets Limited as disclosed below for the services regarding the successful refinancing of the Group in February 2018.

The Group entered into a contractual relationship with KKR Capstone regarding the provision of consulting services in the year 30 September 2017 as disclosed below. KKR Capstone, however, uses the name "KKR" under licence only and neither KKR & Co L.P. nor its affiliates owns or controls KKR

Capstone or KKR Capstone's affiliates. Furthermore and for the avoidance of doubt, the provision on consulting services by KKR Capstone have been entered into on arm's length basis.

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

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

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

38. Changes in scope of consolidations

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

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

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

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

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

39. Subsidiaries

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

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

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

Approval of the consolidated financial statements

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

Amsterdam, 18 January 2019

David Hamill
President of the Supervisory Board

Mark Brown
Member of the Supervisory Board

Markus Hunold
Member of the Supervisory Board

David Flochel
Member of the Board of Directors

Gabriel Pirona
Member of the Board of Directors

Ruud Gabriels
Member of the Board of Directors

Robert Plooij
Member of the Board of Directors

Selecta Group B.V., Amsterdam

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

2017/2018

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

Selecta Group B.V., Amsterdam

Opinion

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

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

Basis for Opinion

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

Other Matter

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

Responsibility of Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

KPMG AG

Reto Benz
Licensed Audit Expert

Nicole Charrière Roos
Licensed Audit Expert

Zurich, 18 January 2019

RISK FACTORS

The risks and uncertainties that we describe below are not the only ones we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial could also have a material adverse effect on our business, results of operations or financial condition. If any of the possible events described below occurs, our business, financial condition or results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

This Report contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Report. See "Forward-Looking Statements."

Risks Related to Our Business

Changes in general economic conditions, consumer confidence and consumer spending could have an adverse effect on our business.

Demand for snacks, hot and cold beverages and in-between meals correlates with consumer confidence and employment levels. Changes in general economic conditions directly impact consumer confidence and consumer spending, as well as the general business climate. Therefore, our results of operations and financial performance are subject to changes in the general economic conditions of the markets in which we sell our products. In particular, changes in consumer confidence as a consequence of changed general economic conditions could have a material impact on our business. Moreover, consumer confidence, consumer spending and general economic conditions may deteriorate significantly and remain depressed for an extended period. A negative development in general economic conditions or consumer confidence and consumer spending could have a negative effect on our business, financial condition and results of operations.

Downturns in general economic conditions and uncertainties regarding future economic prospects, which affect consumers' disposable income, pose a risk to our business because consumers and businesses may postpone spending in response to tighter credit markets, unemployment, negative financial news or declines in income or asset values, which could have a material adverse effect on demand for our products. Many factors affect discretionary spending, including general business conditions, inflation, interest rates, consumer debt levels, unemployment rates and availability of consumer credit. These and other such macroeconomic factors are outside our control.

Recessionary conditions and uncertainty in the macroeconomic environment may also adversely influence our clients' decision to contract for a vending machine on their premises as well as consumers' discretionary consumption patterns. A majority of our vending machines are located in office environments or other private vending locations. Consequently, the majority of our sales from such vending machines occur during the working week. There is therefore a correlation between the total number of items sold through vending machines and work force levels which tend to suffer during recessionary periods. Employee retrenchment or uncertain economic prospects may lead clients to decide against investing in vending machines and may lead consumers to make fewer beverage, snack and impulse purchases from our vending machines, which could have a material adverse effect on our business, financial condition and results of operations.

The success of our vending business depends on consumer preferences, technological innovations and the consumer's experience with the vending machines we operate.

We are a vending services provider operating in the highly competitive segments of the food and beverage market serving hot and cold beverages, in-between meals, snacks, and confectionary products. Changes in consumer preferences affect both the demand for new vending machines and the volume of products we sell from our vending machines. Any significant changes in consumer preferences or our inability to anticipate or react to such changes could result in reduced demand for our products and erosion of our competitive and financial position. Our success depends on our ability to respond to consumer trends, including concerns of consumers regarding health and wellness, obesity,

and product attributes and ingredients. In addition, changes in product category consumption or consumer demographics could result in reduced demand for our products. Consumer preferences may shift due to a variety of factors, including the aging of the general population, changes in social trends, changes in travel, workplace, vacation or leisure activity patterns, weather, or negative publicity resulting from regulatory action or litigation against companies in the snack food and beverage industries. Furthermore, as millennials begin to form larger portions of the consumer pool, adapting our sales and marketing strategies to complement their purchasing habits, such as implementing cashless payment, will become increasingly important to our business. Any of these or other changes may reduce consumers' willingness to purchase the products we sell and may require us to incur unplanned costs to respond to these changes, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, existing technologies may develop further in the fields where we operate, which could impact our business and require significant investments. For example, wireless technology has developed as a practical medium through which cashless vending payments can be made. Furthermore, the ability to transmit sales and stock data remotely (telemetry) has led to significant developments in the vending industry. Other technological advances are also likely to become more widespread, including payments via mobile phone, vending machines equipped with internet browsers, vending machines that speak to the visually impaired as well as environmentally friendly vending machines, which use less energy. If we are unable to adopt such advances in technology, our growth prospects, financial condition and results of operations may be adversely affected.

Moreover, our continued success is also dependent on product innovation, both in terms of sourcing more technologically advanced vending machines as well as new food and beverage products from suppliers.

Responding to technological changes almost always entails capital expenditures, which could be above our management's expectations or strain our cash flow position and may not be fully recoverable from revenue streams created by such expenditures. Additionally, we are organized on a decentralized geographic basis, which can delay or prevent successful implementation of Group-wide roll-outs of the above projects. There can be no assurance that we can acquire or successfully implement new models or variants of existing vending machine models or that we will be successful in stocking such vending machines with the products that will be most appealing to consumers.

Furthermore, our success is dependent on the consumer's experience with the vending machines we operate. To generate revenue and profits, we must stock food and beverage products that appeal to consumer preferences in vending machines that consistently and reliably dispense the products we offer. If consumers encounter vending machines that contain undesirable products, have been vandalized, or malfunction, our reputation may suffer and consumers may be deterred from patronizing our vending machines, leading to lower revenue, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our business is exposed to fluctuations in costs related to fuel, coffee and other commodity prices.

Our business operations rely on frequent restocking and maintenance of vending machines at numerous locations. As a result, we are exposed to fluctuations in costs related to fuel and other transportation inputs. In addition, we source significant amounts of coffee for the operation of our coffee vending machines, including our own Miofino and Pelican Rouge brands of coffee blends. Supply and price of coffee beans can be affected by multiple factors, such as weather, pest damage, politics, competitive pressures and economies of the producing countries. The price of green bean coffee has fluctuated significantly in recent years. For example, the price of Arabica coffee increased by more than 100% from November 2013 to April 2014 and prices ranged from U.S.$2.30 per pound in October 2011 to U.S.$1.30 per pound in October 2017 (based on the ICE 'C' New York index). We manage the risk of fluctuation in commodity prices by partly hedging the price of coffee beans. While our hedging strategy enables us to partly mitigate adverse effects of coffee beans price fluctuations over a certain period, it does not allow us to mitigate the risks associated with the valuation of hedging instruments, which may become too expensive due to commodity prices fluctuations, and the creditworthiness of our counterparties. We also procure food and beverage products from suppliers, the costs of which are indirectly linked to fluctuations in the prices of certain commodities such as cocoa and sugar. There can be no assurance that we will be successful in passing on cost increases to clients or consumers without losses in vends, revenue or gross margin. As a consequence, sudden and significant changes in the prices of

coffee and other commodities could have a material adverse effect on our business, financial condition and results of operations.

Changes in governmental regulations and legislation could adversely affect our business.

The food and beverage industry is regulated by various European and national legislation and regulations covering food safety and hygiene, packaging, nutritional information, broader public health and diet concerns, and public tenders for placement of vending machines on public premises. For example, EU Regulation 852/2004 sets out general rules for food business operators on the hygiene of foodstuffs and EU Regulation 853/2004 regulates, among other things, the temperature settings of vending machines that stock products made from or containing animal products, such as meats and cheeses. Moreover, as governments target lowering obesity rates and obesity-related illnesses, sales of certain snack foods will become discouraged. In the UK, for example, in order to qualify for government funding, National Health Services premises must comply with certain standards, including a ban on the price promotion, advertisement, and sale of food and drinks that are high in fat, salt, sugar, and saturates, and provision of healthy food and drinks options to the patients and staff at all times. Although regulations such as the above do not directly regulate our business, our clients will require us to provide them with a product mix that ensures their compliance with such regulations and will not consider suppliers who cannot provide the appropriate products. Moreover, as government standards for food quality increase, our suppliers' production costs of such items, including organic products, also increase; these increases are passed up the chain to the consumers, which could lead to lower sale volumes.

In addition, stricter requirements regarding energy consumption of our vending machines and the use of recyclable or biodegradable containers in connection with our coffee vending machines could adversely affect our business operations. Compliance with such laws and regulations could require us to make additional investments in new vending machines and equipment, and failure to comply could result in the imposition of fines and other remedial measures. For example, our vending machines in Germany must be accompanied with a space for consumers to recycle their used coffee cups; the failure to provide recycling facilities can result in fines from the German regulator. Any such changes in regulations or costs incurred to comply with stricter regulations could materially adversely affect our business, financial condition and results of operations.

We are also required to obtain and comply with numerous permits, approvals, licenses and certificates from the respective government authorities of each jurisdiction in which we operate, in relation to health, safety (including the security of our facilities) and environmental regulations. The process of obtaining and renewing necessary permits can be lengthy and complex. In addition, such permits or approvals may be subject to denial, revocation or modification under various circumstances. Failure to obtain or comply with the conditions of permits or approvals, or failure to comply with applicable laws or regulations, may result in the delay or temporary suspension of our operations and sales and may subject us to penalties and other sanctions. For example, Pelican Rouge Coffee Roasters operates a coffee roasting facility in Dordrecht, the Netherlands. Given its considerable potential impact on the environment, this facility qualifies as a type C facility under Dutch environmental laws and requires an environmental operating permit (*omgevingsvergunning milieu*) to carry out its activities. If we are unable to renew this operating permit or if such renewal is subject to stricter provisions, the result could have a material adverse effect on our business, financial condition and results of operations.

In addition, complying with new legislation or regulations, or changed interpretations of existing legislations or regulations, may require us to incur significant expense. We cannot predict the amounts of any increases in capital expenditures or operating costs that we may incur to comply with applicable regulatory requirements, or whether we will be able to pass on these costs to our consumers through price increases.

Additionally, any tightening of regulations applicable to certain materials and processes that we use could force us to use more expensive processes and decrease the profitability of our products. Any failure to obtain or comply with required permits and approvals for our operations, or the possible imposition of fines or undertaking of capital investments in the aforementioned cases, could have a materially adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive market, and if we do not compete effectively, we may lose market share or be unable to maintain or increase prices for our products and services.

The market in which we operate is highly competitive. Depending on location, our vending machines compete with a combination of cafés, kiosks, fast-food restaurants, delicatessens, sandwich shops, gas stations, convenience stores, and supermarkets, among others. In office locations we also compete with coffee machine manufacturers who offer office coffee services and may seek to expand in that market segment. As a result of this competitive environment, our suppliers will have multiple channels through which they can sell and distribute products, which gives them significant bargaining advantages. Furthermore, an increase in the number of alternative locations in close proximity to our vending machines that sell the same or similar products that we sell through our vending machines, or the extension of the opening hours of such locations, would increase the competitive environment and could result in consumers purchasing similar food and beverage products through other channels. For example, in the past 24 months, the number of mobile kiosks and small shops selling coffee and snack foods in train stations where we operate has significantly increased. These alternative outlets can also reduce our coffee sales in offices, as consumers can instead buy their coffee on the commute to work. In addition, if the train or metro platforms on which we have public contracts to operate are under construction for extended periods of time, consumers may become accustomed to purchasing coffee from one of our competitors.

In general, the vending machine operator sector is characterized by extensive logistics, distribution, and maintenance service requirements. Although the European vending market is currently fragmented, future consolidation in the industry among existing operators could adversely affect our business, financial condition and results of operations. Certain competitors, such as Nespresso, may have greater capital and other resources and superior brand recognition relative to us and may be able to provide more sophisticated vending machines or adopt more aggressive pricing policies. In addition, certain competitors such as Coca-Cola, develop, own, and operate their own vending machines, which may have superior functionality to our machines at a lower cost to our clients.

These competitors may be able to undertake more extensive marketing campaigns, secure the most advantageous locations for their vending machines or otherwise make more attractive offers to clients and consumers. New market entrants in a particular market segment, such as Café Royal in the coffee procurement, roasting, and packaging segment, could also increase competition in procurement for and sale of coffee from our coffee roasting segment. New market entrants in a particular country or region could also lead to oversaturation in the market, limiting our growth potential in that area. There can be no assurance that we will be able to compete successfully in our market and a loss in market share or other factors described above may have a material adverse effect on our business, financial condition and results of operations.

Further, we partner from time to time with caterers and facility management companies to place our vending machines in facilities where they operate. Facility management companies are appointed to manage the catering and other food and beverage suppliers of large offices and companies. If a caterer or facility management company establishes a formal partnership with another vending operator or decides to operate the vending machine business themselves, our sales could be negatively affected. For example, our business in the UK may suffer if one of our facility management clients, Compass, successfully creates its own vending services.

Furthermore, facility management companies such as CBRE and ISS Europe have a strong impact on our pricing in the private sector due to their function as the intermediary between us and the client. They typically demand lower prices in order to retain the flexibility of adding their own margins to the final price, and to ensure the provision of the lowest price to their clients. If their price reduction requirements are not met, they may grant the business to other caterers and machine manufacturers. In addition, these contracts require a combination of business development and international client management. Our business operates on an internationally decentralized basis and our teams may not be able to coordinate efficiently to address the needs of our clients.

Any failure to maintain our contracts with such catering or facility management companies could have a materially adverse effect on our business, financial condition, and results of operations.

Our ability to maintain or increase prices in response to competitive pressures may also be limited.

Additionally, increasing operating costs, including vending rents with certain clients, may offset improvements on margins that rising prices might otherwise produce. As a result, we cannot assure you that competitive dynamics will not require us to make investments in our vending machine stock, or that

we will be able to increase prices with sufficient flexibility and speed to preserve or increase our margins, any of which could have a material adverse effect on our business, financial condition and results of operations.

An increase in vending rent rates could negatively affect our business.

We are generally required to pay vending fees, or vending rent, to place vending machines in public locations, such as airports and train and subway stations and, in certain cases, corporate locations. We may face pressure from our clients to increase the vending rent we pay to place our vending machines on their premises in the future. If such vending rent increases or we are unable to respond effectively to such price-related pressures, our profitability could suffer and we may fail to retain or win new clients. Our vending rent arrangements include fixed and variable rent agreements or combinations thereof, and are based on certain factors including, among others, public tender specifications, expected revenue, contract length, competitors' offers and the demographics of the relevant location. An increase in vending rent payable to our clients could significantly increase our operating expenses in future periods and, as a result, have a material adverse effect on our business, financial condition and results of operations.

Our success is dependent, in part, upon the integrity of our management and employees, and our risk management and internal controls may not prevent or detect violations of law, including mishandling of cash.

Our business operations involve risks associated with fraud, bribery and corruption, or allegations thereof, including with respect to our own employees as well as our clients and the award of public tenders by public authorities to offer vending services. In particular, our business operations involve the transfer of large volumes of cash between locations, which exposes us to the risk of loss or theft. Our existing compliance processes and controls may not be sufficient in order to prevent or detect inadequate practices, fraud and violations of law by our management, employees or agents. For example, the cash collection process is performed by employees, with either centralized or decentralized cash control supervisory teams, depending on the country, whose methods may lack adequacy in detecting mishandling of cash. Compliance and controls systems of certain countries may be incomplete, unreliable, or inaccurately transmit data due either to technical shortcomings which may or not be in our control, or malicious efforts of internal staff and third parties. Such malicious efforts include manual input of cash data in systems and are exacerbated by poor or inconsistent control execution from branch to branch within a country. Therefore, we may be unable to detect or prevent every instance of theft, fraud, bribery and corruption involving our employees, management, directors, agents or other third parties in the future. To the extent we are not successful in protecting ourselves from such activities, we may be subject to civil and criminal penalties and to reputational damage as a result of such occurrences. Allegations, proceedings and convictions of certain crimes including, among others, fraud, bribery and corruption may make it more difficult for us to obtain or acquire new clients or render us ineligible to participate in public tenders. The involvement or association of our employees, management, directors or agents with theft, fraud, bribery or corruption and other crimes committed in relation to our activities, or allegations or rumors relating thereto, could have a material adverse effect on our business, results of operations and financial condition.

A failure of our key information technology, accounting software, and inventory management systems or processes could have a material adverse effect on our ability to conduct our business.

We rely extensively on information technology, inventory management systems and software, external providers of inventory management and logistics, and other processes for our day-to-day operations. These systems and processes include, but are not limited to, ordering and managing stock from suppliers, coordinating the logistics of restocking our vending machines, distributing products to various locations, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, and other processes necessary to manage the business. If such systems are damaged or cease to function properly, we may suffer interruptions in our ability to manage operations, which could negatively affect our revenue and results of operations by impeding our ability to distribute products and restock our vending machines. These interruptions could be caused by any number of events, including catastrophic events, power outages, security breaches, disruptions at our data maintenance suppliers, or our experienced IT employees being unavailable or ceasing to work for us. Moreover, because consumer decisions to purchase snack food and beverages are contextually specific and can change on a day-to-day basis (or even during the course of a day), a lost vend

due to a vending machine malfunction or a lack of stock cannot typically be recouped once the malfunction has been addressed or the vending machine has been restocked. Failures in our systems could therefore reduce our revenue, adversely affect our reputation among our clients and consumers generally, compromise our competitive position or otherwise have a material adverse effect on our business, financial condition and results of operations.

Our ability to equip our machines with telemetry in the near future is integral to our success. We expect many of our biggest clients, including Shell and FM, will require real-time sales data in order to improve their consumer understanding and to test our ability to provide effective 24/7 client service. Therefore, our successful roll-out of telemetry equipped machines will be crucial to maintaining some of our biggest clients.

Furthermore, a significant number of our existing IT systems are nearing the end of their economic life and we lack certain recent industry standard IT systems. For example, our internal IT systems do not interface among each other, we are missing certain system controls at a central level and we regularly experience control deficiencies throughout our business, which we have currently addressed through manual controls. Manual controls, as opposed to IT based controls, are costly and inefficient as they do not provide an appropriate level of risk mitigation in regards to fraudulent behavior. Additionally, our outdated custom made applications are no longer supported and cannot be developed further internally. Because of outdated IT systems, many of our internal reports have been prepared based on data extracted from systems and processed manually. Inappropriate handling of spreadsheets containing calculations may result in misstatements and our existing IT may not provide management with data in an adequate and consistent form, which could have a material adverse effect on our ability to conduct our business, financial condition and results of operations.

Any negative impact on the reputation of the brand names of certain of the key products we sell may adversely affect our competitive position.

We stock and sell in our vending machines a broad range of brand name products whose brands are owned by our suppliers or other third parties, such as Starbucks. We are highly dependent on the Starbucks and the Lavazza brands for the success of our business but we have limited control over these and other brands we supply to our clients. Any failure on the part of the owners of such brands to defend their intellectual property rights or preserve and build their brands' reputations could compromise such reputations or the public's perception of such brands, thereby diminishing the value of such brands and potentially having a material adverse effect on our business, results of operations and financial condition.

Furthermore, we have built a reputation for our own brands, such as Miofino, Pelican Rouge, and Café Bon, for delivery of a consistently positive consumer experience. To be successful in the future, particularly following the Pelican Rouge Acquisition and the Argenta Acquisition, we believe we must preserve, grow and leverage the value of our brands across all sales channels. Our business strategy following the Pelican Rouge Acquisition and the Argenta Acquisition relies significantly on the success of the brands in our existing and new markets. Business incidents, whether isolated or recurring, that erode consumer trust, such as actual or perceived breaches of privacy, contaminated food, employees or other food handlers infected with communicable diseases, product recalls or other potential incidents discussed in this "*Risk Factors*" section, particularly if the incidents receive considerable publicity, including rapidly through social or digital media, or result in litigation, and failure to respond appropriately to these incidents, can significantly reduce brand value and have a negative impact on our business, results of operations and financial condition.

The sale of any of the third party products in our vending machines or the coffee from our coffee roasting facility can also give rise to product liability claims against us. Such claims, especially with regards to our roasting facility products, can be very costly to defend and involve large damages. Product liability claims could harm our reputation, regardless of the merit or ultimate success of the claim, which could have a material adverse effect on our business, financial position and results of operations.

Consumer demand for our products and our brands could diminish significantly if we fail to preserve the quality of our products, are perceived to act in an unethical or socially irresponsible manner, including with respect to the sourcing, disposal, content or sale of our products or the use of consumer data, failure to comply with laws and regulations or failure to deliver a consistently positive consumer experience in each of our markets. Additionally, inconsistent uses of our brands and other intellectual property assets, as well as failure to protect our intellectual property, including from unauthorized uses

of our brands or other intellectual property assets, can erode consumer trust and our brands' value and have a material adverse effect on our business, financial position and results of operations.

The performance of our business is negatively affected by VAT rates on food and beverage items sold in vending machines and any further increase in VAT could require us to incur additional costs and have an adverse effect on our business, results of operations and financial condition.

Any of the countries in which we operate may adopt new tax laws or modify existing laws to increase taxes, especially VAT rates, applicable to the products that consumers purchase from our vending machines. As of January 1, 2014, the Italian VAT rate applicable to vending machine products increased from 4.0% to 10.0%. In addition, as of the same date, the French VAT rate applicable to confectionary items increased from 19.6% to 20.0% and to hot drinks rose from 7.0% to 10.0% but decreased from 5.5% to 5.0% for canned beverages. Moreover, as healthy eating becomes a larger priority for government authorities, the prices of our product offering may increase due to any taxes imposed to discourage consumers from purchasing such items. The UK, for example, will impose an additional tax on sugary soft drinks beginning in 2018, and may be considering a tax on single-use plastic waste, which may negatively affect the sales volumes for, or reduce our margins on, our cold beverages.

VAT increases affect the prices consumers pay for food and beverage items, and therefore reduces their purchasing power, especially if it coincides with the economy experiencing only slight growth or high levels of unemployment. As a vending machine operator, we are obliged to respond to VAT rate increases by discussing with our clients the re-pricing of the food and beverage items sold in vending machines on their premises. As many of our contracts are based on a fixed price per product and do not contain automatic pass-through mechanisms, our regional and area managers must engage with clients to reach an agreement. An increase in VAT rates typically reduces our margins on contracts with a fixed output price, as the output VAT is already included in the selling price. Following any agreement to raise selling prices, our machine operators must re-price items on display in our vending machines. For automatic vending machines equipped with digital price displays, this may be relatively simple, however, for the majority of our vending machine base with conventional displays, re-pricing has cost and time implications.

Accordingly, any future increase of VAT in a market where we operate, especially under a fixed price agreement, may negatively affect our revenue and increase our operating costs and could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks associated with fluctuations in currency exchange rates.

Changes to currency exchange rates may impact our profitability. For example, a continued significant strengthening of the euro compared to the pound sterling or to the Swiss Franc could have an adverse effect on our operating results and financial condition, particularly in relation to the price of certain raw materials upon which we rely. A weakening of one or more of the foreign currencies in which we operate against the euro necessarily reduces our euro-denominated revenue. Moreover, we may be unable to pass along increased costs to our clients or our clients may be less willing to purchase our products at higher prices. Conversely, our clients may demand that we reduce our prices where any changes in currency exchange rates may have been beneficial to our operations. Any increased costs or reduced revenue as a result of foreign currency fluctuations could have a material adverse effect on our business, financial condition and results of operations.

As a result of the international nature of our operations, we are subject to foreign exchange risk, including currency translation, transactional and operating exposure. In particular, the exchange rates between the euro and the pound sterling or to the Swiss Franc have fluctuated significantly and may continue to do so in the future. As we report in euro, we are subject to risks relating to the conversion into euros of the statements of financial position and income statements of our subsidiaries who conduct business in Swiss Franc, Danish and Norwegian krone, Swedish krona, and pound sterling. In addition, we are subject to risks arising from outstanding nominal foreign currency financial and trade receivables or payables incurred prior to but due to be settled after a change to the relevant exchange rate, which affect our current cash flows.

Changes in currency exchange rates may also have a long-term impact on demand for our products. For example, we may become less competitive outside the euro zone if the euro were to

strengthen, due to the higher prices that clients and consumers outside the euro zone may have to pay for our products.

We may not be able to manage effectively the currency risks we face, and volatility in currency exchange rates may have a material adverse effect on our consolidated financial statements and may have a materially adverse effect on our business, financial condition and results of operations.

We face various political, economic, legal, regulatory and other risks and uncertainties associated with conducting business in multiple countries.

Our business and results of operations are subject to various risks inherent in international operations over which we have little or no control. These risks include, among others:

- transportation delays and difficulties of managing international distribution channels and suppliers;
- longer payment cycles for and greater difficulty collecting client accounts receivable;
- the ability to finance our foreign operations;
- fluctuations in currency exchange and currency controls;
- economic downturns in countries or geographic regions where our manufacturers are located which among other things may expose the operations of our manufacturers to risks, leading to an increase in our manufacturing costs or delayed delivery;
- trade restrictions, higher tariffs and changes to existing, or the imposition of additional, regulations relating to import or export of our products;
- unfavorable changes in tax or other laws, including the imposition of new laws or regulations that restrict our operations or increase our cost of operations;
- work stoppages and sudden or unexpected increases in wages;
- political and economic instability, including wars, terrorism, political unrest, boycotts, curtailment of trade and other business restrictions; and
- difficulties in obtaining the protections of the intellectual property laws of other countries.

The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable; however, the effects of any of these occurrences, or any combination thereof, could have a material adverse effect on our business, financial condition and results of operations.

We depend on a limited number of suppliers for the manufacture of the vending machines and the provision of telemetry equipment we require to operate our business.

Although we have limited in-house machine refurbishment and customization capabilities, we do not manufacture our vending machines. We currently source substantially all of our vending machines from 13 key suppliers. We currently, and will increasingly, rely on such manufacturers to produce high-quality vending machines in adequate quantities to meet clients' demands. If one or more of our vending machine manufacturers were to experience severe financial difficulties or cease operations, our ability to source new vending machines or component parts could be disrupted and a prolonged interruption could have a significant adverse effect on our business. Any decline in quality, disruption in production or inability of the manufacturers to produce the machines we require in sufficient quantities or in a timely manner, whether as a result of a natural disaster, labor strikes, financial difficulties or other causes, could have a material adverse effect on our business, financial condition and results of operations.

Additionally, we rely on a limited number of suppliers for the provision of necessary telemetry software and hardware. As access to sales data derived from the use to telemetry becomes standard in the business, client expectations for the service has also increased. Therefore, if one or more of our telemetry equipment providers cease to operate for any reason, including bankruptcy or other financial difficulties, we may not be able to continue to provide this service to our clients. The inability to provide

this service may lead to the loss of certain of our clients, which could have a material adverse effect on our business, financial condition and results of operations.

Disruptions in our supply and logistics chain could adversely affect us.

A disruption in our supply and logistics chain caused by transportation disruptions, delays or increased expenses, labor strikes, product recalls or other unforeseen events could adversely affect our ability to restock our vending machines or repair, maintain and retrofit our vending machines. If we cannot secure alternative sources of supply or effectively manage a disruption if it occurs, daily vends and thereby revenue could be reduced until we are able to address the situation and we are unlikely to recoup the loss of such vends. See "*—A failure of our key information technology, accounting software, and inventory management systems or processes could have a material adverse effect on our ability to conduct our business*." These events could cause our revenue to decline, require additional resources to restore our supply and logistics chain or otherwise could have a material adverse effect on our business, financial condition and results of operations.

Our business requires capital expenditures that may divert significant cash flow from other investments or uses, including debt servicing.

As of September 30, 2018, Selecta operated a network of approximately 460,000 active coffee, convenience food and beverage vending machines. As part of our business model, we acquire new vending machines for new client sites, refurbish our existing vending machines and replace those that reach obsolescence from our existing installed vending machine base. Following the Pelican Rouge Acquisition and the Argenta Acquisition, we expect that our capital expenditures related to the purchase of additional vehicles, IT systems, other equipment, and new vending machines will remain at a high level in the future to support the investment required to deliver new business growth and maintain the existing machine park. However, we cannot estimate the future annual capital expenditures on vending machines to support our current level of revenue. Moreover, given its reliance on sophisticated and complex machinery, the coffee roasting plant could necessitate significant capital expenditures to remain operational. Although the current roaster has been well maintained, it may need to be replaced by a newer model in the next three to four years. In addition, we finance the purchase of new equipment and vending machines through lease agreements in order to lower maintenance capital expenditures. For the year ended September 30, 2018, Selecta had €41.1 million outstanding under finance leases. In addition, we enter into off-balance sheet agreements with Lavazza to fund vending machines selling Lavazza coffee. If we are not able to enter into these leases agreements, our cash requirements for capital expenditures would increase. As our capital expenditure requirements vary from year to year based on different capital intensity in different business segments, specific reinvestment requirements in relation to new business, requirements for new machines versus refurbished machines, and specific initiatives to develop telemetry and cashless payment technologies, among other factors, we can provide no assurance that our capital expenditure will not exceed what we anticipate. Such increases may divert significant cash flows from other investments or uses, including debt servicing, which could have a material adverse effect on our business, financial condition and results of operations.

The loss of major clients or partners, or the inability to establish new client relationships or partnerships could adversely affect our business, financial condition and results of operations.

We compete to maintain existing clients and to establish new client relationships in our markets. However, we can give no assurance of our ability to maintain or renew existing contracts or enter into new contracts. For example, in 2016, Pelican Rouge did not succeed in the re-tender process to provide vending services to a large client in France. Furthermore, in certain of our markets we are heavily dependent on our large clients, such as RATP and SNCF in France. Our ability to compete effectively in these markets depends on our ability to retain our large clients. For example, we currently have no technical service support over the weekend in Germany, although our clients offer access to our machines 24/7. If we are unable to grow our support services in conjunction with obtaining large clients, we may be unable to retain such clients.

We have a number of partnerships with third parties that allow the use of our partner's well-known brand and product in our machines. Two of our key partnerships for premium coffee are with Starbucks and Lavazza, which currently span across twelve of our markets. The loss of such partnerships, or the inability to establish new partnerships with other trendy brands in the market could have a material adverse effect our business, financial condition and results of operations.

In addition to our private vending client contracts, we also maintain contracts with public clients, who generally have longer terms and are awarded pursuant to public tenders in accordance with EU and national public tenders laws. We can give no assurance that we will successfully compete in future auction processes for public service contracts or that current public vending clients will continue to welcome vending machines on their premises. We are also subject to the risk that contracts with public clients could face legal challenge because public tender rules were not followed. We can provide no assurance that the loss of any single client or group of clients would not have a material adverse effect our business, financial condition and results of operations.

Defects, failures or security breaches in and inadequate upgrades of, or changes to, our vending machines and the accompanying software could harm our business.

The operation of our business depends on sophisticated software, hardware, computer networking and communication services that may contain undetected errors or may be subject to failures or complications. These errors, failures or complications may arise particularly when new, changed or enhanced products or services are added. Future upgrades, improvements or changes that may be necessary to expand and maintain our business may not be timely or appropriately implemented. The security of our client and consumer data depends on our machines and the accompanying software adequately functioning. Even if we are successful in correctly implementing all necessary upgrades, no assurance can be given that criminals will not be able to hack our machines to steal consumer financial information. Further, certain aspects of the operating systems relating to our business are provided by third parties, including telecommunications and payment processing. Accordingly, the effectiveness of these operating systems is, to a certain degree, dependent on the actions and decisions of third parties over whom we may have limited control. Any of the above failures could have an adverse effect on our business, financial condition and results of operations.

The result of the United Kingdom's withdrawal from the European Union may have a negative effect on our business.

The United Kingdom's initiation of the process to withdraw from the European Union pursuant to Article 50 of the Treaty on European Union following the national referendum in June 2016 ("Brexit"), has created significant uncertainty about the future relationship between the United Kingdom, one of our current markets, and the EU and its remaining member states, which may constitute an additional risk for the financial markets and the European economy. A downturn in the European economy could have adverse effects on our business in every market in which it operates. In addition, since the completion of the Pelican Rouge Acquisition, we have increased our presence in the United Kingdom, which in turn increases our exposure to the negative outcomes of Brexit. Possible negative outcomes resulting from Brexit include: significantly disrupted trade between the United Kingdom and the EU; political and economic instability in other countries of the EU, which covers the majority of our markets; and instability in the global financial and foreign exchange markets, including volatility in the value of the euro and the pound sterling. The depreciation of the pound sterling against the euro has caused, and may continue to cause, an increase in the price of consumer goods in the UK that are sourced from the EU. Therefore, Brexit might also affect our ability to maintain the current level of sales in the United Kingdom. Given the lack of comparable precedent, it is unclear what financial, trade and legal implications Brexit will have and whether, and to what extent, our business might be affected. Therefore, Brexit could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to realize the anticipated operational efficiencies and cost savings in connection with the Argenta Acquisition and the Pelican Rouge Acquisition.

Following the Argenta Acquisition and the Pelican Rouge Acquisition, we have implemented certain operational efficiency and cost saving measures. We may not be able to realize these measures, either in the amount or within the timeframe that we currently anticipate, and the costs of achieving these measures may be higher than what we expect. Moreover, successful integration and the realization of synergies require, among other things, proper co-ordination of business development and marketing efforts, retention of key members of management, policies for effective recruitment and training as well as the ability to adapt information and computer systems. Any difficulties encountered in combining operations could result in higher integration costs and lower savings or revenues than expected. There will accordingly be uncertainty as to the extent to which anticipated synergies will be achieved and the timing of their realization. Moreover, the integration of Selecta's existing operations with the operations of Pelican Rouge and Argenta could interfere with the respective businesses and divert management's attention from other aspects of our business, which could have a negative impact on our business and results of operation.

In addition, our ability to realize the anticipated synergies is subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond its control, such as labor laws, changes to government regulation governing or otherwise impacting its industry, employee strikes, changes in the political environment in countries where Selecta operates, obtaining appropriate approvals and licenses, operating difficulties, customer preferences, changes in competition and general economic or industry conditions. Consequently, we may overestimate the cost synergies that will result from the acquisition of Pelican Rouge and Argenta or underestimate the cost of implementing such synergies. Failure to realize the expected synergies could have a material adverse effect on the Group's business, results of operations and financial condition.

We may not be able to successfully integrate the Pelican Rouge Group or the Argenta Group into our business.

No assurance can be given that we will be able to fully integrate the Argenta and the Pelican Rouge operations into our own without encountering difficulties, which may include, among other things, the loss of key employees, diversion of management's attention, the disruption of our respective ongoing businesses or possible inconsistencies in standards, procedures and policies. Certain of Pelican Rouge's international contracts have terms and conditions that are weaker than our standard contracts, and we may not be able to integrate them as quickly as we would like. In addition, we may not have, or be able to retain, employees with the appropriate skill sets for the tasks associated with our integration plan and could experience employee departures and early retirement, all of which could adversely affect the integration.

Additionally, the integration of the Pelican Rouge and Argenta businesses and brands into our business is a complex, costly, and time-consuming process, and may face unforeseen challenges. As a result, we will be required to devote significant management attention and resources to integrate Pelican Rouge's and Argenta's business practices and operations with ours, including a coffee roasting business which we have no previous experience in operating. The integration process may disrupt the businesses and, if implemented ineffectively, would restrict the realization of the full expected benefits. The failure to meet the challenges involved in integrating Pelican Rouge's and Argenta's business and to realize the anticipated benefits of the transaction could cause an interruption of, or a loss of momentum in, our activities and could have a material adverse effect on our business, financial condition and results of operation.

Certain products we sell are susceptible to seasonal variation and sustained periods of abnormal weather can have a material adverse effect on our business.

Our vends of certain products have historically been affected by seasonal variation during the year. Many of our vending machines include cold drinks, which have historically generated increased vends during the summer months. Coffee vends generally exhibit less variation, but can also be affected by seasonal factors, especially for our vending machines inside offices or in other private locations, where vends are lower during public holidays.

In addition, severe weather can influence consumer traffic patterns in high-traffic areas such as gas stations, train and subway stations and airports. If, for example, transportation services are closed due to heavy snow or rain, our vending machines in those locations may be accessible by significantly fewer consumers and vends lost on a particular business day typically cannot be recouped in the future. There can be no assurance that we will continue to be able to effectively manage the stocking of our products influenced by seasonal variation or that severe weather events will not reduce our vends at certain locations, the occurrence of which could have a material adverse effect on our business, financial condition and results of operations.

We are susceptible to claims of anti-competitive practices.

Part of our overall strategy is to be a market leader in each of the markets in which we operate. For this reason, and taking into particular consideration our leading market positions in France, Switzerland, Sweden and the UK, we may be accused of the abuse of our position or the use of anti-competitive practices. This risk may increase in the event we acquire companies that have market leading positions in the countries in which we operate. Any such claims could adversely affect our reputation, potentially result in legal proceedings that could have an impact on our business, financial condition and results of operations and require us to divest assets in markets where we have a dominant or leading position. Such claims could also impair our ability to conduct acquisitions accretive to our business. Before certain

future acquisitions can be consummated, we may be required to seek approvals and consents from regulatory agencies or there may be applicable waiting periods that will need to expire. We may be unable to obtain such regulatory approvals or consents, or, in order to obtain them, we may be required to dispose of assets or take other actions that could have the effect of reducing our revenue. Even if regulatory authorities do not require disposals or other actions, the regulatory approval process triggered by our market position or claims of anti-competitive practices may have the effect of delaying acquisitions.

We are involved from time to time in various tax audits and investigations and may face tax liabilities in the future.

We are from time to time subject to tax audits and investigations by the tax authorities in the countries where we operate, which include investigations with respect to the direct tax and indirect tax regime of any of our transactions or VAT classification of products sold through our vending machines. The calculation of VAT in the vending business is complex as it depends on the operational contract with the client, the client's VAT exemption status, the nature of the product (for example, in France VAT rates varies depending on the cocoa content of the snack), and the product mix sold (which is estimated based on inventory issued to a specific machine). Should the model chosen for the VAT calculation not be accepted by the fiscal authority during a tax audit, we would be subject to the payment of fines which could have an adverse effect on our business, financial condition and results of operations. In addition, the relevant tax authorities may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including in relation to transfer pricing. Any adverse findings in a tax audit or investigation could result in unfavorable tax treatment for such transactions or arrangements, and could give rise to significant penalties or fines. Tax audits and investigations by the competent tax authorities may generate negative publicity, which could harm our reputation with clients, suppliers and counterparties and in turn have a material adverse effect on our business, financial condition and results of operations.

In particular, we face the risk of challenges to the tax deductibility of interest on intercompany loans. We are at present and have been in the past subject to tax audits addressing tax deductibility of interest. While we endeavor to comply with all such tax regulations, changes in tax law or enforcement may result in the requirement to pay additional taxes or penalties.

Our insurance is limited and subject to exclusions, and depends on the ongoing viability of our insurers; we may also incur liabilities or losses that are not covered by insurance.

We currently have in place various insurance policies that cover general liability, property damage and losses due to the interruption of our business in accordance with market practice in the industry and subject to customary conditions. Our vending machines are generally insured by our clients against damage and vandalism, pursuant to provisions of our client contracts which require such insurance to be procured by the client or included as part of its general insurance policy coverage. Our other fixed assets, such as our office buildings, technical equipment used in distribution, restocking and vending machine refurbishment, information technology and office equipment are protected by a group insurance policy (damages from fire, catastrophes, theft, flood and severe weather) that includes a business interruption insurance when business interruption is caused by an insured property damage.

Our insurance policies are subject to limits and exclusions. Furthermore, we do not have insurance coverage for all interruptions due to operational risks because such risks cannot be insured or can only be insured on inadequate or onerous terms. For example, while we fulfil our insurer's necessary requirements for the coffee roasting facility, they have noted that the facility lacks a sprinkler system, the costs of installing which outweigh the benefits. Therefore, there can be no assurance that our insurance programs would be sufficient to cover all potential losses, that we will be able to obtain sufficient levels of property insurance coverage in the future or that such coverage will be available on terms acceptable to us.

Moreover, certain types of losses, such as those resulting from earthquakes, floods, hurricanes, environmental hazards or terrorist acts, may be uninsurable or not economically insurable. Moreover, the business impact of the resulting interruptions has not been quantified and our insurance coverage may not be aligned with management expectations. For example, although our coffee roasting plant is generally insured, if for any reason our roaster is inoperable for a period of time, the losses we would suffer from the shortage of the coffee supply are not insured. We use our discretion in determining amounts, coverage limits, deductibility provisions and the appropriateness of self-insuring with a view to maintaining appropriate insurance coverage at a reasonable cost and on suitable terms. If we suffer an

uninsured or underinsured loss, we could lose all or a portion of the capital we have invested in a business or property as well as the anticipated future revenue from such business or property. Such uninsured or underinsured losses could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to credit risk related to our clients, which may cause us to make larger allowances for doubtful trade receivables or incur write-offs related to impaired debts.

We engage in numerous sales transactions with our clients and suppliers, and we are subject to the risk that one or more of these counterparties becomes insolvent and therefore becomes unable to discharge their obligations to us. Such risk may be exacerbated by our IT system's inability to consolidate such exposures at the group level or maintain automated credit limits in every instance, in addition to events or circumstances that are inherently difficult to anticipate or control. If one of our counterparties were to default on its obligations or otherwise be unable to discharge its contractual obligations, this could have a material adverse effect on our business, financial condition and results of operation.

Our operations could be adversely affected if we are unable to retain key employees.

We depend on certain key executives and personnel for our success. Our performance and our ability to implement our strategies depend on the efforts and abilities of our executive officers and key employees. Our operations could be adversely affected if, for any reason, a number of these officers or key employees do not remain with us. In the event that such key personnel choose not to remain with us, there is a risk that they may join a competing business. Furthermore, there may be a limited number of persons with the requisite skills to serve in these positions, and we may be unable to replace key employees with qualified personnel on acceptable terms. Additionally, we have, in the past been able to increase our sales capabilities through a consistent assessment and improvement program for our sales staff, which has assisted in attracting and retaining talented sales employees. We are dependent on the experience and industry knowledge of our senior management team and other key employees to execute our business plans. Our success will depend in part upon our ability to retain key management and sales personnel and other key employees. Current and prospective employees may experience uncertainty about their future roles, which may materially adversely affect our ability to attract and retain key personnel. Accordingly, no assurance can be given that we will be able to retain key management and sales personnel and other key employees. Our ability to recruit, motivate and retain personnel is important to our success, and there can be no assurance that we will continue to be able to do so. Loss of our key employees could have a material adverse effect on our business, financial condition and results of operations.

We may face labor disruptions that could interfere with our operations and have a material adverse effect on our business, financial condition and results of operations.

Labor law in the countries where we operate provides a high level of protection to employees. We employ full-time equivalent employees under a variety of arrangements consistent with local laws and employment practices. The countries in which we operate provide various bargaining rights, among other protections, to employees. These employment rights may require us to expend greater time and costs in altering or amending employees' terms of employment or discontinuing employment relationships. Although we believe that we have good relations with the labor unions and other such organizations that represent our labor force, we cannot assure you that we will not experience a deterioration in our labor relations, resulting in strikes or other disturbances occasioned by our unionized labor force. For example, labor unions may organize strikes if they disagree with our business strategy for the Group. Furthermore, we cannot assure you that, upon the expiration of existing collective bargaining agreements with the unions representing our labor force, we will be able to reach new agreements on satisfactory terms or that we would agree on such new agreements without work stoppages, strikes or similar industrial actions.

In certain instances, we consult and seek the input of our employee works councils with respect to a broad range of matters. While we generally have been able to successfully consult with our works councils and we regard our relations with our executives, employees and their representatives as generally satisfactory, negotiations may be challenging in connection with the integration process of Pelican Rouge and Argenta, as we must have competitive cost structures in each market while meeting the compensation and benefits needs of our executives and employees. Consultations with works councils, strikes, similar industrial actions or other disturbances by our workforce could disrupt our operations,

result in a loss of reputation, increased wages and benefits or otherwise have a material adverse effect on our business, results of operations and financial condition.

There can be no assurance that there will not be labor disputes or adverse employee relations in the future.

Disruptions of business operations due to strikes or similar measures by our employees or the employees of any of our significant suppliers could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks related to litigation and other legal proceedings in the normal course of our business and otherwise.

We are subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of our business and otherwise. From time to time, we have been party as defendant or plaintiff to various claims and lawsuits incidental to the ordinary course of our business, such as those related to employment matters and VAT payments and refunds. The results of pending or future legal proceedings are inherently difficult to predict, and we can provide no assurance that we will not incur losses in connection with current or future legal or regulatory proceedings (including tax audits) or actions that exceed any provision we may set aside in respect of such proceedings or actions or that exceed any insurance coverage available, which may have a material adverse effect on our business, financial position and results of operations.

Increases in the minimum wage or labor and employment costs may have a material adverse effect on our business, financial condition and results of operations.

Our labor and employment costs may rise in the future, or rise faster than expected as a result of minimum wage increases, increased workforce activism, government decrees, and changes in social and pension contribution rules meant to reduce government budget deficits or to increase welfare benefits to employees. We may not be able to offset increases in labor and employment costs through productivity gains. If the minimum wage in some of the countries in which we operate increases, or if labor and employment costs increase in the future, our operating costs will increase, which could, if we cannot recover these costs from our clients or consumers through increased selling prices or offset them through productivity gains or other measures, have a material adverse effect on our business, financial condition and results of operations.

We have recorded a significant amount of goodwill and we may not realize the full value thereof.

We have recorded a significant amount of goodwill. As of September 30, 2018, the Group's total goodwill, which represents the excess of the cost of acquisitions over our interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized, amounted to €**1,079** million. Goodwill is tested for impairment annually and whenever there is any indication of impairment. Impairment may result from, among other things, deterioration in our performance, a decline in expected future cash flows, adverse market conditions, and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to our income statement. Any future impairment of goodwill may result in material reductions of our income and equity under IFRS.

The interests of our principal shareholder may be inconsistent with the interests of the holders of Notes.

The interests of our principal shareholder, KKR, in certain circumstances, may conflict with your interests as holders of the Notes (the "Holders"). Our principal shareholder has, and will continue to have, directly or indirectly, the ability, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations.

For example, our principal shareholder could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends distributions, in each case, so long as the Indenture, the Revolving Credit Facility Agreement, and the Intercreditor Agreement so permit. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenue, each of which could adversely affect the Holders.

Changes in tax laws or challenges to the Group's tax position could adversely affect the Group's results of operations and financial condition.

The Group is subject to complex tax laws. Changes in tax laws or enforcement thereof could adversely affect the Group's tax position, including our effective tax rate or tax payments. The Group often relies on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with the Group's interpretation of these laws. If the Group's tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require the Group to pay taxes that the Group currently does not collect or pay or increase the costs of the Group's services to track and collect such taxes, which could increase the Group's costs of operations or the Group's effective tax rate and have a negative effect on the Group's business, financial condition and results of operations. The occurrence of any of the foregoing tax risks could have a material adverse effect on the Group's business, financial condition and results of operations.

In particular, we face the risk of challenges to the tax deductibility of interest on intercompany loans. We are at present and have been in the past subject to tax audits addressing tax deductibility of interest. While we endeavor to comply with all such tax regulations, changes in tax law or enforcement may result in the requirement to pay additional taxes or penalties.

Italian withholding taxes or deduction may be payable on amounts paid by Argenta, in its capacity as Guarantor.

Under a certain interpretation, payments made by an Italian resident Guarantor to non-resident persons without an Italian permanent establishment to which the Notes are effectively connected may be subject to Italian withholding taxes or deduction of taxes. The possible imposition of withholding taxes or deduction of taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to noteholders could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Capital Structure

Our substantial leverage and debt service obligations could materially adversely affect our business, financial position and results of operations and preclude us from satisfying our obligations under the Notes and the Guarantees.

As of September 30, 2018, we had total financial indebtedness in the amount of €1,300.0 million (euro equivalent) (excluding financial leases, factoring and other local facilities), consisting entirely of the Notes. We anticipate that our high leverage will continue to exist for the foreseeable future.

The degree to which we are leveraged could have important consequences to the Holders, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes, the Revolving Credit Facility and other debt and liabilities we may incur;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures, product research and development or other general corporate purposes;
- restricting us from pursuing acquisitions or exploiting business opportunities;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and industry in which we operate;
- negatively impacting credit terms with our suppliers and other creditors;
- increasing our exposure to interest rate increases because some of our indebtedness bears a floating rate of interest;

- placing us at a competitive disadvantage compared to our competitors that are not as highly leveraged; and

- limiting our ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of future borrowings.

The Group is a holding company that has no revenue generating operations of its own and will depend on cash from the operating companies of the Group to be able to make payments on the Notes and the Guarantees.

The Group is a holding company with no business operations other than management of the equity interests it holds in its subsidiaries. The Group is dependent upon the cash flow from its operating subsidiaries in the form of dividends or other distributions or payments to meet its obligations, including its obligations under the Notes and the Guarantees. Given the Group's international operations, it has a large number of operating subsidiaries and business participations, which individually contribute to our results. The amounts of dividends and distributions available to the Group depend on the profitability and cash flows of its subsidiaries and the ability of each of those subsidiaries to declare dividends under applicable law. The Group's subsidiaries, however, may not be able to, or may not be permitted under applicable law to, make distributions or advance upstream loans to the Group to make payments in respect of its indebtedness, including the Notes and the Guarantees.

Various agreements governing our debt may restrict and, in some cases may actually. prohibit, the ability of these subsidiaries to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation. Applicable laws may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. In particular, the ability of the Groups, subsidiaries to pay dividends to the Group will generally be limited to the amount of distributable reserves available to each of them and the ability to pay its debt when due. The subsidiaries of the Group that do not guarantee the Notes have no direct obligation to make payments with respect to the Notes or the Guarantees.

While the Indenture limits the ability of the Group's subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments, these limitations are subject to significant qualifications and exceptions, including exceptions-for restrictions imposed by applicable law.

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

Despite our substantial leverage, we may incur substantial additional debt in the future. We have the ability to borrow up to €150.0 million under our Revolving Credit Facility, which is secured by the Collateral, and the Indenture also permits the incurrence of additional debt thereunder. The Indenture and the Revolving Credit Facility Agreement also permit us to incur a substantial amount of indebtedness at subsidiaries that do not guarantee the Notes and to incur indebtedness that shares in the Collateral or that benefits from security interests over assets that do not secure the Notes. Any debt that our subsidiaries incur could be structurally or effectively senior to the Notes to the extent that such subsidiaries do not guarantee the Notes or secure the Notes, and other debt could be secured or could mature prior to the Notes. Although the Revolving Credit Facility Agreement and the Indenture contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to the Group's and its subsidiaries' existing debt levels, the related risks that we now face would increase. In addition, the Revolving Credit Facility Agreement and the Indenture does not prevent us from incurring obligations that do not constitute indebtedness under those agreements. Our inability to service our debt could have a material adverse effect on our business, financial position, results of operations and our ability to fulfil our obligations under the Notes and the Guarantees.

We are subject to restrictive debt covenants that limit our operating and financial flexibility.

The Indenture and the Revolving Credit Facility Agreement contain covenants which impose significant operating and financial restrictions on us. These agreements limit our ability to, among other things:

- incur or guarantee additional indebtedness or issue certain preferred stock;
- make certain restricted payments and investments;
- transfer or sell assets;
- enter into transactions with affiliates;
- create or incur certain liens;
- make certain loans, investments or acquisitions;
- issue or sell share capital of certain of our subsidiaries;
- create or incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- take certain actions that would impair the security interests in the Collateral granted for the benefit of the holders of the Notes.
- merge, consolidate or transfer all or substantially all of our assets; and
- pay or redeem subordinated debt or equity.

All of these limitations are subject to significant exceptions and qualifications. Despite these exceptions and qualifications, the covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

We will require a significant amount of cash to service our debt and sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, including the Revolving Credit Facility and our obligations under the Notes, and to fund our ongoing operations or expansion plans, will depend on our future performance and ability to generate cash, which, to a certain extent, is subject to the success of our business strategy as well as general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated growth, cost savings or efficiencies will be realized or that future debt financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs including the repayment at maturity of the then outstanding amount under the Revolving Credit Facility. At the maturity of the Revolving Credit Facility, which matures six months before the Notes, the Notes or any other debt that we may incur, we may be required to refinance or restructure our indebtedness if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis

or on satisfactory terms, if at all. In such an event, we may not have sufficient assets to repay any portion or all of our debt.

Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the Notes, the Indenture and the Revolving Credit Facility, limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial position and results of operations. There can be no assurances that any assets that we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale would be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

Drawings under the Revolving Credit Facility, debt incurred under the Floating Rate Notes and any other variable interest rate debt we incur in the future will bear interest at floating rates that could rise significantly, thereby increasing our costs and reducing our cash flow.

A portion of our debt bears interest at a variable rate, and we will be exposed to the risk of fluctuations in interest rates, primarily under the Floating Rate Notes and the Revolving Credit Facility, which is based on the Euro Interbank Offered Rate (EURIBOR), the London Interbank Offered Rate (LIBOR) and the Stockholm Interbank Rate (STIBOR) plus an applicable margin. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. Neither our Revolving Credit Facility Agreement nor the Indenture contain a covenant requiring us to hedge all or any portion of our floating rate debt.

Although we may enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent interest rates were to rise significantly, our interest expense would correspondingly increase, thus reducing cash flow.

Following allegations of manipulation of LIBOR, a different measure of inter-bank lending rates, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR or the calculation of LIBOR or the calculation of STIBOR may have been manipulating or attempting to manipulate EURIBOR, LIBOR and STIBOR. In addition, LIBOR, EURIBOR, STIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on July 27, 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which EURIBOR or LIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including but not limited to the Revolving Credit Facility whose interest rates are linked to LIBOR, EURIBOR and STIBOR). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR, LIBOR or STIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

Hedging agreements may expose us to credit default risks and potential losses if our hedging counterparties fall into bankruptcy.

We may enter into interest hedging agreements to hedge our exposure to fluctuations in interest rates, primarily under the Revolving Credit Facility. We may also enter currency hedging arrangements

in respect of a series of Notes denominated in euros or CHF, and the Revolving Credit Facilities. Under any such agreements, we would be exposed to credit risks of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the swap agreements or other hedging arrangements may become worthless. In addition, in the event that we refinance our debt or otherwise terminate such hedging agreements, we may be required to make termination payments, which would result in a loss.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Unless otherwise defined in this Report or unless the context otherwise requires, terms defined in the Revolving Credit Facility Agreement and the Intercreditor Agreement shall have the same meanings when used in this section.

Revolving Credit Facility

Overview and Structure

In February 2018, we entered into a new super senior revolving credit facility agreement with, among others, Elavon Financial Services DAC, UK Branch as agent, U.S. Bank Trustees Limited as the Security Agent, and Goldman Sachs International, Credit Suisse (Switzerland) Ltd, Crédit Agricole Corporate and Investment Bank, Banca IMI S.p.A., London Branch, ING Bank, a branch of ING-DiBa AG, Deutsche Bank AG, London Branch, UniCredit Bank AG, and BNP Paribas Fortis SA/NV as mandated lead arrangers (the "Super Senior Revolving Credit Facility Agreement"). The Super Senior Revolving Credit Facility Agreement provides for a super senior revolving credit facility in a principal amount of €150.0 million (the "Super Senior Revolving Credit Facility" for the purposes of this description).

The Super Senior Revolving Credit Facility may be utilized by the Group, Selecta AG and Selecta TMP AG and certain of its restricted subsidiaries which accede to the Super Senior Revolving Credit Facility Agreement as additional borrowers of that facility (the "SSRCF Borrowers") and may be applied in or towards (directly or indirectly): (A) financing or refinancing the working capital and/or the general corporate purposes of the Group, including, without limitation, the financing or refinancing of (i) any interest payments under or in connection with the Notes and any original issue discount, fees, costs and expenses arising in connection with the Transaction; (ii) capital expenditure; (iii) any permitted acquisition, investment and joint venture; (iv) operational restructurings or reorganization requirements of the Group; and (v) any working capital related adjustments (however structured) relating to or arising in connection with any permitted acquisition; and (B) financing any other payments identified in the tax structure memorandum arising in connection with the Argenta Acquisition and/or the refinancing or discharge of the existing indebtedness of certain members of the Group, in each case, together with related fees, costs and expenses.

The Super Senior Revolving Credit Facility is available in euros, sterling, U.S. dollars, Swedish Krona, Swiss Francs and certain other currencies readily available in the relevant interbank market by the drawing of cash advances, the issue of letters of credit and ancillary facilities (on a bilateral and fronted basis).

The Super Senior Revolving Credit Facility Agreement includes (in addition to other permissions under the limitation on indebtedness covenant) the ability (without double counting against the limitation on indebtedness covenant) to incur additional indebtedness (including under one or more uncommitted additional facilities within the Super Senior Revolving Credit Facility Agreement and/or any additional notes and/or other facilities or notes documented outside the Super Senior Revolving Credit Facility Agreement) up to an aggregate amount of the greater of €200.0 million and 66% of LTM EBITDA (as defined in the Super Senior Revolving Credit Facility Agreement and subject to certain customary additions including the amount of prepayments and buy-backs).

Availability

The Super Senior Revolving Credit Facility may be utilized from (and including) the issue date of the Notes (the "Closing Date") to (and including) the date which is one month prior to the maturity date of the Super Senior Revolving Credit Facility.

Conditions Precedent

Utilizations of the Super Senior Revolving Credit Facility are subject to customary conditions precedent.

Interest and Fees

Loans under the Super Senior Revolving Credit Facility bears interest at rates per annum equal to EURIBOR or, for loans denominated in Swedish Krona, STIBOR or, for loans denominated other than in Euro or Swedish Krona, LIBOR, plus an applicable margin, which in each case is subject to a decreasing margin ratchet based on the ratio of consolidated senior secured net debt to consolidated *pro forma* EBITDA (each as defined in the Super Senior Revolving Credit Facility Agreement) (the "Senior Secured Net Leverage Ratio").

If EURIBOR is less than zero, EURIBOR shall be deemed to be zero in respect of loans made under the Super Senior Revolving Credit Facility. If LIBOR is less than zero, LIBOR shall be deemed to be zero in respect of loans made under the Super Senior Revolving Credit Facility. If STIBOR is less than zero, STIBOR shall be deemed to be zero in respect of loans made under the Super Senior Revolving Credit Facility.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Super Senior Revolving Credit Facility from the Closing Date to the end of the availability period applicable to the Super Senior Revolving Credit Facility at a rate of 35% of the applicable margin for the Super Senior Revolving Credit Facility. Commitment fees are payable quarterly in arrears and on the date the Super Senior Revolving Credit Facility is cancelled in full or on the date on which the relevant lender cancels its commitment.

Default interest is calculated as an additional 1% on the defaulted amount.

Repayments

The loans made under the Super Senior Revolving Credit Facility will be repaid on the last day of the interest period relating thereto, subject to an ability to roll over cash drawings. All outstanding amounts under the Super Senior Revolving Credit Facility will be repaid on the date falling sixty-six (66) months from the Closing Date. Amounts repaid by the borrowers on loans made under the Super Senior Revolving Credit Facility may be reborrowed, subject to certain conditions.

The Super Senior Revolving Credit Facility Agreement allows for voluntary prepayments (subject to *de minimis* amounts). The Super Senior Revolving Credit Facility Agreement also permits each lender to require the mandatory prepayment of all amounts due to that lender upon a "*Change of Control*."

A "Change of Control" for the purposes of the Super Senior Revolving Credit Facility shall be defined as per the Notes provided that the exercise of the portability feature shall be subject to the new owner of the Group being a person on an agreed transferee list and each lender being satisfied with any necessary KYC and sanctions requirements.

Guarantees and Security

The Super Senior Revolving Credit Facility is guaranteed by each Guarantor on a joint and several basis.

The Super Senior Revolving Credit Facility is secured by the same security interests as for the Notes.

Subject to certain adjustments and the agreed security principles that apply to the Super Senior Revolving Credit Facility Agreement, the Group is required to ensure that members of the Group that generate at least 80% of Consolidated EBITDA (as defined in the Indenture) are guarantors of the Super Senior Revolving Credit Facility Agreement (i) on the date which is 180 days following the Closing Date; and (ii) thereafter on the date when the annual financial statements of the Group are required to be delivered to the agent in connection with the Super Senior Revolving Credit Facility Agreement.

The provision and the terms of the security and guarantees set forth above are in all cases subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set forth in the Super Senior Revolving Credit Facility Agreement (and, to the extent such requirement is not satisfied on such date, the Group shall ensure that it is so satisfied within 180 days of such date).

Representations and Warranties

The Super Senior Revolving Credit Facility Agreement contains certain representations and warranties (subject to certain agreed qualifications and with certain representations being repeated), including: (i) status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, governing law and enforcement and *pari passu* ranking; (ii) no insolvency, no litigation and taxation; (iii) no default, financial statements and no misleading information; (iv) no liens/indebtedness; (v) ownership; (vi) intellectual property; and (vii) centre of main interests and compliance with sanctions and anti-corruption laws.

Certain representations and warranties were made on the Closing Date and will be repeated on the date of each utilization, on the first day of each interest period (other than in the case of roll over cash drawings) and at certain other times.

Covenants

The Super Senior Revolving Credit Facility Agreement contains certain of the incurrence covenants and related definitions (with certain adjustments and exceptions) that are set forth in the Indenture.

The Super Senior Revolving Credit Facility Agreement also contains a "note purchase condition" covenant. Subject to certain exceptions set out in the Revolving Credit Facility Agreement, the Group may not, and shall procure that no restricted subsidiary will, repay, prepay, purchase, defease, redeem or otherwise directly or indirectly acquire or retire the principal amount of the Notes (or, in each case, any replacement or refinancing thereof as permitted under the Super Senior Revolving Credit Facility Agreement from time to time). The exceptions to such covenant include (among other things) payments that do not exceed 50% of the aggregate original principal amount of the Notes as at the Issue Date.

The Super Senior Revolving Credit Facility Agreement also requires the Group and certain of its restricted subsidiaries to observe certain other customary positive and negative covenants, subject to certain exceptions and grace periods, including covenants relating to: (i) authorizations and consents; (ii) compliance with laws; (iii) provision of guarantees and security and further assurance; and (iv) compliance with sanctions, anti-money laundering and anti-corruption laws.

In addition, the Super Senior Revolving Credit Facility Agreement includes a financial covenant requiring the drawn super senior leverage ratio not to exceed a ratio to be set with 35 per cent headroom versus the base case model for the Super Senior Revolving Credit Facility (which shall be calculated by reducing consolidated EBITDA as set out in that base case model (the "Drawn Super Senior Leverage Ratio")). The Drawn Super Senior Leverage Ratio is calculated as the ratio of consolidated drawn loans under the Super Senior Revolving Credit Facility and any other funded indebtedness that ranks *pari passu* with such loans in respect of the distribution of Recoveries (as defined in the Intercreditor Agreement) to consolidated *pro forma* EBITDA for the twelve month period preceding the relevant quarterly testing date and is tested quarterly on a rolling basis, subject to the Super Senior Revolving Credit Facility being (excluding any utilizations by way of letters of credit (or bank guarantees), ancillary facilities any flex or flex related fees or expenses) greater than 40% drawn on the relevant test date. The Drawn Super Senior Leverage Ratio only acts as a draw stop to new drawings under the Super Senior Revolving Credit Facility and, if breached, will not trigger a default or an event of default under the Super Senior Revolving Credit Facility Agreement.

The Drawn Super Senior Leverage Ratio is based on the definitions and adjustments in the Super Senior Revolving Credit Facility Agreement, which may differ from similar definitions in the Indenture and the equivalent definitions described in this report.

The Super Senior Revolving Credit Facility Agreement contains an equity cure provision enabling the shareholders of the Group to make shareholder injections by way of debt and/or equity to the Group to (i) increase the consolidated *pro forma* EBITDA under the Super Senior Revolving Credit Facility Agreement, (ii) decrease consolidated senior secured net debt as defined in the Super Senior Revolving Credit Facility Agreement, or (iii) prepay the Super Senior Revolving Credit Facility so that the Test Condition (as defined in the Super Senior Revolving Credit Facility Agreement) is no longer satisfied. The equity cure right may not be exercised on more than four occasions during the term of the Super Senior Revolving Credit Facility and may not be utilized in consecutive quarters.

It is intended that certain agreed covenants and other provisions of the Super Senior Revolving Credit Facility Agreement will fall-away on the satisfaction of certain release conditions, being (i) the occurrence of a listing in respect of which the Group's senior secured net leverage ratio does not exceed an agreed ratio; or (ii) the Group having a long-term corporate credit rating equal to or better than Baa3 according to Moody's Investor Services Limited or BBB- according to Standard & Poor's Rating Services.

Events of Default

The Super Senior Revolving Credit Facility Agreement provides for substantially the same events of default as under the Notes. In addition, the Super Senior Revolving Credit Facility Agreement provides for additional events of default, subject to customary materiality qualifications and grace periods, including (i) inaccuracy of a representation or statement when made; (ii) repudiation, rescission, invalidity and unlawfulness of the Super Senior Revolving Credit Facility financing documents; and (iii) material failure to comply with the Intercreditor Agreement.

Governing Law

The Super Senior Revolving Credit Facility Agreement and any non-contractual obligations arising out of or in connection with it, are governed by, construed in accordance with and will be enforced in accordance with English law although the information undertakings, restrictive covenants, events of default and related definitions scheduled to the Super Senior Revolving Credit Facility Agreement will be interpreted in accordance with New York law (without prejudice to the fact that the Super Senior Revolving Credit Facility Agreement is governed by English law).

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Group, certain Guarantors and the Trustee entered into an Intercreditor Agreement between, among others, the agent, arrangers and lenders under our Revolving Credit Facility Agreement and the Security Agent.

By accepting a Note, holders of the Notes are deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The Intercreditor Agreement is governed by English law and sets out various matters governing the relationship of the creditors to our group including the relative ranking of certain debt of the Group, the Guarantors and any other person that becomes party to the Intercreditor Agreement as a Debtor or Third Party Security Provider, when payments can be made in respect of debt of the Debtors or Third Party Security Providers, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt is subordinated upon the occurrence of certain insolvency events and turnover provisions and provisions related to the enforcement of shared security.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and we urge you to read that document because it, and not the discussion that follows, defines certain rights of the holders of the Notes and of the Trustee. Capitalized terms used but not defined herein have the meanings given to them in the Intercreditor Agreement.

For the purposes of this description:

"Senior Secured Group" shall mean the Group and any of its Restricted Subsidiaries.

References to the "Senior Secured Notes" shall include the Notes and any other notes, securities or other debt instruments issued or to be issued by or in relation to which a New Debt Financing has been made available to or by a member of the Senior Secured Group which are designated by the Group as Senior Secured Notes under the Intercreditor Agreement and references to the "Topco Notes" shall include any notes, securities or other debt instruments issued or to be issued by or in relation to which a New Debt Financing has been made available to or by a Topco Borrower which are designated by the Group as Topco Notes.

The Intercreditor Agreement uses the term "the Company" to refer to the Group and "Senior Secured Notes Liabilities" to refer to the Notes and certain other indebtedness of the Group.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that the liabilities owed by the Group and each other debtor (under the Intercreditor Agreement (together, the "Debtors") (other than Selecta Group MidCo S.à r.l and any member of the Senior Secured Group which is designated as a Topco Borrower under the Intercreditor Agreement (a "Topco Borrower")) shall rank in right of priority and payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

(i) first, liabilities owed to (i) the lenders, issuing banks and ancillary lenders in relation to the any senior secured facilities agreements (a "Permitted Senior Secured Facilities Agreement") (the "Senior Lender Liabilities"), (ii) the lenders, issuing banks, and ancillary lenders in relation to the Revolving Credit Facility Agreement or any future super senior facilities agreement (a "Permitted Super Senior Secured Facilities Agreement") and any hedge counterparty under a hedging agreement that is designated by the Group as super senior (together the "Super Senior Liabilities" and creditors thereof being the "Super Senior Creditors"), (iii) the Trustee and any trustee in relation to future senior secured notes (each a "Senior Secured Notes Trustee") (other than certain amounts paid to it in its capacity as trustee), the holders of the Notes or future senior secured notes (the "Senior Secured Notes") and the Security Agent in relation to the Senior Secured Notes (the "Senior Secured Notes Liabilities"), (iv) the lender under any future loan made by the Group of any Senior Secured Notes (if so designated by the Group in its discretion and not including, for the avoidance of doubt, the Group) to a member of the Group for the purposes of on lending the proceeds of any Notes together with any additional or replacement loan made on substantially the same terms (the "Senior Secured Notes Proceeds Loan Liabilities"), (v) the arrangers, agents, issuing banks and lenders under any cash management facility (a "Cash Management Facility" and the liabilities under a Cash Management Facility being the "Cash Management Facility Liabilities"), (vi) the hedge counterparties in relation to any hedging agreements that are not Super Senior Liabilities (together with the hedging designated by the Group as being Super Senior Liabilities, the "Hedging Liabilities"), (vii) the lenders in relation to any future second lien facility agreement (a "Second Lien Facility Agreement" and the liabilities to the lenders under a Second Lien Facility Agreement being the "Second Lien Lender Liabilities"), (viii) any second lien notes trustee (other than certain amounts paid to it in its capacity as trustee), the holders of any future second lien notes and the Security Agent in relation to any second lien notes (such second lien notes being "Second Lien Notes" and the liabilities in respect of such Second Lien Notes being the "Second Lien Notes Liabilities" and together with the Second Lien Lender Liabilities, the "Second Lien Liabilities"), (ix) any agent or trustee under any finance documents relating to any of the aforementioned liabilities, any agent or trustee under the Topco Liabilities (as defined below) and to any agent or trustee in relation to certain other unsecured liabilities (together the "Agent Liabilities") and (x) the Security Agent, *pari passu* and without any preference between them ; and

(ii) second, all liabilities owed (i) to the trustee (other than certain amounts paid to it in its capacity as trustee), and the holders of any future notes issued by or in relation to which a New Debt Financing has been made available to or by a Topco Borrower and designated by the Group as Topco Notes and the Security Agent in relation to such Topco Notes (the "Topco Notes Liabilities"), (ii) under any future loan facility made available to any Topco Borrower (the "Topco Facility Liabilities" and together with the Topco Notes Liabilities, the "Topco Liabilities"), and (iii) the liabilities owed under any future loan (a "Topco Proceeds Loan") made by any Topco Borrower for the purpose of on lending the proceeds of any Topco Notes or Topco Loans (the "Topco Proceeds Loan Liabilities"), *pari passu* and without any preference between them.

The Intercreditor Agreement provides that the liabilities owed by any Topco Borrower to the Secured Parties (as defined below) shall rank *pari passu* in right and priority of payment and without any preference between them in respect of (i) the Senior Lender Liabilities, (ii) the Super Senior Liabilities, (iii) the Senior Secured Notes Liabilities, (iv) the Cash Management Facility Liabilities, (v) the Hedging Liabilities, (vi) the Second Lien Lender Liabilities, (vii) the Second Lien Notes Liabilities, (viii) the Topco Liabilities, (ix) the Topco Proceeds Loan Liabilities, and (x) the Agent Liabilities.

The Intercreditor Agreement provides that the intra-group liabilities owed by one member of the Senior Secured Group to another member of the Senior Secured Group (other than any Senior Secured Notes Proceeds Loan Liabilities or Topco Proceeds Loan Liabilities) (the "Intra-Group Liabilities") are

subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the creditors under the Senior Lender Liabilities, Super Senior Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Lender Liabilities and Second Lien Notes Liabilities, Agent Liabilities and Notes Liabilities (such creditors, together with the Security Agent, any receiver or delegate, any creditor of the Agent Liabilities and any arranger with respect to the Secured Liabilities, the "Secured Parties").

The Intercreditor Agreement also provides that the liabilities owed by any member of the Senior Secured Group (other than any Topco Proceeds Loan Liabilities) to a holding company of the Group or to any other person who becomes a subordinated creditor (a "Subordinated Creditor") under the Intercreditor Agreement (the Subordinated Liabilities") are subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the Secured Parties and to the Intra-Group Liabilities.

For the purposes of this description only:

"Debt Documents" means the Intercreditor Agreement and the documents creating or evidencing the Cash Management Facility Liabilities, the Hedging Liabilities, the Second Lien Liabilities, the Senior Secured Liabilities, any Senior Secured Notes Proceeds Loan Liabilities (a "Senior Secured Notes Proceeds Loan Agreement"), the Topco Liabilities, the Topco Proceeds Loan Liabilities, the unsecured liabilities of any unsecured creditors who are party to the Intercreditor Agreement, the Subordinated Liabilities and the Intra-Group Liabilities (each as defined in this description) and any other document designated as such by the Security Agent and the Group.

"Finance Documents" means the Revolving Credit Facility Agreement, any Permitted Senior Secured Facilities Agreement, any Permitted Super Senior Secured Facilities Agreement, the indenture in respect of any Senior Secured Notes, any Second Lien Facility Agreement, the indenture in respect of any Second Lien Notes, the facility agreement or other document or instrument documenting any Topco Facility, the indenture in respect of any Topco Notes and any document designated by the Group as an unsecured finance document under and in accordance with the Intercreditor Agreement.

"Secured Creditors" means the Super Senior Creditors, the Senior Secured Creditors, the Second Lien Creditors and the Topco Creditors (each as defined below).

"Secured Debt Documents" means the documents relating to the Super Senior Liabilities, the Senior Secured Liabilities, the Second Lien Liabilities, the Topco Liabilities and the Hedging Liabilities.

"Third Party Security Provider" means Selecta Group MidCo S.à r.l and any person that is not a member of the Senior Secured Group that has provided Transaction Security (including Topco Shared Security) but is not a Debtor in respect of any direct borrowing or guarantee liabilities of the applicable secured obligations to which that Transaction Security relates and which is designated by the Group (in its discretion).

"Transaction Security" refers to security (from the Senior Secured Group, any Third Party Security Provider and Topco Shared Security (but excluding, for the avoidance of doubt, Topco Independent Transaction Security), as defined below) which is created, or expressed to be created, in favor of the Security Agent as agent or trustee for the other Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties or in favor of the Security Agent under a parallel debt or similar structure). Transaction Security which is not Topco Shared Security shall secure all liabilities and present and future obligations of the Debtors and Third Party Security Providers to the Secured Parties (other than the creditors under the Topco Liabilities (the "Topco Secured Parties")) under the Debt Documents (other than the finance documents relating to the Topco Liabilities (the "Topco Finance Documents")).

"Topco Shared Security" refers to security at any time which is created, or expressed to be created, over each of (i) the shares in the Group held by any direct shareholder of the Group, (ii) all receivables owed by the Group to a Topco Investor, Subordinated Creditor or other Holding Company or shareholder of the Group (including any Topco Proceeds Loan and the Topco Proceeds Loan Liabilities), (iii) the shares in any Topco Borrower which is a member of the Senior Secured Group, (iv) all receivables owed by a member of the Senior Secured Group under any Topco Proceeds Loan (or, in the case of a Topco Borrower which is a member of the Senior Secured Group, any Senior Secured Notes Proceeds Loan), (v) any escrow account relating to the proceeds of any Topco Liabilities and (vi), any other assets not falling within limbs (i), (ii), (iii), (iv) and (v) of this paragraph of a Topco Borrower,

and (for the extent that the Group has confirmed to the Security Agent that the granting of such Security in favor of the Topco Shared Security Secured Obligations is expressly permitted by any applicable Prior Ranking Financing Agreements) any other member of the Senior Secured Group in each case to the extent provided for by the Topco Finance Documents at any time and designated as Topco Shared Security by the Group (in its discretion) in favor of the Security Agent as agent or trustee for the other Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties or in favor of the Security Agent under a parallel debt or similar structure). Topco Shared Security shall secure all liabilities and present and future obligations of each Topco Borrower that is not a member of the Senior Secured Group and each of its Restricted Subsidiaries (as defined in the documents governing the relevant Topco Notes or Topco Facility (as the case may be)) (the "Topco Group"), each Debtor and each Third Party Security Provider to the Secured Parties under the Secured Debt Documents.

"Topco Independent Transaction Security" refers to security (other than Transaction Security) which is created, or expressed to be created, by Selecta Group MidCo S.à r.l any Topco Borrower or its affiliates (in each case, other than a member of the Senior Secured Group) and designated as such by the Group (in its discretion) (together, the "Topco Independent Obligors") in favor of the Security Agent as agent or trustee for the other Topco Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Topco Secured Parties or in favor of the Security Agent under a parallel debt or similar structure). Topco Independent Transaction Security shall secure all liabilities and present and future obligations of each Topco Independent Obligor to the Topco Secured Parties under the Topco Finance Documents.

The Notes and the Notes Guarantee are Senior Secured Notes Liabilities for the purposes of the Intercreditor Agreement. On the Issue Date, no Senior Secured Liabilities, Second Lien Lender Liabilities, Second Lien Notes Liabilities or Topco Liabilities were outstanding. Such liabilities and liabilities in respect of other new debt financings may only be incurred and/or designated if not prohibited under the terms of the Debt Documents, including, without limitation, the covenants applicable to the Notes.

Guarantees and Security: Topco Creditors

The creditors in respect of the Topco Liabilities (the "Topco Creditors") have the right to take, accept or receive the benefit of:

(i) any Topco Shared Security from any member of the Senior Secured Group or from a Third Party Security Provider in respect of the Topco Liabilities if and to the extent legally possible and subject to any agreed security principles, at the same time it is also offered either:

(A) to the Security Agent as agent or trustee for the other Secured Parties (or applicable class thereof) in respect of their Liabilities; or

(B) in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as agent or trustee for the Secured Parties (or applicable class thereof):

(I) to the other Secured Parties (or applicable class thereof) in respect of their Liabilities; or

(II) to the Security Agent under a parallel debt structure, joint and several creditor structure or agency structure for the benefit of the other Secured Parties (or applicable class thereof),

and ranks in the same order of priority as described under "Priority of Debts" or "Priority of Security" above, provided that all amounts received or recovered by any Topco Creditor with respect to such Topco Shared Security are paid to the Security Agent for application as set out under "*—Application of Proceeds*" below immediately;

(ii) any guarantee, indemnity or other assurance from any member of the Senior Secured Group in respect of the Topco Liabilities in addition to any guarantee, indemnity or assurance in the original form of any Topco Finance Documents or the Intercreditor Agreement, or given to all the Secured Parties as security for the liabilities of the Topco Group, each Debtor and any Third Party Security Provider to the Secured Parties under the Debt Documents if, subject to any agreed security principles:

(A) (except for any guarantee, indemnity or other assurance permitted by the Finance Documents), the Secured Parties other than the Topco Creditors (the "Priority Secured Parties") already benefit from such a guarantee, indemnity or other assurance or at the same time it is also offered to the Priority Secured Parties and ranks in the same order of priority as described under "*—Priority of Debts*" above, as applicable; and

(B) all amounts received by any Topco Creditor with respect to such guarantee, indemnity or assurance are paid to the Security Agent for application as set out under "*—Application of Proceeds*" below; and

(iii) any security, guarantee indemnity or other assurance from any member of the Topco Group:

(A) in connection with any escrow or similar arrangements relating to amounts held by a person which is not a member of the Topco Group prior to release of those amounts to a member of the Topco Group;

(B) in connection with any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Secured Liabilities not prohibited by the Intercreditor Agreement; or

(C) as otherwise permitted by the Intercreditor Agreement.

No security (other than pursuant to the secured documents relating to Topco Independent Transaction Security or Topco Shared Security or as described above) shall be granted by a member of the Senior Secured Group in respect of any Topco Liabilities.

New Debt Financing

The Intercreditor Agreement provides, subject to certain conditions, for the implementation of existing, additional, supplemental or new financing arrangements that will constitute, for the purposes of the Intercreditor Agreement, Senior Lender Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Liabilities, Topco Liabilities, Super Senior Liabilities or Hedging Liabilities (each a "New Debt Financing"). The conditions include certification by the Group that such New Debt Financing is not prohibited under the terms of the Finance Documents.

Such financing arrangements may be implemented by way of refinancing, replacement, exchange, set-off, discharge or increase of any such new, existing, additional, supplemental or new financing arrangement under the relevant finance documents. In connection with and in order to facilitate any New Debt Financing, each agent in respect of any Priority Secured Liabilities and the Security Agent (and each other person party to a Transaction Security document or a Topco Independent Transaction Security document) is authorized and instructed to enter promptly into any new security document, amend or waive any term of an existing security document and/or release any asset from the Transaction Security or Topco Independent Transaction Security (as the case may be) subject to certain conditions, including as regards the terms of such security (which shall be, unless otherwise agreed by the Group or otherwise required by the Group to the extent that the existing Transaction Security or Topco Independent Transaction Security is not being amended or released and the new Transaction Security or new Topco Independent Transaction Security only secures the New Debt Financing, substantially the same as the terms applicable to the existing Transaction Security or Topco Independent Transaction Security over equivalent assets).

Where any indebtedness ("Permitted Acquired Indebtedness") which is not prohibited under the Finance Documents is incurred by or in connection with the acquisition of (i) a person or any of its subsidiaries who, after the Closing Date, becomes a Restricted Subsidiary or merges, consolidates or is otherwise combined with a Restricted Subsidiary, or (ii) in relation to an asset of any such person or which is otherwise acquired after the Closing Date (together an "Acquired Person or Asset"), any security, guarantee, indemnity or other assurance against loss in respect of such New Debt Financing which is subsisting at the date when the conditions to the incurrence of such New Debt Financing set out in the Intercreditor Agreement have been satisfied (or is to be granted thereafter, including subject to any condition or periodic testing) shall be permitted to subsist and there is no requirement to offer that security, guarantee, indemnity or other assurance in respect of any other liabilities under any Debt Document. No security, guarantee, indemnity or other assurance against loss is required to be given by any

member of the Topco Group in respect of any liabilities (including under any Debt Document) (i) over any Acquired Person or Asset if this would breach a contractual undertaking applicable to the Topco Group or is excluded or exempt from being given under the Agreed Security Principles (as defined in the Revolving Credit Facility Agreement), (ii) over any asset required (including subject to any condition) to provide credit support in relation to any Permitted Acquired Indebtedness (other than as a result of any obligation to extend any Transaction Security ratably for the benefit of such Permitted Acquired Indebtedness), or (iii) where the grant of such security, guarantee, indemnity or other assurance against loss is prevented by the documentation relation to such Permitted Acquired Indebtedness or would give rise to an obligation (including any payment obligation but not including any obligation to extend any Transaction Security ratably for the benefit of such Permitted Acquired Indebtedness) under or in relation thereto.

Permitted Payments

Permitted Payments in Respect of the Senior and Super Senior Debt

The Debtors and Third Party Security Providers may make payment in respect of the Senior Lender Liabilities, Senior Secured Notes Liabilities, Super Senior Liabilities and Cash Management Facility Liabilities (together with the Hedging Liabilities, the "Senior Secured Creditor Liabilities," the creditors in respect thereof being the "Senior Secured Creditors") at any time, *provided* that following certain acceleration events under the Revolving Credit Facility Agreement or any Permitted Senior Secured Facilities Agreement or Senior Secured Notes Indenture or Permitted Super Senior Secured Facilities Agreement or following certain insolvency events in relation to a member of the Senior Secured Group, payments may only be made by Debtors or Third Party Security Providers and received by creditors in accordance with the provisions described below under "*—Application of Proceeds"* provided that there shall be no obligation to turnover any such payments received, other than those related to an enforcement of Transaction Security or a Distressed Disposal (as defined below) of assets subject to the Transaction Security.

Any failure to make a payment in accordance with the Senior Secured Finance Documents following an acceleration event as required by the ICA shall not prevent the occurrence of an event of default under such applicable Senior Secured Finance Documents.

Permitted Payments in Respect of the Second Lien Debt

Prior to the first date on which all of the Senior Liabilities, the Super Senior Liabilities and the Senior Secured Notes Liabilities (together, the "Senior Secured Liabilities" and together with the Second Lien Liabilities and Topco Liabilities being the "Secured Liabilities") have been discharged (the "Senior Secured Discharge Date"), the Debtors may only make specified scheduled payments in respect of the Second Lien Liabilities, in accordance with the finance documents governing such Second Lien Liabilities, subject to compliance with certain conditions in the Intercreditor Agreement.

The principal conditions are that the relevant payment (if it is a payment of principal or capitalized interest) is not prohibited by any prior ranking financing agreement, including any Permitted Super Senior Secured Facilities Agreement, Permitted Senior Secured Facilities Agreement and any Senior Secured Notes Indenture (or if it is so prohibited, that all necessary consents have been obtained to permit it), no payment stop notice has been issued to the agent or trustee for the relevant Second Lien Liabilities and no payment default (subject to a *de minimis* threshold in the case of amounts other than principal, interest or certain fees) is continuing under any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement, Cash Management Facility document or Senior Secured Notes document.

Certain specified payments in respect of Second Lien Liabilities are also permitted at all times, notwithstanding that a payment stop notice is outstanding or such a payment default is continuing. These payments and basket amounts are substantially similar to those referenced for Topco Liabilities in (ii) of the next paragraph.

Permitted Payments in Respect of Topco Liabilities

Prior to the date which is the later of the Senior Secured Discharge Date and the first date (the "Second Lien Discharge Date") on which all Second Lien Liabilities have been discharged (the "Priority Discharge Date"), the Group, Topco Borrowers, Third Party Security Providers and other members of

the Senior Secured Group may only make specified scheduled payments (including any other direct or indirect step, matter, action or dealing in relation to any Topco Liabilities otherwise prohibited under the Intercreditor Agreement) under the Topco Liabilities or under any Topco Proceeds Loan (together the "Topco Group Liabilities") to the Topco Creditors or any holding company of the Group or other lender in respect of a Topco Proceeds Loan (in respect of the Topco Proceeds Loan Liabilities only) (such payments, collectively, "Permitted Topco Payments"):

(i) if:

(A) no Topco Payment Stop Notice (as defined below) is outstanding;

(B) no payment default (subject to a *de minimis* threshold in the case of amounts other than principal, interest or certain fees) has occurred and is continuing under any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement, Cash Management Facility document or Senior Secured Notes document (a "Senior Secured Payment Default"), or under the Second Lien Facilities or Second Lien Notes (a "Second Lien Payment Default"); and

(C) the payment is of (1) any amount of principal or capitalized interest in respect of the Topco Liabilities which is not prohibited by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or any required consents to permit such payment have been obtained, (2) any other amount which is not an amount of principal or capitalized interest (such other amounts including all scheduled interest payments (including, if applicable, special interest (or liquidated damages))) and default interest on the Topco Liabilities accrued and payable in cash in accordance with the terms of the relevant Topco Finance Document (as at the date of the issue of the same or as amended in accordance with the terms of the Intercreditor Agreement and the other Debt Documents), additional amounts payable as a result of the tax gross-up provisions relating to Topco Liabilities and amounts in respect of currency indemnities in any Topco Finance Document, (3) made in pursuance of a debt buy-back program approved by the Majority Senior Secured Creditors, Majority Super Senior Creditors and Majority Second Lien Creditors (each as defined below), or (4) amounts due under any syndication strategy letter relating to the Topco Finance Documents;

(ii) if, notwithstanding that a Topco Payment Stop Notice (as defined below) is outstanding and/or (other than in respect of paragraph (M) below) a Senior Secured Payment Default and/or a Second Lien Payment Default has occurred and is continuing and (if the Topco Borrower is a guarantor or borrower under any prior ranking debt facilities at such time, other than in respect of paragraph (K) below) irrespective of whether any creditors under prior ranking debt facilities have accelerated their debt, the payment is not prohibited to be made at such time by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or the payment is (without double counting any equivalent applicable basket in any Debt Document, but whether or not permitted by the Debt Documents): (A) of ongoing fees under any original fee letter relating to the Topco Finance Documents, (B) of commercially reasonable advisory and professional fees for restructuring advice and valuations (including legal advice and the advice of other appropriate financial and/or restructuring advisors) and a Topco Agent's fees, costs and expenses not exceeding €1,500,000, but excluding the costs of any litigation against a Senior Secured Creditor or Second Lien Creditor (or their affiliates), (C) of any amounts owed to a Topco Agent (as defined below), (D) of costs necessary to protect, preserve or enforce security, (E) of any costs, commissions, taxes, premiums, amendment fees (including any original issue discount and other consent and/or waiver fees) and any expenses incurred in respect of (or reasonably incidental to) the Topco Finance Documents (including in relation to any reporting or listing requirements under the Topco Finance Documents), (F) of any other amount not exceeding €2,500,000 in any twelve month period, (G) of any amount of the Topco Liabilities which would have been payable but for the issue of a Topco Payment Stop Notice (which has since expired and no new Topco Payment Stop Notice is outstanding) which has been capitalized and added to the principal amount of the Topco Liabilities or where that amount is outstanding as a result of the accrual of cash interest payable in respect of the Topco Liabilities during such period or any such amount described at (i)(C) above, provided that no such payment may be made if certain events of default have occurred under the Senior Secured Liabilities or Second Lien Liabilities or would occur as a result of making such payment, (H) for as long as an event of default under the Senior Secured Liabilities, Second Lien Liabilities or Topco Group Liabilities which is continuing, all or part of the Topco Liabilities being released or otherwise discharged solely in consideration for the issues of shares in any holding company of the Group (a "Debt for Equity Swap") provided that no cash or cash equivalent payment is made in respect of the Topco Liabilities, that it does not result in a Change of Control as defined in any prior ranking finance agreement or Topco Finance Document and that any Liabilities owed by a member of the Senior Secured Group to another member of the Senior Secured Group, to the Subordinated Creditors or to

any other holding company of the Group that arise as a result of any such Debt for Equity Swap are subordinated to the Senior Secured Liabilities and Second Lien Liabilities pursuant to the Intercreditor Agreement and the Senior Secured Creditors and Second Lien Creditors are granted Transaction Security in respect of any of those Intra-Group Liabilities or Subordinated Liabilities owed by any member of the Senior Secured Group, (I) of non-cash interest made by way of capitalizing interest or issuing a non cash-pay instrument which is subordinated on the same terms as the Topco Liabilities, (J) if the payment is funded directly or indirectly with the proceeds of Topco Liabilities incurred under or pursuant to any Topco Finance Documents, (K) if the payment is made by the Topco Borrower in respect of its obligations under the Topco Finance Documents; and such payment is not directly or indirectly sourced from a member of the Senior Secured Group or such payment is funded from proceeds received by the Topco Borrower from the Senior Secured Group without breaching the terms of the Debt Documents unless the Topco Borrower is a guarantor or borrower of any prior ranking debt facilities at such time and any such prior ranking debt facility has been accelerated or an Insolvency Event has occurred; (L) if the payment is of a principal amount of the Topco Liabilities and made in accordance with a provision in a Topco Finance Document relating to prepayment upon illegality or in relation to the prepayment of a single lender in the event of a tax gross-up, increased costs or other indemnity becoming payable and (M) if no Senior Secured Payment Default or Second Lien Payment Default has occurred and is continuing the payment is a payment of principal, interest or any other amounts made on or after the final maturity date of the relevant Topco Liabilities (provided that such maturity date is no earlier than that contained in the original form of the relevant Topco Finance Document as of the date of first issuance or borrowing (as the case may be) of the applicable Topco Liabilities; or

(iii) if the requisite Senior Secured Creditors, Super Senior Creditors and Second Lien Creditors give prior consent to that payment being made.

On or after the Priority Discharge Date, the Debtors, the Topco Borrowers and the Third Party Security Providers may make payments in respect of the Topco Group Liabilities in accordance with the Topco Finance Documents and the Topco Proceeds Loan Agreement (as applicable).

Topco Liabilities Payment Block Provisions

A Topco Payment Stop Notice (as defined below) is outstanding from the date on which, following the occurrence of an event of default under any Senior Secured Liabilities (a “Senior Secured Event of Default”) or an event of default under the Second Lien Liabilities (a “Second Lien Event of Default”), the Security Agent (acting on the instructions of the requisite Super Senior Creditors, Senior Secured Creditors or Second Lien Creditors gave the instructions for the relevant stop notice to be delivered) (a “Topco Payment Stop Notice”) to the agent under any Topco Facility (the “Topco Agent”) and the trustee under any Topco Notes (the “Topco Notes Trustee”) advising that the Senior Secured Event of Default or Second Lien Event of Default is continuing and suspending payments by the Senior Secured Group of the Topco Liabilities, until the first to occur of:

(i) the date falling 179 days after delivery of that Topco Payment Stop Notice;

(ii) the date on which a default occurs for failure to pay principal at the original scheduled maturity of the relevant Topco Liabilities;

(iii) if a Topco Standstill Period (as defined below) commences after delivery of that Topco Payment Stop Notice, the date on which such standstill period expires;

(iv) the date on which the relevant Senior Secured Event of Default or Second Lien Event of Default has been remedied or waived;

(v) the date on which the Security Agent (acting on the instructions of whichever of the Majority Super Senior Creditors, Majority Senior Secured Creditors or Majority Second Lien Creditors gave the instructions for the relevant stop notice to be delivered) delivers a notice to the Topco Borrower, the Topco Agent and the Topco Notes Trustee cancelling the payment stop notice;

(vi) the Priority Discharge Date; and

(vii) the date on which the Topco Creditors take any enforcement action that is permitted under the Intercreditor Agreement (see “—*Permitted Topco Enforcement*” below).

No Topco Payment Stop Notice may be delivered by the Security Agent in reliance on a Senior Secured Event of Default or a Second Lien Event of Default more than 45 days after the occurrence of the relevant event of default. No more than one Topco Payment Stop Notice may be served (i) with respect to the same event or set of circumstances, or (ii) in any period of 360 days.

Any failure to make a payment due in respect of the Topco Group Liabilities as a result of the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default shall not prevent (i) the occurrence of an event of default as a consequence of that failure to make a payment in relation to the relevant Topco Group Liabilities, or (ii) the issue of an enforcement notice in respect of an event of default under the finance documents documenting any Topco Group Liabilities (a "Topco Enforcement Notice") on behalf of the Topco Creditors.

Payment Obligations and Capitalization of Interest Continue

Nothing in the Second Lien or Topco payment block provisions will release any Debtor from the liability to make any payment (including of default interest, which shall continue to accrue) under the applicable Debt Documents even if its obligation to make such payment is restricted at any time. The accrual and capitalization of interest (if any) in accordance with the applicable Debt Documents shall continue notwithstanding the issue of a payment stop notice.

Cure of Payment Stop

If:

(i) at any time following the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default, that Topco Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Secured Payment Default or Second Lien Payment Default ceases to be continuing; and

(ii) the relevant Debtor or Topco Borrower then promptly pays to the Topco Creditors or any party that has acceded to the Intercreditor Agreement as a creditor under a Topco Proceeds Loan (the "Topco Investors") (in respect of the Topco Proceeds Loan Liabilities only) an amount equal to any payments which had accrued under the Topco Finance Documents or the Topco Proceeds Loan Agreement (as applicable) and which would have been Permitted Topco Payments but for that Topco Payment Stop Notice or Senior Secured Payment Default or Second Lien Payment Default (as the case may be),

then any event of default which may have occurred under a Topco Finance Document or Topco Proceeds Loan Agreement and any Topco Enforcement Notice which may have been issued as a result of that suspension of payments shall be deemed automatically waived without any further action being required.

Turnover

Subject to certain exceptions (including, but not limited to, a provision that provides that any Intra-Group Lender in respect of Intra-Group Liabilities who is under a competing contractual requirement to turnover those proceeds to any trade creditor of the Topco Group (and that competing obligations is not prohibited by a Finance Document) is not required to turnover the applicable proceeds), the Intercreditor Agreement provides that if, at any time prior to the latest to occur of the Super Senior Discharge Date, the Senior Secured Discharge Date, the Second Lien Discharge Date and the first date on which all of the Topco Liabilities have been fully discharged (the "Topco Discharge Date") (the "Final Discharge Date") any creditor (other than a Senior Secured Creditor) receives or recovers from any Debtor, member of the Senior Secured Group or Third Party Security Provider:

(i) any payment or distribution of, or on account of or in relation to, any of the liabilities owed to the creditors under the Debt Documents other than any payment or distribution which is either (x) not prohibited under the Intercreditor Agreement or (y) made in accordance with the provisions set out below under "—*Application of Proceeds*";

(ii) any amount by way of set-off which does not give effect to a payment permitted under the Intercreditor Agreement;

(iii) any amount:

(A) on account of, or in relation to, any of the liabilities owed to the creditors under the Debt Documents (I) after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event, or (II) as a result of any other litigation or proceedings against a Debtor, member of the Senior Secured Group or any Third Party Security Provider (other than after the occurrence of an Insolvency Event); or

(B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event;

(iv) the proceeds of any enforcement of any of the Transaction Security except in accordance with the provisions set out below under "*Application of Proceeds*"; or

(v) any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any Debtor, any member of the Senior Secured Group or Third Party Security Provider which is not in accordance with the provisions set out below under "*—Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that Debtor, member of the Senior Secured Group or Third Party Security Provider,

That creditor will:

(i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for (or otherwise on behalf and for the account of) the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement, and (y) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement. A turnover mechanism on substantially the same terms applies in the event that, at any time prior to the Final Discharge Date, any Senior Secured Creditor receives or recovers from any Debtor, any member of the Senior Secured Group or Third Party Security Provider (x) any proceeds from the enforcement of security or from a Distressed Disposal (as defined below) or following an acceleration event or the enforcement of security, any proceeds arising from any of the charged property or (y) any other amounts which should otherwise be received or recovered by the Security Agent except in accordance with the provisions set out below under "*—Application of Proceeds*."

Effect of Insolvency Event

"Insolvency Event" is defined as, in relation to any Obligor, Material Subsidiary (each as defined in the Revolving Credit Facility Agreement) or Third Party Security Provider, (a) the passing of any resolution or making of an order for insolvency, bankruptcy, winding up, dissolution, administration or reorganization, (b) a composition, compromise, assignment or arrangement with any class of creditors generally (other than any Secured Party), (c) a moratorium is declared in relation to any of its indebtedness, (d) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of it or any of its assets, or (e) any analogous procedure or step is taken in any jurisdiction, other than (in each case), frivolous or vexatious proceedings, proceedings or appointments which the Security Agent is satisfied will be withdrawn or unsuccessful or as permitted under any Senior Secured Credit Facility Agreement or in any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement or a Second Lien Facility Agreement, or otherwise not constituting a default.

The Intercreditor Agreement provides that, after the occurrence of an Insolvency Event, any party entitled to receive a distribution out of the assets of an Obligor, Material Subsidiary or Third Party Security Provider (in the case of a Senior Secured Creditor, only to the extent such amounts constitute proceeds of enforcement) shall direct the person responsible for the distribution to pay that distribution to the Security Agent until the liabilities owing to the Secured Parties have been paid in full. The Security Agent shall apply all such distributions paid to it in accordance with the provisions set out under "*—Application of Proceeds*" below.

To the extent that any member of the Senior Secured Group or Third Party Security Provider's liabilities to creditors are, with certain exceptions, discharged by way of set-off (mandatory or otherwise and in the case of a Senior Secured Creditor, only to the extent such amounts constitute proceeds of enforcement) after the occurrence of an Insolvency Event, any creditor benefiting from such set-off shall pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out under "*—Application of Proceeds*" below.

If the Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards such liabilities.

Subject to certain netting and set-off rights under ancillary or cash management facilities, each creditor irrevocably authorizes the Security Agent to take Enforcement Action (as defined below), make demands, collect and receive distributions, file claims and take other actions necessary to make recovery after the occurrence of an Insolvency Event in relation to an Obligor, member of the Senior Secured Group or Third Party Security Provider. The creditors agree to do all things the Security Agent reasonably requests in order to give effect to these provisions.

Security Enforcement Regime

Enforcement of Security

The Intercreditor Agreement provides that the Security Agent may not take any action to enforce the Transaction Security or the Topco Independent Transaction Security without the prior written consent of an Instructing Group, Majority Second Lien Creditors or Majority Topco Creditors (as applicable) otherwise as specified in the provisions described below.

An "Instructing Group" means:

(i) prior to the later of the Senior Secured Discharge Date and the first date on which the Super Senior Liabilities have been fully and finally discharged (the "Super Senior Discharge Date"), Senior Secured Creditors (other than the Super Senior Creditors) representing more than 50% of the Senior Secured Liabilities (other than the Super Senior Liabilities) (the "Majority Senior Secured Creditors"), and Super Senior Creditors representing more than 50% of the Super Senior Secured Liabilities (the "Majority Super Senior Creditors") save that, for instructions relating to enforcement, it shall mean the group of Secured Creditors entitled to give instructions in accordance with the enforcement regime described under "*—Enforcement of Transaction Security*"" below;

(ii) on or after the later of the Senior Secured Discharge Date and the Super Senior Discharge Date but before the Priority Discharge Date, Second Lien Creditors representing more than 50% of the Second Lien Liabilities (the "Majority Second Lien Creditors"); and

(iii) on or after the Priority Discharge Date but before the Topco Discharge Date, Topco Creditors representing more than 50% of the Topco Liabilities (the "Majority Topco Creditors").

Enforcement of Transaction Security

The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise in accordance with the provisions described in this paragraph. If the Transaction Security has become enforceable, if either the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to issue enforcement instructions they shall deliver a copy of those instructions (an "Initial Enforcement Notice") to the Security Agent and to the other agents, trustees and hedge counterparties.

The Security Agent will act in accordance with any instructions (provided they are consistent with the Enforcement Principles (as defined below)) received from (i) the Majority Senior Secured Creditors, (ii) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue within three months of the Initial Enforcement Notice or the Super Senior Discharge has not occurred within six months of the Initial Enforcement Notice, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iii) if an Insolvency Event (other than an Insolvency Event directly caused by enforcement action taken at the request of a Super Senior Creditor) is continuing, the Super Senior Creditors, until the Super Senior

Discharge Date has occurred, (iv) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue and the Majority Super Senior Creditors determine in good faith that a delay could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce the Transaction Security or on the realization of proceeds and the Majority Super Senior Creditors deliver instructions before the Security Agent has received any instructions from the Majority Senior Secured Creditors, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (v) if, prior to the later of the Senior Secured Discharge Date and the Super Senior Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors (as applicable) have not given instructions or they have instructed the Security Agent (A) not to enforce or cease enforcing or (B) required any Debtor or Third Party Security Provider to make a Distressed Disposal, any agent or trustee in relation to the Second Lien Liabilities (the "Second Lien Agent") (acting on the instructions of the Majority Second Lien Creditors) where the rights of the Second Lien Creditors to enforce have arisen under the Intercreditor Agreement, or (vi) if, prior to the Priority Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors or the Majority Second Lien Creditors (as applicable) have not given instructions or they have instructed the Security Agent (A) not to enforce or cease enforcing or (B) required any Debtor or Third Party Security Provider to make a Distressed Disposal an agent or trustee under the Topco Finance Documents (acting on the instructions of the Majority Topco Creditors).

Notwithstanding the preceding paragraph, if at any time the agents or representatives of the Second Lien Creditors or Topco Creditors then entitled to give the Security Agent instructions either give such instruction or indicate any intention to give such instruction, then the Majority Senior Secured Creditors or Majority Super Senior Creditors to the extent that such group is entitled to give enforcement instructions as described in the paragraph above may give instructions to the Security Agent to enforce the Transaction Security as they see fit and the Security Agent shall act on such instructions.

"Enforcement Principles" means certain requirements as to the manner of enforcement, including that (i) to the extent consistent with a prompt and expeditious realization of value, the method of enforcement chosen should maximize the value realized from such enforcement, (ii) certain proceeds must be received in cash, and (iii) enforcement in relation to assets over €5,000,000 or shares if not carried out by way of a public auction or other competitive sales process, shall (if the Security Agent is request to do so by the Majority Super Senior Creditors or Majority Senior Secured Creditors) benefit from a fairness opinion from an investment bank, firm of accountants or third party financial adviser.

Enforcement—Topco Independent Transaction Security

Subject to the Topco Independent Transaction Security having become enforceable in accordance with its terms, an agent or trustee under the Topco Finance Documents (acting on the instructions of the Majority Topco Creditors) may give or refrain giving, instructions to the Security Agent to enforce or refrain from enforcing the Topco Independent Transaction Security as they see fit.

Manner of Enforcement

If the Transaction Security or Topco Independent Transaction Security is being enforced in accordance with any of the above paragraphs, the Security Agent shall enforce the relevant Transaction Security or Topco Independent Transaction Security in such manner (including, without limitation, the selection of any administrator of any Debtor or Third Party Security Provider to be appointed by the Security Agent) as any persons entitled at any time under the above provisions shall instruct it or, in the absence of any such instructions, as the Security Agent sees fit (which may include taking no action).

No Secured Party shall have any independent power to enforce, or to have recourse to enforce, any Transaction Security or Topco Independent Transaction Security or to exercise any rights or powers arising under the security documents except through the Security Agent.

Security Held by Other Creditors

If any Transaction Security or Topco Independent Transaction Security is held by a creditor other than the Security Agent, then creditors may only enforce that Transaction Security or Topco Independent Transaction Security in accordance with instructions given by instructing creditors in accordance with the paragraphs above.

Enforcement Regime

Restrictions on Enforcement by Second Lien Creditors

Certain of the features set out below with respect to Topco Creditors may apply to the Second Lien Creditors, with appropriate modifications for the relative position in the capital structure.

Restrictions on Enforcement by Topco Creditors

Until the Priority Discharge Date, except with the prior consent of or as required by an Instructing Group, (i) no Topco Creditor or Topco Investor shall direct the Security Agent to enforce, or otherwise require the enforcement of any Transaction Security (including the crystallization of any floating charge forming part of the Transaction Security); (ii) no Topco Creditor nor Topco Investor shall take or require the taking of any Enforcement Action (as defined below) against any member of the Senior Secured Group or Third Party Security Provider (other than in each case (and to the extent not restricted by (i) above and (iii) below) against a Topco Borrower) in relation to the Topco Group Liabilities; and (iii) no Topco Creditor nor Topco Investor nor Topco Borrower shall take or require the taking of any Enforcement Action (as defined below) in relation to Topco Proceeds Loan Liabilities, except in the case of each of (i) through (iii) as set out under "—*Permitted Topco Enforcement*" below.

Other than as restricted by (i) and (iii) in the paragraph above, any Topco Creditor may at any time take any Enforcement Action (as defined below) against any Topco Investor, Topco Borrower or any Topco Guarantor that is not a member of the Senior Secured Group, in each case in accordance with the terms of the Topco Finance Documents.

"Enforcement Action" is defined as:

(i) (A) in relation to any liabilities (other than unsecured liabilities) the acceleration, putting on demand, making of a demand, requiring a member of the Topco Group or Third Party Security Provider to acquire such liabilities (subject to certain exceptions), exercising of rights of set-off (other than certain netting under hedging agreements or as otherwise permitted under the Debt Documents) or (B) suing or commencing proceedings in relation to such liabilities;

(ii) premature termination or close-out of a hedging agreement, save to the extent permitted by the Intercreditor Agreement;

(iii) the taking of steps to enforce or require the enforcement of the Transaction Security or, as the case may be, Topco Independent Transaction Security (including the crystallization of any floating charge) as a result of an acceleration event;

(iv) entering into any composition, compromise, assignment or similar arrangement with any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees in respect of liabilities owed to a creditor under the Intercreditor Agreement (other than any action permitted under the Intercreditor Agreement or any debt buy-backs pursuant to open market debt repurchases, tender offers or exchange offers not undertaken as part of an announced restructuring or turnaround plan or while a default was outstanding under the relevant finance documents); or

(v) petitioning, applying, voting for or taking steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to the winding up, dissolution, administration or reorganization of any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees in respect of liabilities owed to a creditor under the Intercreditor Agreement or any of such Third Party Security Provider or member of the Topco Group's assets or any suspension of payments or moratorium of any indebtedness of any such Third Party Security Provider or member of the Topco Group, or any analogous procedure or step in any jurisdiction, except that the following shall not constitute Enforcement Action, (A) suing, commencing proceedings or taking any action referred to in paragraph (i)(B) and (v) where necessary to preserve a claim, (B) discussions between or proposals made by the Priority Secured Parties with respect to enforcement of the Transaction Security in accordance with the Intercreditor Agreement, (C) bringing proceedings in connection with a securities violation, securities or listing regulations or common law fraud or to restrain any breach of the Debt Documents or for specific performance with no claims for damages, (D) proceedings brought by a Secured Party to obtain injunctive relief, specific performance with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages, (E) demands made by Intra-Group Creditors or Subordinated Creditors to the extent they relate

to payments permitted under the Intercreditor Agreement or the release of the liabilities owed to such creditors in return for the issue of shares in the relevant member of the Senior Secured Group provided that the ownership interest of the member of the Senior Secured Group is not diluted and any relevant shares remain subject to the same Transaction Security as existed prior to the issue, and (F) proceedings brought by an ancillary lender, a lender of Cash Management Facility Liabilities (a "Cash Management Facility Lender"), hedge counterparty, issuing bank, or agent or trustee in respect of the Second Lien Liabilities or Topco Liabilities to obtain injunctive relief, specific performance with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages or in connection with any securities violation, securities or listing regulations or common law fraud.

Permitted Topco Enforcement

The restrictions set out above under "*—Restrictions on Enforcement by Topco Creditors*" will not apply in respect of the Topco Group Liabilities, Topco Proceeds Loan Liabilities, or any Transaction Security securing the Topco Group Liabilities, if:

(i) an event of default under a Topco Finance Document or a Topco Proceeds Loan Agreement (the "Relevant Topco Default") is continuing;

(ii) all agents or trustees in respect of the Senior Lender Liabilities, Senior Secured Notes Liabilities, and Second Lien Liabilities have received a notice of the Relevant Topco Default specifying the event or circumstance in relation to the Relevant Topco Default from the Topco Agent, the Topco Notes Trustee or the Topco Borrower in relation to the relevant Topco Group Liabilities;

(iii) a Topco Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Topco Default is continuing at the end of that Topco Standstill Period.

Promptly upon becoming aware of an event of default under a Topco Finance Document, a Topco Notes Trustee, Topco Agent or Topco Investor (as the case may be) may give a Topco Enforcement Notice notifying any agent under a Permitted Senior Secured Facilities Agreement (the "Senior Agent"), senior secured notes trustee, the Second Lien Agent and any second lien notes trustee of the existence of such event of default.

"Topco Standstill Period" means the period beginning on the date (the "Topco Standstill Start Date") a Topco Enforcement Notice is served in respect of such a Relevant Topco Default and ending on the earliest to occur of:

(i) the date falling 179 days after the Topco Standstill Start Date (the "Topco Standstill Period");

(ii) the date the Priority Secured Parties take any Enforcement Action in relation to a particular Debtor or Third Party Security Provider, *provided* that:

(A) if a Topco Standstill Period ends pursuant to this paragraph (ii), the Topco Creditors or a Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may only take the same Enforcement Action in relation to a Topco Guarantor as the Enforcement Action taken by the Priority Secured Parties against such Topco Guarantor and not against any other member of the Senior Secured Group or Third Party Security Provider; and

(B) Enforcement Action for the purpose of this paragraph shall not include action taken to preserve or protect any security as opposed to realize it;

(iii) the date of an Insolvency Event (as defined above) in relation to a particular Topco Guarantor against whom Enforcement Action is to be taken; and

(iv) the expiry of any other Topco Standstill Period outstanding at the date such first mentioned Topco Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy).

The Topco Creditors or Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may take Enforcement Action under the provisions described in this section (*Permitted Topco Enforcement*) in relation to a Relevant Topco Default even if, at the end of any relevant Topco Standstill Period or at any later time, a further Topco Standstill Period has begun as a result of any other event of default in respect of the Topco Liabilities.

Option to Purchase: Topco Creditors

Following acceleration or the enforcement of Transaction Security upon acceleration under any Senior Secured Creditor Liabilities, Second Lien Liabilities or Topco Liabilities, Topco Creditors may elect to purchase the Senior Lender Liabilities, Super Senior Lender Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Second Lien Lender Liabilities and Second Lien Notes Liabilities for the amount that would have been required to prepay or redeem such liabilities on such date plus certain costs and expenses. Topco Creditors must also elect for the counterparties to hedging obligations to transfer their hedging obligations to holders in exchange (subject to specified conditions) for the amount that would have been payable under such hedging obligations had they been terminated on such date plus certain costs and expenses in connection with any such purchase.

Non-Distressed Disposals

The Security Agent (on behalf of itself and the other Secured Parties) and each other person party to a Transaction Security document or a Topco Independent Transaction Security document agrees that it shall (and is irrevocably authorized, instructed and obliged to do so without further consent, agreement or instruction from any creditor, other Secured Party or Debtor) promptly following receipt of a written request from the Group:

(i) release (or procure the release) from the Transaction Security or Topco Independent Transaction Security:

(A) any security (and/or other claim relating to a Debt Document) over any asset which the Group has confirmed is the subject of:

(1) a disposal not prohibited under the Finance Documents or where any applicable release and/or consent has been obtained under the applicable Finance Document including a disposal to a member of the Senior Secured Group but without prejudice to any obligation of any member of the Senior Secured Group in a Finance Document to provide replacement security;

(2) any other transaction not prohibited by the Finance Documents pursuant to which that asset will cease to be held or owned by a member of the Senior Secured Group,

in each case where such disposal is not a Distressed Disposal (as defined below) (in each case, a "Non-Distressed Disposal");

(B) any security (and/or other claim relating to a Debt Document) over any document or other agreement requested in order for any member of the Senior Secured Group to the extent that the Group has confirmed that such action is not prohibited by any Finance Document to effect any amendment or waiver or otherwise exercise any rights, comply with any obligation or take any action in relation to such document or agreement;

(C) any security (and/or other claim relating to a Debt Document) over any asset of any member of the Senior Secured Group which has ceased or will cease to be a Debtor or guarantor to the extent that the Group has confirmed that such ceasing to be a Debtor or guarantor in accordance with the terms of each Finance Document or the Agreed Security Principles (as defined in the Revolving Credit Facility Agreement); and

(D) any security (and/or other claim relating to a Debt Document) over any other asset to the extent that the Group has confirmed that such security is not required to be given or such release in accordance with the terms of any Finance Document or the Agreed Security Principles (as defined in the Revolving Credit Facility Agreement); and

(ii) in the case of a disposal of share or ownership interest in a Debtor, other member of the Senior Secured Group or any holding company of any Debtor or any other transaction pursuant to

which a Debtor, other member of the Senior Secured Group or any holding company of any Debtor will cease to be a member of the Topco Group or a Debtor, release or procure the release of that Debtor or other member of the Senior Secured Group and its subsidiaries from all present and future liabilities under the Secured Debt Documents and the respective assets of such Debtor and its subsidiaries from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents (including any claim relating to a Debt Document).

When making any request for a release pursuant to paragraphs (i)(A) or (i)(B) above, the Group shall confirm in writing to the Security Agent, that the relevant disposal or other action is not prohibited as at the date of completion of such release or, at the option of the Group, on the date that the definitive agreement for such disposal or similar transaction is entered into.

When making any request for a release pursuant to paragraph (i)(C) or (i)(D) above, the Group shall confirm in writing to the Security Agent, that such security is not required to be given or the relevant release or cessation is otherwise in accordance with the terms of the Finance Documents or the Agreed Security Principles (as defined in the Revolving Credit Facility Agreement).

In the case of a disposal of shares or other ownership interests in a Debtor, member of the Senior Secured Group or holding company of any Debtor or any other transaction pursuant to which a Debtor, member of the Senior Secured Group or holding company of any Debtor will cease to be a member of Topco Group or a Debtor, to the extent the Group has confirmed to the Security Agent that it is not prohibited by the Finance Documents, if such member of the Topco Group or a Debtor is a borrower, Group or primary debtor under any Debt Document, such person shall have the right to voluntarily prepay all Liabilities outstanding under any Debt Document.

Distressed Disposals

"Distressed Disposal" means a disposal of an asset or shares of, or other financial securities issued by a member of the Senior Secured Group or, in the case of a Third Party Security Provider, any Transaction Security which is being effected (a) at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable as a result of an acceleration event, (b) by enforcement of the Transaction Security as a result of an acceleration event, or (c) after the occurrence of an acceleration event or the enforcement of security as a result of an acceleration event, by a Debtor or Third Party Security Provider to a person or persons which is not a member of the Topco Group.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor, Third Party Security Provider and the Group and without any consent, sanction, authority or further confirmation from any creditor under the Intercreditor Agreement, Third Party Security Provider or Debtor):

(i) to release the Transaction Security or any other claim over that asset, enter into any release of that Transaction Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release (A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing, guarantee or other liabilities; (B) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets, and (C) any other claim of an intra-group lender, a Topco Investor, Subordinated Creditor or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors and Debtors;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor to release (A) that holding company and any subsidiary of that holding company from all or any part of its borrowing, guarantee or other liabilities; (B) any Transaction Security granted by that holding company or any subsidiary of that holding company over any of its assets, and (C) any other claim of an intra-group lender, a Topco Investor, Subordinated Creditor or a Debtor over that holding company's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors and Debtors;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities owed by such Debtor or holding company or any of their subsidiaries to creditors or other Debtors:

(A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities (the "Transferee") will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all or part of those liabilities, provided that, notwithstanding any other provision of any Debt Document, the Transferee shall not be treated as a Secured Creditor or Secured Party for the purposes of the Intercreditor Agreement; and

(B) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Secured Parties and all or part of any other liabilities,

on behalf of, in each case, the relevant creditors, Third Party Security Providers and Debtors; and

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "Disposed Entity") and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of a subsidiary of that Disposed Entity in respect of the intra-group liabilities or liabilities owed to any Debtor, to execute and deliver or enter into any agreement to:

(A) transfer all or part of the obligations in respect of those intra-group liabilities or liabilities to any Debtor on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) (provided the Receiving Entity is a holding company of the Disposed Entity which is also a Guarantor of the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities, liabilities owed to Debtors on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or liabilities owed to Debtors are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities as described above) shall be paid to the Security Agent for application in accordance with the provisions set out under "—*Application of Proceeds*" below as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred, as if that disposal of liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities) effected by, or at the request of, the Security Agent, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (although the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

If a Distressed Disposal is being effected at a time when the Majority Second Lien Creditors are entitled to give and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, Subsidiary or holding company from any borrowing liabilities or guarantee liabilities owed to any Senior Secured Creditor unless those borrowing liabilities or guarantee liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant senior creditor) following that release.

If a Distressed Disposal is being effected at a time when the Majority Topco Creditors are entitled to give, and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities owed to any Senior Secured Creditor or any Second Lien Creditor unless those borrowing liabilities or guarantee liabilities and any other Senior Secured Liabilities or Second

Lien Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant senior creditor) following that release.

Where borrowing liabilities in respect of any Senior Secured Liabilities, Second Lien Liabilities, Senior Secured Notes Proceeds Loan Liabilities, Topco Liabilities or unsecured liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to a holding company of the Group, in which case the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Group and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities.

If before the Second Lien Discharge Date or the Topco Discharge Date, a Distressed Disposal is being effected such that the Second Lien Liabilities or the Topco Liabilities and Transaction Security over shares in a borrower or Group of, or over assets of a borrower or Group of, Second Lien Liabilities or Topco Liabilities will be released pursuant to the Intercreditor Agreement, it is a further condition to the release that either:

(i) the Second Lien Agent, Second Lien Notes Trustee, Topco Agent and Topco Notes Trustee (as applicable) have approved the release; or

(ii) where shares or assets of a borrower, Group or guarantor (a "Second Lien Guarantor") in respect of Second Lien Liabilities or Topco Guarantor are sold:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash) and/or other marketable securities or, if the proceeds of such sale or disposal are not in cash (or substantially in cash) and/or other marketable securities, a valuation opinion has been obtained in accordance with the provisions set out below; and

(B) all claims of the Secured Parties (other than in relation to performance bonds, guarantees or similar instruments issued by a Secured Creditor on behalf of a member of the Senior Secured Group) against a member of the Senior Secured Group (if any), all of whose shares (other than any minority interest not owned by members of the Senior Secured Group) are pledged in favor of the Priority Secured Parties are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all Transaction Security, Topco Independent Transaction Security or other security in favor of the Secured Parties in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge):

(I) where the Senior Secured Creditors constitute the Instructing Group, the Senior Agent and any senior secured notes trustee (i) determine, acting reasonably and in good faith, that the Senior Secured Creditors will recover more than if such claim was released or discharged but nevertheless less than the outstanding Senior Secured Liabilities, and (ii) serve a notice on the Security Agent notifying the Security Agent of the same;

(II) where the Second Lien Creditors constitute the Instructing Group, the Second Lien Agent and any second lien notes trustee (i) determine acting reasonably and in good faith that the Priority Secured Parties (collectively) will recover more than if such claim was released or discharged but nevertheless less than the outstanding amount of the liabilities owed to the Priority Secured Parties (the "Priority Secured Liabilities"), and (ii) serve a notice on the Security Agent notifying the Security Agent of the same; and

(III) where the Topco Creditors constitute the Instructing Group, the Topco Agent and the Topco Notes Trustee (i) determine acting reasonably and in good faith that the Priority Secured Parties and the Topco Creditors (collectively) will recover more than if such claim was released or discharged but is nevertheless less than the outstanding Priority Secured Liabilities and the Topco Liabilities (collectively), and (ii) serve a notice on the Security Agent notifying the Security Agent of the same,

in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser) and the consideration for such sale or transfer may be in the form of non-cash consideration by way of the Senior Secured Creditors, Second Lien

Creditors or Topco Creditors (whichever constitutes the Instructing Group) bidding by an appropriate mechanic the Senior Secured Liabilities, Second Lien Liabilities or Topco Liabilities (as applicable) such that the relevant liabilities would on completion be discharged to the extent of an amount equal to the amount of the offer made by the relevant creditors; and

(C) such sale or disposal (including any sale or disposal of any claim) is made:

(I) pursuant to a public auction or other competitive sale process run in accordance with the advice of a reputable, independent investment bank, firm of accountants or third party professional firm with a view to obtaining the best price reasonably obtainable taking into account all relevant circumstances and in which creditors under the Second Lien Liabilities and Topco Liabilities are entitled to participate as prospective buyers and/or financiers; or

(II) where a reputable, independent investment bank, firm of accountants or third party professional firm which is regularly engaged in providing such valuations has delivered an opinion (including an enterprise valuation) in respect of such sale or disposal that the amount is fair from a financial point of view, taking into account all relevant circumstances including the method of enforcement, provided that the liability of such investment bank, firm of accountants or third party professional firm in giving such opinion may be limited to the amount of its fees in respect of such engagement.

Application of Proceeds

Order of Application—Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement and to the proviso described below, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Debt Document (other than amounts in respect of Topco Independent Transaction Security or any other security which is not Transaction Security or any guarantees provided by any holding company of Selecta Group MidCo S.à r.l or any subsidiary of any holding company of the Group (other than a member of the Senior Secured Group) in respect of any Topco Liabilities or Topco Proceeds Loan Liabilities) or in connection with the realization or enforcement of all or any part of the Transaction Security shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities and any sums owed to the Security Agent and any receiver or delegate on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Secured Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) for application towards the discharge of:

(A) the Super Senior Lender Liabilities and liabilities to arrangers and agents thereof; and

(B) Hedging Liabilities that have been designated by the Group as ranking alongside the Super Senior Lender Liabilities (the "Super Senior Hedging Liabilities") (on a *pro rata* basis between the Super Senior Hedging Liabilities of each hedge counterparty),

on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above, or, if the Super Senior Discharge Date has occurred, for application towards the discharge of:

(A) the Senior Lender Liabilities and liabilities to arrangers thereof;

(B) the Senior Secured Notes Liabilities;

(C) the Cash Management Facility Liabilities; and

(D) the Hedging Liabilities which are not Super Senior Hedging Liabilities,

on a *pro rata* basis and ranking *pari passu* between paragraphs (A), (B), (C) and (D) above;

(iv) for application towards the discharge of (x) the Second Lien Lender Liabilities and liabilities to arrangers thereof, and (y) the Second Lien Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between themselves;

(v) solely to the extent such proceeds are from the realization or enforcement of the Topco Shared Security and any guarantees provided by a Topco Guarantor that is a member of the Senior Secured Group or Third Party Security Provider in respect of the Topco Liabilities, for application towards the discharge of (A) the Topco Facility Liabilities and liabilities to arrangers thereof, and (B) the Topco Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between themselves;

(vi) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability under any Debt Document relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(vii) the balance, if any, in payment to the relevant Debtor,

provided that, all amounts from time to time received or recovered by the Security Agent from or in respect of a Topco Borrower pursuant to the terms of any Debt Document (other than in connection with the realization or enforcement of the Transaction Security or Topco Independent Transaction Security) shall be held by the Security Agent on trust to apply at any time as the Security Agent sees fit, in the following order of priority:

(A) in accordance with paragraph (i) above;

(B) in accordance with paragraph (ii) above;

(C) in accordance with paragraphs (iii), (iv) and (v) above (in each case only to the extent there are liabilities due from the relevant Topco Borrower to such creditors);

(D) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability under any Secured Debt Document, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(E) the balance, if any, in payment to the relevant Debtor.

Order of Application—Topco Independent Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Topco Document in connection with the realization or enforcement of Topco Independent Transaction Security or any guarantees provided by a Topco Guarantor (other than a member of the Senior Secured Group) (the "Topco Recoveries") shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities in respect of the Topco Liabilities (to the extent related to such Topco Recoveries), the Security Agent and any receiver or delegate, on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Topco Creditor in connection with any realization or enforcement of the Topco Independent Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) for application towards the discharge of:

(A) the Topco Facility Liabilities; and

(B) the Topco Notes Liabilities,

on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above;

(iv) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability in respect of the Secured Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(v) the balance, if any, in payment to the relevant Debtor.

Equalization

The Intercreditor Agreement provides that if, for any reason, any liabilities relating to Super Senior Liabilities, Senior Secured Liabilities, Second Lien Liabilities or Topco Liabilities remain unpaid after the first date on which certain types of Enforcement Action are taken (the "Enforcement Date") and the resulting losses are not borne by the creditors in any given specified class in the proportions which their respective exposures at the Enforcement Date bore to the aggregate exposures of all the creditors in that specified class at the Enforcement Date, the relevant class of creditors will make such payments amongst themselves as the Security Agent shall require to put the relevant creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Required Consents

The Intercreditor Agreement provides that, subject to certain exceptions, its terms may be amended or waived only with the consent of the Group, the agents and trustees for the Secured Parties, and the Security Agent, provided that, to the extent that an amendment, waiver or consent only affects one class of creditors, and such amendment, waiver or consent could not reasonably be expected materially or adversely to affect the interests of the other classes of creditors, only written agreement from the agent or trustee acting on behalf of the affected class shall be required.

An amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other matters, the provisions set out under "— *Application of Proceeds"* above and the order of priority or subordination under the Intercreditor Agreement shall not be made without the consent of each of the agents or trustees (acting in accordance with the relevant finance documents) under the Senior Liabilities, the Super Senior Liabilities, the Second Lien Liabilities and the Topco Liabilities, (i) each Cash Management Facility Lender (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Cash Management Facility Lender under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), (iii) each Hedge Counterparty (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Hedge Counterparty under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), and (iv) the Group.

Each agent or trustee shall, to the extent instructed to consent by the requisite percentage of creditors it represents or as otherwise authorized by the Debt Documents to which it is party, act on such instructions or authorizations in accordance therewith (save to the extent any amendments so consented or authorized to relate to any provision affecting the personal rights and obligations of that agent or trustee in its capacity as such).

Amendments and Waivers: Transaction Security Documents

Subject to certain exceptions under the Intercreditor Agreement (as described below), the Security Agent may, if the Group consents, amend the terms of, release or waive any of the requirements of or grant consents under, any document creating Transaction Security or Topco Independent Transaction Security which shall be binding on each party and the prior consent of the Secured Parties is required to authorize any amendment, release or waiver of, or consent under, any document creating Transaction Security which would adversely affect the nature or scope of the assets subject to Transaction Security or the manner in which the proceeds of enforcement of the Transaction Security or Topco Independent Transaction Security are distributed.

Exceptions

Subject to the paragraph below, an amendment, waiver or consent which relates to the rights or obligations which are personal to an agent, an arranger or the Security Agent in its capacity as such

(including, without limitation, any ability of that Security Agent to act in its discretion under the Intercreditor Agreement) may not be effected without the consent of that agent, arranger or, as the case may be, Security Agent.

The preceding paragraph and the first paragraph above under "*—Amendments and Waivers: Transaction Security Documents*" are subject to certain exceptions under the Intercreditor Agreement, relating in particular to (i) any release of Transaction Security, claim or liabilities, or (ii) to any amendment waiver or consent, which, in each case, the Security Agent gives in accordance with the provisions of the Intercreditor Agreement relating to the incurrence of additional or refinancing debt or the provisions set out under "*—New Debt Financings,*" "*Non-Distressed Disposals*" and "*—Distressed Disposals*" above. Any release, amendment, waiver or consent effected in accordance with the relevant provisions of the Debt Documents relating to such matters can be effected solely by the Group and the Security Agent.

Snooze/Lose

If in relation to a request for a consent, to participate in a vote of a class of creditors, to approve any action or to provide any confirmation or notification, in each case, under the Intercreditor Agreement or another applicable agreement (but excluding any indenture), any creditor fails to respond to the request within ten Business Days (or any other period of time notified by the Group, with the agreement of each of the agents or trustee in the case of a shorter period of time) or fails to provide details of its credit participation, such creditor will be disregarded or be deemed to have zero participation in respect of the matter or be deemed to have provided the relevant confirmation or notification, as applicable.

Provisions Following an IPO

Following an initial public offering of a member of the Senior Secured Group (or a holding company thereof) (an "IPO"), the Group is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things, (i) the Senior Secured Group (and all related provisions) will now refer to the member of the Senior Secured Group or holding company of the Group who will issue shares or whose shares are to be sold pursuant to such IPO (the "IPO Pushdown Entity," and if any Topco Notes are not refinanced in full on or before the date of such IPO, the IPO Pushdown Entity shall be any holding company of the Group which is the Group or borrower of any Topco Liabilities) and its Restricted Subsidiaries, (ii) all financial ratio calculations shall be made excluding any holding company of the IPO Pushdown Entity, (iii) certain provisions of the Debt Documents (including representations, undertakings and events of default) will cease to apply to any holding company of the IPO Pushdown Entity.

Each holding company of the IPO Pushdown Entity shall be released from all obligations under the Debt Documents (including any Transaction Security) and each Subordinated Creditor, Third Party Security Provider, Investor (as defined in the Revolving Credit Facility Agreement) or Topco Independent Obligor will be released from its obligations and restrictions under the Intercreditor Agreement in the appropriate capacity.

Subject to the consent of the majority lenders under and as defined in the Senior Lender Liabilities, noteholders representing more than 50% of any Senior Secured Notes Liabilities, the majority lenders under and as defined in any Second Lien Facility Agreement, noteholders representing more than 50% of any Second Lien Notes Liabilities, the majority lenders under and as defined in any Topco Facility and noteholders representing more than 50% of any Topco Notes Liabilities (following the relevant IPO), each subsidiary of the IPO Pushdown Entity shall also be released from all obligations as Debtor and guarantor under the Debt Documents and from the Transaction Security (other than, in each case, borrowing liabilities). Each party to the Intercreditor Agreement shall be required to enter into any amendment, release or replacement of any Debt Document required to facilitate such matters.

Agreement to Override

Unless expressly stated otherwise therein, the Intercreditor Agreement overrides anything in any other Debt Documents to the contrary.

FORWARD-LOOKING STATEMENTS

Certain statements included herein are not historical facts and are "forward-looking" within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Exchange Act. This Report contains certain forward-looking statements in various sections, including, without limitation, under the headings "*Risk Factors*" and in other sections where this Report includes statements about our intentions, beliefs or current expectations regarding our future financial results, plans, liquidity, prospects, growth, strategy and profitability, as well as the general economic conditions of the industry and countries in which we operate. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future sales or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and the economic, political and legal environment in which we operate and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks, assumptions and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should not place undue reliance on these forward-looking statements or projections. These risks, assumptions, uncertainties and other factors include, among other things, those listed under "*Risk Factors*", as well as those included elsewhere in this document. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they were made, you should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- changes in general economic conditions, consumer confidence and consumer spending;
- risks related to changing consumer preferences and technological innovations;
- fluctuations in costs related to fuel, coffee and commodity prices;
- changes in governmental regulation and legislation;
- competition in our industry;
- payment of increased vending rents;
- management and employee integrity and risk management;
- failure of key information technology and maintenance systems or processes;
- negative impact on the reputation;
- increases in VAT;
- fluctuations in currency exchange rates;
- uncertainties associated with conducting business in multiple countries;
- failure of manufacturers for the production of vending machines;
- disruptions in supply and logistics chain;
- capital expenditures;
- loss of major clients and/or inability to establish new client relationships;
- risks related to defects, failures or security breaches;

- UK withdrawal from the European Union;
- failure of realizing cost savings in connection with the Pelican Rouge Acquisition;
- failure of successfully integrating Pelican Rouge Group into our business;
- the seasonality of our business;
- impact of seasonal variation and abnormal weather;
- claims of anti-competitive practices;
- tax audits and investigations;
- adequacy of insurance coverage;
- exposure to credit risk of clients;
- inability to retain key employees;
- labor disruptions and increases in labor and employment costs;
- risks related to litigation and other legal proceedings;
- inability to realize full value of goodwill;
- inconsistencies of interests;
- changes in tax laws; and
- credit and liquidity disruptions in the global financial system.

This list of important factors is not exhaustive. You should carefully consider the foregoing factors and other uncertainties and events, especially in light of the regulatory, political, economic, social and legal environments in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

INDUSTRY AND MARKET DATA

We operate in a segment of the vending machine industry for which there is limited industry and market information. Market data and economic and industry data and forecasts used, and any statements regarding our position in the industry made, in this document were derived based upon market research, government and other publicly available information, reports prepared by consultants and independent industry publications. These include information published by the European Vending Association. The information in this document that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. While we believe the statements included in such third-party publications to be reliable, they have not been independently verified, and we do not make any representation or warranty as to the accuracy or completeness of such information set forth herein. Additionally, industry publications and such reports generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and in some instances state that they do not assume liability for such information. We can therefore not assure you of the accuracy and completeness of such information as we have not independently verified such information.

CERTAIN DEFINITIONS

As used in this Report:

- “**Argenta**” refers to Gruppo Argenta S.p.A., a joint stock company organized and existing under the laws of Italy;
- “**Argenta Acquisition**” refers to our acquisition of the Argenta Group on February 2, 2018;
- “**Argenta Group**” refers to Argenta and its subsidiaries;
- “**Collateral**” refers to the security provided by Selecta and the Guarantors to secure the Notes and the Revolving Credit Facility, as described in the Indenture;
- “**EU**” refers to the European Union;
- “**Group**,” “**us**,” “**we**,” “**our**,” “**Selecta**” refers to Selecta Group B.V. and its Subsidiaries, unless as indicated or the context requires otherwise;
- “**Guarantors**” refers to Selecta AG, Selecta TMP AG, Gruppo Argenta S.p.A., Selecta Nordic Holding AB, Selecta AB, Selecta UK Holding Limited, Selecta UK Limited, Selecta Holding S.A.S., Selecta S.A., Selecta Belgium N.V., Pelican Rouge Coffee Roasters B.V., AB Servicios S.L., Acorn Spain 1 SLU, and Selecta Netherlands B.V.;
- “**IFRS**” refers to International Financial Reporting Standards as adopted by the International Accounting Standards Board;
- “**Indenture**” refers to the indenture dated the Issue Date between, among others, Selecta, the Guarantors, the Trustee and the Security Agent, as amended and supplemented from time to time;
- “**Intercreditor Agreement**” refers to the intercreditor agreement dated on or about the Issue Date between, among others, Selecta, the Guarantors, the Trustee, the Security Agent, the lenders and agent under the Revolving Credit Facility and certain counterparties under hedging obligations, if any;
- “**Issue Date**” means February 2, 2018;
- “**KKR**” refers to KKR & Co. L.P., which is publicly traded on the New York Stock Exchange (NYSE: KKR);
- “**Notes**” refers to the €765.0 million 5⅞% senior secured notes due 2024, the €325.0 million senior secured floating rate notes due 2024, and the CHF 250.0 million 5⅞% senior secured notes due 2024 issued under the Indenture on the Issue Date;
- “**Notes Guarantees**” refers to the guarantees of the Notes by the Guarantors;
- “**OCS**” refers to office coffee services;
- “**Pelican Rouge”** refers to Pelican Rouge B.V., a private limited liability company incorporated under the laws of the Netherlands;
- “**Pelican Rouge Acquisition”** refers to our acquisition of the Pelican Rouge Group on September 7, 2017;
- “**Pelican Rouge Group”** refers to Pelican Rouge and its subsidiaries;
- “**Revolving Credit Facility**” refers to the revolving credit facility in an aggregate principal amount of €150.0 million;

- “**Revolving Credit Facility Agreement**” refers to the revolving credit facility agreement dated on or about the Issue Date, as amended and supplemented from time to time;
- “**Security Agent**” refers to U.S. Bank Trustees Limited;
- “**Subsidiaries**” refers to all consolidated subsidiaries of Selecta Group B.V.;
- “**Trustee**” refers to U.S. Bank Trustees Limited;
- “**United States**” or “**U.S.**” refers to the United States of America; and
- “**U.S. GAAP**” refers to generally accepted accounting principles in the United States.