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

Condensed consolidated interim financial statements for the 3 months ended 31 December 2018 (unaudited)

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 financial statements

Consolidated statement of profit or loss

	Notes	*3 months ended 31 December 2018 € (000's)*	*3 months ended 31 December 2017 € (000's)*
Revenue	5, 6	401'803	327'947
Vending fee		(40'517)	(22'898)
Materials and consumables used		(134'283)	(118'132)
Employee benefits expense		(117'381)	(101'681)
Depreciation and amortisation expense		(48'101)	(39'886)
Other operating expenses		(62'143)	(48'482)
Other operating income		2'373	3'204
Gain on disposal of subsidiaries		(47)	200
Profit/(Loss) before finance costs net and income tax		**1'703**	**272**
Finance costs	8	(34'862)	(35'502)
Finance income	8	10'186	6'375
Loss before income tax		**(22'973)**	**(28'854)**
Income taxes		1'840	2'269
Loss for the period		**(21'133)**	**(26'585)**
Loss attributable to:			
Owners of the Company		(21'000)	(26'585)
Non-controlling interests		(133)	-
		(21'133)	**(26'585)**
Revenue net of vending fees	5, 6, 7	361'285	305'049

[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 quarter ending 31 December 2017 and 2018.

Consolidated statement of comprehensive income

	3 months ended 31 December 2018 € (000's)	*3 months ended 31 December 2017 € (000's)*
Loss for the period	**(21'133)**	**(26'585)**
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss		
Foreign exchange translation differences for foreign operations	(7'984)	9'709
Other comprehensive income for the period, net of tax	**(29'117)**	**(16'876)**
Total comprehensive income attributable to:		
Owners of the Company	(28'984)	(16'876)
Non-controlling interests	(133)	-
	(29'117)	**(16'876)**

Consolidated balance sheet

	Notes	*31 December 2018 € (000's)*	*30 September 2018 € (000's)*
Non-current assets			
Property, plant and equipment	9	406'109	405'621
Goodwill	10	1'079'770	1'079'770
Trademarks	11	324'147	324'147
Customer contracts	11	345'927	357'496
Other intangible assets	11	24'415	23'681
Deferred income tax assets		24'603	24'456
Non-current financial assets		8'264	8'803
Net defined benefit asset		59'853	59'890
Derivative financial instruments	14	10'891	11'942
Total non-current assets		**2'283'980**	**2'295'806**
Current assets			
Inventories		110'411	99'821
Trade receivables		73'351	82'484
Other current assets		55'282	54'336
Cash and cash equivalents		104'243	163'834
Total current assets		**343'287**	**400'475**
Total assets		**2'627'267**	**2'696'281**

	Notes	31 December 2018 € (000's)	30 September 2018 € (000's)
Equity and liabilities			
Equity			
Share capital	13	187	187
Share premium	13	895'974	895'974
Currency translation reserve	13	(140'793)	(132'809)
Hedging reserve	13	158	158
Retained earnings	13	(558'804)	(536'727)
Equity attributable to owners of the Company		**196'722**	**226'783**
Non-controlling interests		**211**	**344**
Total equity		**196'934**	**227'127**
Non-current liabilities			
Loans due to parent undertaking	12	338'172	328'212
Borrowings	12	1'351'802	1'322'441
Derivative financial instruments	14	3'978	3'383
Finance lease liabilities		25'867	27'377
Net defined benefit liability		17'932	17'755
Provisions		35'182	34'637
Other non-current liabilities		13'441	13'955
Deferred income tax liabilities		198'307	201'430
Total non-current liabilities		**1'984'681**	**1'949'190**
Current liabilities			
Finance lease liabilities		12'624	13'728
Trade payables		239'687	267'375
Provisions		9'031	10'531
Current income tax liabilities		2'622	632
Other current liabilities		181'688	227'698
Total current liabilities		**445'652**	**519'964**
Total liabilities		**2'430'333**	**2'469'154**
Total equity and liabilities		**2'627'267**	**2'696'281**

	Attributable to owners of the Company							
	Share capital	*Share premium*	*Currency translation reserve*	*Hedging reserve*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Balance at 1 October 2017	**187**	**695'565**	**(111'220)**	**-**	**(427'959)**	**156'573**	**-**	**156'573**
Other comprehensive income	-	-	(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	-	200'409	-	-	-	200'409	-	200'409
Changes in ownership interests	**-**	**-**	**-**	**-**	998	998	753	1'751
Balance at 30 September 2018	**187**	**895'974**	**(132'809)**	**158**	**(536'727)**	**226'783**	**344**	**227'127**
Other comprehensive income	**-**	**-**	(7'984)	-	-	(7'984)	-	(7'984)
Loss	-	-			(21'000)	(21'000)	(133)	(21'133)
Total comprehensive income	-	-	*(7'984)*	**-**	*(21'000)*	*(28'984)*	***(133)***	*(29'117)*
*Preliminary PPA adjustment - acquisitions**	-	-	-	-	(1'076)	(1'076)	-	(1'076)
Balance at 31 December 2018	**187**	**895'974**	**(140'793)**	**158**	**(558'804)**	**196'722**	**211**	**196'934**

*Temporary allocation to equity. Allocation to goodwill will be completed per note 13.3 upon completion of Argenta and Express Vending PPA.

Notes to the consolidated financial statements

	3 months ended 31 December 2018 € (000's)	3 months ended 31 December 2017 € (000's)
Cash flows from operating activities		
Loss before income tax	(22'973)	(28'854)
Depreciation and amortisation expense	48'101	39'886
Gain on disposal of property, plant and equipment, net	(2'960)	(1'526)
Gain on disposal of subsidiaries	-	(200)
Net finance costs	24'676	29'126
Changes in working capital:		
(Increase)/Decrease in inventories	(10'726)	(8'875)
(Increase)/Decrease in trade receivables	6'519	(7'258)
(Increase)/Decrease in other current assets	31	(659)
Increase/(Decrease) in trade payables	(27'371)	(21'340)
Increase/(Decrease) in other liabilities	(16'522)	(9'247)
Income taxes paid	(268)	(964)
Net cash generated from/(used in) operating activities	**(1'494)**	**(9'911)**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(888)	-
Purchases of property, plant and equipment	(40'120)	(27'170)
Purchases of intangible assets	(2'421)	(1'073)
Proceeds from sale of property, plant and equipment	5'110	2'317
Interest received	25	183
Net cash used in investing activities	**(38'294)**	**(25'743)**
Cash flows from financing activities		
Proceeds from issuance of loans and borrowings	26'310	30'072
Repayment of loans and borrowings	(492)	-
Proceeds (repayment) from factoring	(440)	(5'045)
Interest paid	(49'160)	(19'679)
Financing related financing costs paid	(455)	(6'747)
Net cash used in financing activities	**(24'237)**	**(1'400)**
Net decrease in cash and cash equivalents	**(64'025)**	**(37'054)**
Cash and cash equivalents at the beginning of the period	163'834	134'782
Exchange losses on cash and cash equivalents	4'433	(4'437)
Cash and cash equivalents at the end of the period	**104'243**	**93'290**

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 condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all information required for a complete set of IFRS financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 September 2018.

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

3. Summary of significant accounting policies

3.1. Accounting policies

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

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

IFRS 15
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, and contains new requirements related to presentation and disclosure. The core principle included in the standard is that revenue recognition is no longer based on the transfer of risks and rewards but rather on the transfer of control of goods and services to a customer.

The Group has applied IFRS 15 as of 1 October 2018 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18. The Group only applied IFRS 15 retrospectively to contracts which had not yet been executed as at 1 October 2018.

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

IFRS 9
IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Classification and measurement of financial assets and financial liabilities
The new standard contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The existing requirements for the classification and measurement of financial liabilities have largely been retained. As a result of the new classification

requirements the Group reclassified financial assets previously classified as loans and receivables to financial assets at amortised cost as of 1 October 2018. The change in classification did not have an impact on the measurement of these financial assets.

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

Hedge accounting
The Group chose to continue to apply the hedge accounting requirements of IAS 39 in their entirety to all of its hedging relationships.

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

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

3.2. New and revised/amended standards and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 October 2018 and earlier application is permitted. However, the Group has not early adopted them in preparing these condensed consolidated interim financial statements.

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

3.3. Foreign currencies

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

		31 December 2018		*31 December 2017*	
		Balance sheet	*Statement of profit or loss*	*Balance sheet*	*Statement of profit or loss*
Danish Krone	DKK	7.47	7.46	7.44	7.44
Great Britain Pound	GBP	0.89	0.89	0.89	0.88
Norwegian Kroner	NOK	9.95	9.95	9.84	9.73
Swedish Krona	SEK	10.25	10.25	9.84	9.84
Swiss Franc	CHF	1.13	1.13	1.17	1.17

3.4. Statement of seasonality of operations

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

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

4. Use of estimates and key sources of estimation uncertainties

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

5. Segmental reporting

The Group's Board of Directors 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 3 months ended 31 December 2018

	South, UK & Ireland	*Central*	*North*	*Total segments*	*HQ*	*Total Group*
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Revenue	147'264	148'851	105'688	**401'803**		**401'803**
Revenue net of vending fee	134'849	124'849	101'587	**361'285**		**361'285**
Gain on the disposal of subsidiaries					(47)	**(47)**
Profit/(loss) before finance results net and income taxes, depreciation and amortisation expense	**20'810**	**18'338**	**21'236**	**60'384**	**(10'580)**	**49'804**
Depreciation and amortisation expense	(12'603)	(14'223)	(9'734)	**(36'560)**	(11'541)	**(48'101)**
Loss before finance results net and income tax						**1'703**
Finance results, net						**(24'676)**
Loss before income tax						**(22'973)**

Result for the 3 months ended 31 December 2017

	South, UK & Ireland	Central	North	Total segments	HQ	Total Group
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Revenue	80'890	143'868	103'189	**327'947**		**327'947**
Revenue net of vending fee	78'126	126'616	100'307	**305'049**		**305'049**
Gain on the disposal of subsidiaries					200	**200**
Profit/(loss) before finance results net and income taxes, depreciation and amortisation expense	**7'679**	**22'811**	**16'979**	**47'469**	**(7'311)**	**40'158**
Depreciation and amortisation expense	(6'437)	(14'098)	(9'614)	**(30'149)**	(9'737)	**(39'886)**
Loss before finance results net and income tax						**272**
Finance results, net						**(29'126)**
Loss before income tax						**(28'854)**

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

6. Revenue by channel

	3 months ended 31 December 2018	*3 months ended 31 December 2017*
	€ (000's)	*€ (000's)*
Revenue from On the Go business channel	145'261	106'165
Revenue from Workplace business channel	191'339	164'200
Revenue from Trade & Other business channel	65'202	57'582
Total revenue	**401'803**	**327'947**

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 31 December 2017 and 2018.

8. Finance cost results net

	3 months ended 31 December 2018	*3 months ended 31 December 2017*
	€ (000's)	*€ (000's)*
Interest on loan due to parent undertaking	(9'960)	(9'882)
Interest on loans	(20'211)	(13'937)
Refinancing costs amortisation	(1'748)	(2'028)
Finance lease interest expense	(270)	(317)
Factoring interest expense	(273)	(256)
Other interest and finance expense	(761)	(304)
Change in fair value of derivative financial instruments	(1'638)	-
Foreign exchange loss	-	(8'778)
Total finance costs	**(34'862)**	**(35'502)**

	3 months ended 31 December 2018	*3 months ended 31 December 2017*
	€ (000's)	*€ (000's)*
Change in fair value of derivative financial instruments	-	6'199
Foreign exchange gain	10'161	-
Interest income	25	176
Total finance income	**10'186**	**6'375**

9. Property, plant and equipment

Property, plant and equipment consists primarily of vending equipment.

Additions of property, plant and equipment in the 3 months ended 31 December 2018 amount to € 37.5 million.

Net book values of disposals of property, plant and equipment in the 3 months ended 31 December 2018 amount to € 2.2 million.

10. Goodwill

	31 Dec 2018 € (000's)	30 Sept 2018 *€ (000's)*
Balance gross and net carrying amount opening	**1'079'770**	**664'077**
Goodwill relating to Selecta Finland sold on 14 March 2018	-	(7'382)
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**	**1'079'770**

The provisional goodwill in the year ending 30 September 2018 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.

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 prior year by the Argenta Group (€7.2 million).

The goodwill reduction in the year ending 30 September 2018 results from the sale of Selecta Finland.

11. Other intangible assets

Other intangible assets consist primarily of trademarks and customer contracts.

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

During the financial year ended 30 September 2018 the carrying value of the trademark has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

The customer contracts recognised by the Group arise primarily from the customer contracts acquired as part of previous business combinations, including the Pelican Rouge acquisition, and are amortised over the useful life of 15 years. Customer contracts recognised after Argenta acquisition are amortised over the useful life of 10 years due to the size and certain features of its client portfolio.

12. Loans due to parent undertaking / borrowings

	31 December 2018 *€ (000's)*	*30 September 2018* *€ (000's)*
Loans due to parent undertaking at amortised cost	338'172	328'212
Borrowings at amortised cost (incl. Revolving facility)	1'351'802	1'322'441
Total borrowings at amortised cost	**1'689'974**	**1'650'653**

12.1. Borrowings and loans due to parent undertaking

	31 December 2018			30 September 2018		
	€ (000's)	*in %*	*Interest rate*	*€ (000's)*	*in %*	*Interest rate*
EUR	1'458'172	84.1%	7.1%	1'418'212	83.6%	7.1%
CHF	221'848	12.8%	5.9%	220'926	13.0%	5.9%
GBP	53'028	3.1%	4.2%	56'325	3.3%	4.2%
Total	**1'733'048**	**100%**	**6.9%**	**1'695'463**	**100%**	**6.9%**

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.

12.2. Rate structure of borrowings

	31 December 2018	*30 September 2018*
	€ million	*€ million*
Total borrowings at variable rates	396'005	368'817
Total borrowings at fixed rates	1'293'969	1'281'836
Total borrowings at amortised cost	**1'689'974**	**1'650'653**

12.3. Details of borrowing facilities

In the prior financial year, 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.

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 € 83.0 million at 31 December 2018 (30 September 2018: € 56.3 million). The interest rate on this senior revolving credit facility is based on the relevant rate of the currency drawn EURIBOR/LIBOR plus 3.5%. As at 31 December 2018 in € currency 30 million was drawn with interest rate 3.5%, and in GBP currency 50 million with interest rate 4.2%.

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

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

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

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

13. Equity

13.1. Share capital, share premium

The Group's share capital consists of 187'002 fully paid ordinary shares (2018: 187'002) with a nominal value of € 1 per share.

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

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

13.2. Reserves

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

	Attributed to equity holders of the parent			
31 December 2018	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total € (000's)***
Foreign currency translation differences for foreign operations	(7'984)	-	-	**(7'984)**
Total other comprehensive income, net of tax	**(7'984)**	**-**	**-**	**(7'984)**

	Attributed to equity holders of the parent			
30 September 2018	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total € (000's)***
Foreign currency translation differences for foreign operations	(21'589)	-	-	**(21'589)**
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)**

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.

13.3. Preliminary Purchase Price Allocation Adjustment

As part of the Purchase Price Allocation conducted according to IFRS 3 – Business Combinations after the acquisition of Argenta and Express Vending, the Group has started to identify fair value adjustments to the acquisition opening balance sheet of these companies, to be finalised within one year of the acquisitions.

In the first quarter, a € 1.1 million adjustment was recorded after the identification of certain fair value adjustments, mainly relating a corporate tax provision.
These adjustments are temporarily presented as an adjustment to the Group's equity, and will be affected to the acquisition goodwill upon finalisation of the Purchase Price Allocation exercise.

14. Financial instruments

14.1. Accounting classifications and fair values

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

At 31 December 2018

	Carrying amount				*Fair value*			
	Cash flow hedging instrument *€ (000's)*	*Loans and receivables* *€ (000's)*	*Other financial liabilities* *€ (000's)*	***Total*** ***€ (000's)***	*Level 1* *€ (000's)*	*Level 2* *€ (000's)*	*Level 3* *€ (000's)*	***Total*** ***€ (000's)***
Financial assets measured at fair value								
Cross currency swaps	**10'891**	**-**	**-**	**10'891**	-	10'891	-	10'891
	10'891	**-**	**-**	**10'891**				
Financial assets not meas-ured at fair value								
Trade receivables	-	73'351	-	73'351				
Non-current financial assets	-	8'264	-	8'264				
Cash and cash equivalents	-	104'243	-	104'243				
Accrued income	-	29'586	-	29'586				
	-	**215'444**	**-**	**215'444**				
Financial liabilities meas-ured at fair value								
Cross currency swaps	3'978	-	-	3'978	-	3'978	-	3'978
	3'978	**-**	**-**	**3'978**				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	(83'029)	(83'029)	-	(83'029)	-	(83'029)
Bank credit facility	-	-	(4'816)	(4'816)	-	(4'816)	-	(4'816))
Secured loan notes	-	-	(1'311'848)	(1'311'848)	(1'245'510)	-	-	(1'245'510)
Loans due to parent under-taking	-	-	(338'172)	(338'172)	-	(338'172)	-	(338'172)
Finance lease liabilities	-	-	(38'491)	(38'491)	-	(38'491)	-	(38'491)
Factoring liabilities	-	-	(3'029)	(3'029)	-	(3'029)	-	(3'029)
Reverse factoring liability & credit facilities	-	-	(5'889)	(5'889)	-	(5'889)	-	(5'889)
Trade payables	-	-	(239'687)	(239'687)				
	-	**-**	**(1'999'714)**	**(1'999'714)**				

At 30 September 2018

	Carrying amount				*Fair value*			
	Cash flow hedging instrument € (000's)	*Loans and receivables € (000's)*	*Other financial liabilities € (000's)*	***Total € (000's)***	*Level 1 € (000's)*	*Level 2 € (000's)*	*Level 3 € (000's)*	***Total € (000's)***
Financial assets measured at fair value								
Cross currency swaps	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)**				

14.2. Measurement of fair values

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

	Valuation technique	*Significant unobservable inputs*
Debt securities	Discounted cash flows	Not applicable
Other financial liabilities	Discounted cash flows	Not applicable

14.3. Derivative financial instruments designated as cash flow hedges

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

At 31 December 2018 the derivative financial instruments had a positive fair value of net € 6.9 million, with the below conditions:

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 net fair value of the swaps at 31 December 2018 was recognized in value of € 6.9m and the effect in the quarter in the P&L resulted in € 1.6 million fair value loss.

31 December 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

14.4. Master netting or similar agreements

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

15. Events after the balance sheet date

To the best of management's knowledge, no events have occurred between 31 December 2018 and the date of these consolidated financial statements that could have a material impact on the consolidated financial statements.

16. Approval of the consolidated financial statements

The consolidated financial statements for the 3 months ended 31 December 2018 have been authorised by the Board of Directors on 28 February 2019.

Amsterdam, 28 February 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