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

Condensed consolidated interim financial statements for the 3 months and 12 months ended 30 September 2019

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

Table of Contents

Condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss

	Notes	*12 months ended 30 September 2019* *€ (000's)*	*12 months ended 30 September 2018 Restated[1]* *€ (000's)*	*3 months ended 30 September 2019* *€ (000's)*	*3 months ended 30 September 2018* *€ (000's)*
Revenue	5, 6	1'625'910	1'451'513	412'194	367'147
Vending fee	7	(177'446)	(155'671)	(51'411)	(47'105)
Materials and consumables used		(542'408)	(489'415)	(139'049)	(117'177)
Employee benefits expense		(477'558)	(416'564)	(122'812)	(94'521)
Depreciation and amortisation expense	8	(203'432)	(184'527)	(54'309)	(52'105)
Other operating expenses		(250'950)	(222'983)	(59'180)	(56'133)
Other operating income		20'117	8'744	12'161	(4'516)
(Loss) / Gain on disposal of subsidiaries		(47)	1'774	-	522
Profit/(Loss) before finance costs net and income tax		**(5'814)**	**(7'129)**	**(2'406)**	**(3'888)**
Finance costs	9	(137'586)	(142'402)	(34'708)	(17'277)
Finance income	9	68'953	22'283	34'837	6'652
Profit/(Loss) before income tax		**(74'447)**	**(127'248)**	**(2'277)**	**(14'513)**
Income taxes		87	8'169	(1'613)	876
Profit/(Loss) from continuing operation		**(74'359)**	**(119'079)**	**(3'890)**	**(13'637)**
Profit/(Loss) from discontinued operation, net of tax		(194)	715	(194)	715
Profit/(Loss) for the period		**(74'553)**	**(118'363)**	**(4'084)**	**(12'922)**
Profit/(Loss) attributable to:					
Owners of the Company		(74'275)	(117'954)	(4'084)	(12'354)
Non-controlling interests		(278)	(410)	-	(568)
		(74'553)	**(118'363)**	**(4'084)**	**(12'922)**
Revenue net of vending fees[2]	5, 7	1'448'464	1'295'842	360'784	320'042

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

[1] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

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

Condensed consolidated statement of comprehensive income

	12 months ended 30 September 2019 € (000's)	*12 months ended 30 September 2018 € (000's) Restated[3]*	*3 months ended 30 September 2019 € (000's)*	*3 months ended 30 September 2018 € (000's)*
Loss for the period	**(74'553)**	**(118'363)**	**(4'084)**	**(12'922)**
Items that will not be reclassified to the consolidated statement of profit or loss				
Re-measurement loss on post-employment benefit obligations	11'751	8'428	14'751	8'428
Income tax relating to re-measurement gain on post-employment benefit obligations	(1'756)	(1'557)	(2'623)	(1'557)
	9'995	**6'871**	**12'128**	**6'871**
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss				
Foreign exchange translation differences for foreign operations	(68'329)	(21'706)	(38'266)	(30'878)
Other comprehensive income for the period	**(58'334)**	**(14'835)**	**(26'138)**	**(24'007)**
Total comprehensive income for the period	**(132'887)**	**(133'198)**	**(30'222)**	**(36'929)**
Total comprehensive income attributable to:				
Owners of the Company	(132'609)	(132'788)	(30'222)	(36'362)
Non-controlling interests	(278)	(410)	-	(568)
	(132'887)	**(133'198)**	**(30'222)**	**(36'929)**

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

[3] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

Condensed consolidated balance sheet

	Notes	*30 September 2019 € (000's)*	*30 September 2018 € (000's) Restated[4]*
Non-current assets			
Property, plant and equipment	10	389'358	406'249
Goodwill	11	1'052'933	1'035'048
Trademarks	12	352'027	355'317
Customer contracts	12	345'312	383'744
Other intangible assets	12	25'288	22'905
Deferred income tax assets		25'039	24'442
Non-current financial assets		22'511	8'576
Net defined benefit asset		80'016	59'890
Derivative financial instruments	16	16'684	11'942
Total non-current assets		**2'309'168**	**2'308'113**
Current assets			
Inventories		109'660	99'031
Trade receivables		66'819	82'222
Other current assets		73'864	55'549
Cash and cash equivalents		129'117	163'834
Total current assets		**379'460**	**400'636**
Total assets		**2'688'628**	**2'708'749**

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

[4] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

	Notes	30 September 2019 € (000's)	30 September 2018 € (000's) Restated[5]
Equity and liabilities			
Equity			
Share capital	14	187	187
Share premium	14	1'039'957	895'974
Currency translation reserve	14	(201'413)	(133'084)
Hedging reserve	14	158	158
Accumulated deficit	14	(603'200)	(538'043)
Equity attributable to owners of the Company		**235'689**	**225'192**
Non-controlling interests		**-**	**(199)**
Total equity		**235'689**	**224'993**
Non-current liabilities			
Loans due to parent undertaking	13	224'078	328'212
Borrowings	13	1'361'866	1'322'441
Derivative financial instruments	16	6'740	3'383
Finance lease liabilities		25'193	27'377
Net defined benefit liability		21'390	17'987
Provisions		41'076	35'077
Other non-current liabilities		10'428	13'725
Deferred income tax liabilities		205'944	213'553
Total non-current liabilities		**1'896'715**	**1'961'754**
Current liabilities			
Finance lease liabilities		15'931	13'728
Trade payables		289'841	267'491
Provisions		6'622	10'531
Current income tax liabilities		6'197	1'649
Other current liabilities		237'633	228'602
Total current liabilities		**556'224**	**522'002**
Total liabilities		**2'452'939**	**2'483'756**
Total equity and liabilities		**2'688'628**	**2'708'749**

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

[5] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

Condensed statement of changes in consolidated equity

	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 2017	**187**	**695'565**	**(111'220)**	**-**	**(427'959)**	**156'573**	**-**	**156'573**
Other comprehensive Income/(loss)	-	-	(21'864)	158	6'871	(14'835)	-	(14'835)
Income/(loss) for the period	-	-	-	-	(117'954)	(117'954)	(410)	(118'363)
Total comprehensive income/(loss)	-	-	*(21'864)*	*158*	*(111'083)*	*(132'789)*	*(410)*	*(133'199)*
Equity contribution[6]	-	*200'409*	-	-	-	*200'409*	-	*200'409*
Acquisition of subsidiary with NCI	-	-	-	-	-	-	1'240	1'240
Change in non controlling interest					998	998	(1'029)	(31)
Balance at 1 October 2018 restated[7]	**187**	**895'974**	**(133'084)**	**158**	**(538'043)**	**225'192**	**(199)**	**224'993**
Other comprehensive income/(loss)	-	-	(68'329)	-	9'995	(58'334)	-	(58'334)
Income/(loss) for the period	-	-			(74'275)	(74'275)	(278)	(74'553)
Total comprehensive income/(loss)	-	-	*(68'329)*	-	*(64'280)*	*(132'609)*	*(278)*	*(132'887)*
Equity contribution[6]	-	*143'983*	-	-	-	*143'983*	-	*143'983*
Acquisition of NCI without change in control[8]					(877)	(877)	477	(400)
Balance at 30 September 2019	**187**	**1'039'957**	**(201'413)**	**158**	**(603'200)**	**235'689**	**-**	**235'689**

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

[6] Please refer to note 14.1

[7] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

[8] Please refer to note 14.3 for the line item "Acquisition of NCI without change in control"

Condensed consolidated cash flow statement

	12 months ended 30 September 2019 € (000's)	12 months ended 30 September 2018 € (000's) Restated[9]
Cash flows from operating activities		
Loss before income tax	(74'447)	(126'532)
Depreciation and amortisation expense	203'432	185'065
Gain on disposal of property, plant and equipment, net	(26'333)	(8'637)
Loss / (gain) on disposal of subsidiaries	47	(1'774)
Finance costs, net	68'633	120'129
Changes in working capital:		
(Increase)/Decrease in inventories	(9'419)	(8'103)
(Increase)/Decrease in trade receivables	(2'343)	8'860
(Increase)/Decrease in other current assets	(13'165)	(16'660)
Increase/(Decrease) in trade payables	19'099	16'497
Increase/(Decrease) in other liabilities	17'756	(20'016)
Income taxes paid	(5'847)	(5'717)
Net cash generated from operating activities	**177'413**	**143'112**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(23'481)	(92'246)
Proceeds from sale of subsidiaries, net of cash disposed	-	17'078
Purchases of property, plant and equipment	(159'994)	(123'842)
Purchases of intangible assets	(15'404)	(5'841)
Proceeds from sale of property, plant and equipment	67'989	17'435
Interest received	100	49
Other proceeds received	-	1'191
Net cash used in investing activities	**(130'790)**	**(186'176)**
Cash flows from financing activities		
Proceeds from capital contribution	143'984	-
Proceeds from issuance of loans and borrowings	19'191	1'365'497
Repayment of loans and borrowings	(4'442)	(1'138'657)
Repayment of loans due to parent undertaking	(143'984)	(39'711)
Repayment from factoring	463	(12'195)
Interest paid	(98'499)	(47'951)
Financing costs paid	(3'576)	(55'618)
Proceeds from settlement of derivatives	-	6'818
Interest paid on derivatives	-	(1'275)
Acquisition of non-controlling interest[10]	(400)	(1'200)
Net cash (used in) / generated from financing activities	**(87'263)**	**75'709**
Net decrease in cash and cash equivalents	**(40'640)**	**32'645**
Cash and cash equivalents at the beginning of the period	163'834	135'034
Exchange gains / (losses) on cash and cash equivalents	5'923	(3'844)
Cash and cash equivalents at the end of the period	**129'117**	**163'834**

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

[9] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.
[10] Please refer to note 14.3 for the line item "Acquisition of NCI without change in control"

Notes to the condensed consolidated interim financial statements

1. General Information

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

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

2. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34” as issued by the IASB).

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

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

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

In 2018 the comparative information has changed as result from restatements and error corrections (see note 18).

Selecta has decided to change its financial year-end from 30 September to 31 December. The 31 December accounting year-end fits better with the Group’s trading cycle, simplifies its financial reporting procedures and aligns the accounting period with that of its peer group. Thus, the current quarter present the interim financial statement for 12 months ended 30 September 2019. The period end financial statement will comprise 15 months ending 31 December 2019.

3. Summary of significant accounting policies

3.1. Accounting policies

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

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

IFRS 15

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

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

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

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

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

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

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied as of 1 October 2018. The Group did not adjust equity and comparative information 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 January 2020 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 January 2020 and which the Group did not voluntarily adopt early.

The Group has reviewed its financial reporting for the new and amended standards which take effect on or after 1 January 2020 with a focus on the initial application of IFRS 16 *Leases* ("IFRS 16"). Under IFRS 16, which replaces existing leases guidance including IAS 17 *Leases* and related interpretations, a lessee will no longer make a distinction between finance leases and operating leases. All leases will be treated as finance leases, with the optional exception of short-term leases and low value leases. In the statement of financial position, the lessee will recognize the asset and the liability for the lease, while in the statement of profit and loss, the lessee will recognize the interest cost and the depreciation of the leased asset instead of the operating lease expenses. The Group currently expects that IFRS 16 will lead to an increase in total assets and total liabilities by approximately € 150 million from the effect of recognizing existing operating leases on the balance sheet. Additionally, annual operating lease expenses of approximately € 40 million are expected to be presented as depreciation expense and interest cost in the future. The Group will apply the modified retrospective method to transition to IFRS 16.

Following a review of the applied useful lives for property, plant and equipment the Company has extended the useful lives of the vending equipment from 4-8 years to 6-10 years to properly reflect the economic lives. The change in useful lives is a change in estimate under IAS 8 and is effective as from 1st July 2019. This change led to a decrease in depreciation of € 3.8 million for three months ended 30 September 2019.

Investments in telemetry equipment and cashless payment systems installed to vending machines are capitalized as from 1st October 2018 consistently to prior years and applied in Quarter 4 retrospectively for period of 12 months in amount of € 9.1 million.

3.3. Statement of seasonality of operations

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

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

4. Use of estimates and key sources of estimation uncertainties

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

5. Segmental reporting

The Group’s Board of Directors examines the results achieved by each segment when making decisions on the allocation of resources and assessment of performance. The Group’s financing activity are managed at Group level and are not allocated to segments.

Three different regions present similarities in terms of both channel and business model predominances, and related characteristics. Each of those regions engages business activities as described below, earns revenues and incurs expenses:

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

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

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

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

Result for the 12 months ended 30 September 2019

	South, UK & Ireland	*Central*	*North*	*Total reportable segments*	*HQ and In-terco*	*Total Group*
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Revenue	603'600	601'065	446'165	**1'650'830**	(24'920)	**1'625'910**
Revenue net of vending fee	549'256	498'864	425'264	**1'473'384**	(24'920)	**1'448'464**
Profit/(loss) before finance costs, net and income taxes, depreciation and amortisation expense	**83'079**	**61'466**	**88'982**	**233'527**	**(35'909)**	**197'618**
Depreciation and amortisation expense	(52'758)	(60'881)	(40'384)	**(154'023)**	(49'409)	**(203'432)**
Loss before finance costs, net and income tax						**(5'814)**
Finance costs, net						**(68'633)**
Loss before income tax						**(74'447)**

Result for the 12 months ended 30 September 2018

	South, UK & Ireland	Central	North	Total reportable segments	HQ and Interco	Total Group
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Revenue	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**
Profit/(loss) before finance costs, net and income taxes, depreciation and amortisation expense	**61'481**	**74'655**	**80'974**	**217'111**	**(39'713)**	**177'398**
Depreciation and amortisation expense	(45'167)	(58'140)	(37'469)	**(140'776)**	(43'751)	**(184'527)**
Loss before finance costs, net and income tax						**(7'129)**
Finance costs, net						**(120'119)**
Loss before income tax						**(127'248)**

6. Revenue by channel

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

Result for the 12 months ended 30 September 2019

	South, UK & Ireland *€ (000's)*	Central *€ (000's)*	North *€ (000's)*	Total reportable segments *€ (000's)*	HQ and Interco **€ (000's)**	Total Group *€ (000's)*
Revenue from On the Go channel	217'075	304'849	68'041	589'965	-	589'965
Third party revenue from Workplace channel	280'493	242'761	221'911	745'165	-	745'165
Intersegment revenue from Workplace channel	-	72	-	72	(72)	-
Third party revenue from Trading channel	106'007	53'322	131'451	290'780	-	290'780
Intersegment revenue from Trading channel	25	61	24'762	24'848	(24'848)	-
Revenue	**603'600**	**601'065**	**446'165**	**1'650'830**	**(24'920)**	**1'625'910**

Result for the 12 months ended 30 September 2018

	South, UK & Ire-land *€ (000's)*	Central *€ (000's)*	North *€ (000's)*	Total re-portable segments *€ (000's)*	HQ and Interco **€ (000's)**	Total Group *€ (000's)*
Revenue from On the Go channel	183'046	301'598	54'595	539'239	-	539'239
Third party revenue from Workplace channel	221'272	241'702	226'939	689'913	-	689'913
Intersegment revenue from Workplace channel	-	-	-	-	-	-
Third party revenue from Trading channel	62'982	46'196	113'183	222'361	-	222'361
Intersegment revenue from Trading channel	-	-	20'830	20'830	(20'830)	-
Revenue	**467'300**	**589'496**	**415'547**	**1'472'343**	**(20'830)**	**1'451'513**

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

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

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

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

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

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

7. Vending fee and revenue net of vending fee

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

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

Revenue net of vending fees is not a defined performance measure in IFRS. Management presents the performance measure of revenue net of vending fees because it monitors this performance measure at a consolidated and segment level and it believes that this measure is relevant to the understanding of the Group's financial performance. Due to this, vending fees are separately disclosed below the revenue line and excluded from the line other operating expenses for both condensed consolidated interim financial statements ending 30 September 2019 and consolidated financial statements ending 30 September 2018.

8. Total Depreciation and amortisation expense

	12 months ended 30 September 2019	*12 months ended 30 September 2018 Restated*[11]	*3 months ended 30 September 2019*	*3 months ended 30 September 2018*
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*
Depreciation	(141'724)	(133'261)	(36'381)	(34'628)
Amortisation costumer relationship contracts and trade mark	(51'537)	(43'238)	(15'209)	(14'824)
Amortisation other	(10'171)	(8'028)	(2'718)	(2'653)
Total depreciation and amortisation expense	(203'432)	(184'527)	(54'309)	(52'105)

9. Finance costs and finance income

	12 months ended 30 September 2019	*12 months ended 30 September 2018 Restated*[11]
	€ (000's)	*€ (000's)*
Interest on loan due to parent undertaking	(39'851)	(37'216)
Interest on loans	(82'352)	(71'825)
Refinancing costs amortisation	(8'582)	(27'810)
Other interest and finance expense	(6'801)	(5'551)
Total finance costs	**(137'586)**	**(142'402)**
Change in fair value of derivative financial instruments	1'394	13'568
Foreign exchange gains, net	67'455	8'395
Other interest and finance income	104	320
Total finance income	**68'953**	**22'283**

[11] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

10. Property, plant and equipment

Cost	*Freehold land and buildings € (000's)*	*Vending equipment € (000's)*	*Vehicles € (000's)*	*Other equipment € (000's)*	***Total € (000's)***
Balance at 1 October 2017	**14'047**	**740'525**	**20'992**	**64'605**	**840'170**
Additions	417	99'842	4'108	11'551	**115'917**
Disposals	(4'744)	(43'087)	(4'009)	(4'730)	**(56'569)**
Acquisitions through business combinations	8'286	46'715	4'466	15'933	**75'401**
Disposals through sale of subsidiaries	-	-	-	(2'277)	**(2'277)**
Reclassifications *	281	(39'417)	(120)	(65)	**(39'322)**
Effects of foreign currency exchange differences	(6)	(2'098)	(760)	(220)	**(3'083)**
Balance at 30 September 2018	**18'282**	**802'480**	**24'677**	**84'798**	**930'236**
Additions	288	140'496	2'892	16'547	**160'224**
Disposals	(4'666)	(70'654)	(2'568)	(3'998)	**(81'885)**
Acquisitions through business combinations	23	4'531	253	71	**4'878**
Reclassifications *	133	(78'963)	(443)	(9'782)	**(89'055)**
Effects of foreign currency exchange differences	3	4'874	(419)	334	**4'792**
Balance at 30 September 2019	**14'062**	**802'765**	**24'393**	**87'970**	**929'190**
Accumulated depreciation and impairment					
Balance at 1 October 2017	**(3'711)**	**(427'721)**	**(12'540)**	**(35'094)**	**(479'065)**
Depreciation expense	(1'131)	(116'409)	(4'156)	(11'566)	**(133'261)**
Disposals	1'713	42'629	3'923	4'558	**52'823**
Disposals through sale of subsidiaries	-	-	-	538	**538**
Reclassifications *	(398)	33'788	196	(320)	**33'267**
Effects of foreign currency exchange differences	4	1'134	366	205	**1'709**
Balance at 30 September 2018	**(3'522)**	**(466'579)**	**(12'210)**	**(41'678)**	**(523'989)**
Depreciation expense	(1'306)	(125'054)	(4'375)	(10'989)	**(141'724)**
Disposals	1'208	55'522	2'388	(1'112)	**58'006**
Reclassifications *	(5)	68'982	493	1'847	**71'317**
Effects of foreign currency exchange differences	(2)	(3'453)	203	(188)	**(3'440)**
Balance at 30 September 2019	**(3'627)**	**(470'582)**	**(13'502)**	**(52'121)**	**(539'831)**
Net Book Value					
At 30 September 2018	**14'760**	**335'901**	**12'466**	**43'120**	**406'249**
At 30 September 2019	**10'436**	**332'183**	**10'891**	**35'849**	**389'358**

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

11. Goodwill

	12 months ended 30 September 2019 € (000's)	12 months ended 30 Sept 2018 *€ (000's) Restated*[12]
Balance gross and net carrying amount opening	**1'035'048**	**664'077**
Goodwill relating to Selecta Finland sold in March 2018	-	(7'382)
Goodwill relating to Express Vending acquisition	-	35'808
Goodwill relating to Argenta Group acquisitions	-	342'545
Provisional goodwill relating to minor acquisitions	17'885	-
Balance gross and net carrying amount closing	**1'052'933**	**1'035'048**

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

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

In the period 12 months ending 30 September 2019 several minor acquisitions were made, where the measurement period is still open.

The acquisition accounting adjustments are presented in note 15.

12. Intangible assets

Intangible assets consist primarily of trademarks and customer contracts.

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

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

13. Borrowings

	30 September 2019 *€ (000's)*	*30 September 2018* *€ (000's)*
Loans due to parent undertaking at amortised cost	224'078	328'212
Borrowings at amortised cost (incl. revolving credit facility)	1'361'866	1'322'441
Total borrowings	**1'585'944**	**1'650'653**

[12] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

13.1. Borrowings

	30 September 2019			30 September 2018		
	€ (000's)	*in %*	*Interest rate*	*€ (000's)*	*in %*	*Interest rate*
EUR	1'394'493	85.8%	6.6%	1'418'212	83.6%	7.1%
CHF	230'479	14.2%	5.9%	220'926	13.0%	5.9%
GBP	-	-%	-%	56'325	3.3%	4.2%
Total	**1'624'972**	**100%**	**6.5%**	**1'695'463**	**100%**	**6.9%**

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

13.2. Rate structure of borrowings

	30 September 2019	*30 September 2018*
	€ (000's)	*€ (000's)*
Total borrowings at variable rates	394'521	368'817
Total borrowings at fixed rates	1'191'423	1'281'836
Total borrowings at amortised cost	**1'585'944**	**1'650'653**

The total includes the reduction of net capitalized transaction costs.

13.3. Details of borrowing facilities

On 2 February 2018, the Group completed its senior debt refinancing with an aggregate principal amount of € 1'300.0 million (euro-equivalent) senior secured notes due 2024 (the "Notes"). The Notes comprise (i) € 765.0 million in aggregate principal amount of $5^{7/8}$% senior secured notes, (ii) € 325.0 million in aggregate principal amount of senior secured floating rate notes and (iii) CHF 250.0 million € 225 million in aggregate principal amount of $5^{7/8}$% senior secured notes.

As part of the senior debt refinancing, the senior revolving credit facility was upsized to € 150 million from € 100 million. The amounts drawn under this facility were € 80.4 million on 30 September 2019 (30 September 2018: € 56.3 million). The interest rate on this senior revolving credit facility is based on the relevant rate of the currency drawn either EURIBOR or LIBOR plus 3.5%. As at 30 September 2019 in € currency 80.3 million was drawn with an interest rate of 3.5%, and in GBP currency 0 million.

In addition, one of the Group's parents, Selecta Group S.a.r.L., had issued a PIK loan for € 220 million in September 2014, the proceeds of which have been loaned to the Group also in the form of a PIK loan (the "PIK proceeds loan"). The PIK proceeds loan carries an interest rate of 11.875%. In December 2015, Selecta Group S.a.r.L. granted an additional PIK loan of € 5.6 million with the same conditions to the Group. From this facility € 37.4 m was repaid in cash in February 2018 and the remaining facility was renewed until 2nd February 2024. The interest payable is accrued.

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

	Interest rate	*30 September 2019*
	%	*€ (000's)*
PIK proceeds loan	11.875	224'078
Senior secured note (EUR fixed)	5.875	765'000
Senior secured note (Eurlibor + 5.375%)	5.375	325'000
Senior secured note (CHF fixed)	5.875	230'478
Senior revolving credit facility (Euribor + 3.5%)	3.5	80'415
Total borrowings and loans due to parent undertaking		**1'624'972**

	Interest rate	*30 September 2018*
	%	*€ (000's)*
PIK proceeds loan	11.875	328'212
Senior secured note (EUR fixed)	5.875	765'000
Senior secured note (Eurlibor + 5.375%)	5.375	325'000
Senior secured note (CHF fixed)	5.875	220'926
Senior revolving credit facility (Libor + 3.5%)	4.2	56'325
Total borrowings and loans due to parent undertaking		**1'695'463**

14. Equity

14.1. Share capital, share premium

The Group's share capital consists of 187'002 fully paid ordinary shares (30 September 2018: 187'002) with a nominal value of € 1 per share.

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

On 13 September 2019, one new share was issued with a nominal value of € 0.01 per share to Selecta Group Midco S.a.r.L., the shareholder of Selecta Group B.V. The new share was issued at an issue price of in total € 143.9 million. The amount above the nominal value of the share increased the share premium of Selecta Group B.V. The shareholder and the Company had previously entered into a PIK loan agreement, dated 2 February 2018 and amended and restated as of 4 December 2018, as a result of which the Company owes debt to the Shareholder, which was agreed to be set off against the issue price of the new share.

On 2 February 2018, two new shares were issued with a nominal value of € 1 per share to Selecta Group Midco S.a.r.L., the shareholder of Selecta Group B.V. The new shares were issued at an issue price of in total € 200.4 million. The amount above the nominal value of the shares increased the share premium of Selecta Group B.V. The shareholder and the Company had previously entered into a PIK loan agreement, as a result of which this shareholder had a receivable on the Company in the value of € 200.4 million. The obligation of the Shareholder to pay the issue price of the new shares, was agreed to be settled by means of a set off against the receivable.

14.2. Reserves

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

For the 12 months ended 30 September 2019	*Attributable to owners of the Company*			
	Currency translation reserve € (000's)	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total* € (000's)**
Foreign currency translation differences for foreign operations	(68'329)	-	-	**(68'329)**
Re-measurement gain/(loss) on post-employment benefit obligations, net of tax	-	9'995	-	**9'995**
Total other comprehensive income, net of tax	**(68'329)**	**9'995**	**-**	**(58'334)**

For the 12 months ended 30 September 2018	*Attributable to owners of the Company*			
	Currency translation reserve € (000's)	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total* € (000's)**
Foreign currency translation differences for foreign operations	(21'864)	-	-	**(21'864)**
Re-measurement gain/(loss) on post-employment benefit obligations, net of tax	-	6'871	-	**6'871**
Effective portion of change in fair value of cash flow hedges, net of tax		-	158	**158**
Total other comprehensive income, net of tax	**(21'864)**	**6'871**	**158**	**(14'835)**

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

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

14.3. Acquisition of NCI in Tramezzino by Argenta

In May 2019, Argenta acquired an additional 49.2% interest in Tramezzino, increasing its ownership from 50.8% to 100%. The carrying amount of Tramezzino's net assets in the Group's consolidated financial statements on the date of the acquisition was € -404k.

The following table summarises the effect of changes in the Company's ownership interest in Tramezzino.

	14th May 2019
	€ (000's)
Carrying amount of NCI acquired (€ -404k x 49.2%)	(199)
Loss from 1 October 2018 to 30 April 2019	(278)
Consideration paid to NCI in cash	400
A decrease in equity attributable to owners of the Company	(877)

15. Purchase price allocation adjustment

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

15.1. Acquisition of Argenta: measurement period adjustments

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

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

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

The acquisition goodwill was adjusted during the 2nd Quarter 2019 by a net amount of € 20'289k resulting from fair value adjustments. These primarily include the fair value measurement of intangible assets resulting in a valuation of the trademark of € 26'000k, related deferred tax liabilities of € 6'240k and other adjustments for € 529k.

	2 February 2018 € (000's) Restated[13]
Total consideration	**223'133**
<u>*Split into:*</u>	
- *Cash consideration*	*22'724*
- *Non-cash consideration*	*200'409*
<u>*Amounts of assets acquired and liabilities assumed at the date of acquisition:*</u>	
Property, plant and equipment	66'821
Other intangibles assets	686
Other non-current assets acquired	5'309
Inventories	12'859
Trade receivables	6'247
Other current assets	5'771
Cash and cash equivalents	4'186
Borrowings	(204'463)
Other noncurrent liabilities	(1'414)
Trade payables	(49'349)
Finance lease liabilities	(12'470)
Provisions	(384)
Post-employment benefit obligations	(5'637)
Other current liabilities	(16'004)
Total identifiable net assets acquired	**(187'842)**
Consideration in excess of net assets acquired	**410'975**
Customer contracts	77'780
Trademark	26'000
Deferred tax liability on intangible assets recognized	(24'907)
Goodwill allocated	**332'102**

[13] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

15.2. Acquisition of Tramezzino: measurement period adjustments

As of 1 March 2018, Argenta acquired a 50.8% stake in Tramezzino ITI's.r. l, an Italian company in the food delivery sector. This was the result of a step by step contracted stake acquisition. Before 1 March 2018, Argenta held 32.18% and the assets were accounted for as an investment.

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

	1st March 2018 € (000's) Restated[14]
Total investment in Tramezzino	**3'493**
Total identifiable net assets acquired	429
Non-controlling Interests	211
Goodwill allocated	**3'275**

The acquisition goodwill was adjusted by a net amount of € 546k resulting from fair value adjustments. These included various estimation and accounting alignments or adjustments such as the final alignment to Selecta Group accounting policies on fair values of intangible assets and other measurement period adjustments.

15.3. Acquisition of Express Vending: measurement period adjustments

On 17 August 2018, the Group acquired 100 % of the shares and voting interests in Express Vending, a vending company based in the UK. Express Vending is involved in micro market design in the UK. Its Express HUB, with its open plan refreshment area, extensive product range and self-scan kiosks, will enable the Group to complement Selecta's Foodie's micro market offering.

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

The acquisition goodwill was adjusted during the year by a net amount of € 1'874k resulting from fair value adjustments due to an adjustment of the final purchase price by € 623k, as well as accounting alignments or adjustments such as intercompany accounts receivable.

Furthermore, the acquisition goodwill was adjusted during the 12 months ended 30 September 2019 by a net amount of € 26'853k resulting from in a valuation of the trademark of € 6'904k, related deferred tax liabilities of € 1'312k and customer contract of € 26'248k, related deferred tax liabilities of € 4'987k.

[14] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

	17 August 2018 € (000's) Restated[15]
Total consideration	**69'141**
Amounts of assets acquired and liabilities assumed at the date of acquisition:	
Property, plant and equipment	1'614
Other non-current assets acquired	607
Inventories	1'177
Trade receivables	6'037
Cash and cash equivalents	6'432
Trade payables	(3'522)
Other current liabilities	(5'423)
Other non-current liabilities	(440)
Total identifiable net assets acquired	**6'482**
Customer contracts	26'248
Trademark	6'904
Deferred tax liability on intangible assets recognized	(6'299)
Goodwill allocated	**35'806**

16. Financial instruments

16.1. 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.

[15] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

30 September 2019	*Carrying amount* Mandatorily at FVTPL - others € (000's)	Financial assets at amortised cost € (000's)	Other financial liabilities € (000's)	**Total € (000's)**	*Fair value* Level 1 € (000's)	Level 2 € (000's)	Level 3 € (000's	**Total € (000's)**
Financial assets measured at fair value								
Cross currency swaps	**16'684**	-	-	**16'684**		16'684	-	**16'684**
	16'684	-	-	**16'684**				
Financial assets not measured at fair value								
Trade receivables	-	66'819	-	66'819				
Non-current financial assets	-	22'511	-	22'511				
Cash and cash equivalents	-	129'117	-	129'117				
Accrued income	-	42'698	-	42'698				
	-	**261'145**	-	**261'145**				
Financial liabilities measured at fair value								
Cross currency swaps	(6'740)	-	-	(6'740)	-	(6'740)	-	**(6'740)**
	(6'740)	-	-	**(6'740)**				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	(80'415)	(80'415)	-	(80'415)	-	**(80'415)**
Bank credit facility	-	-	(638)	(638)	-	(638)	-	**(638)**
Secured loan notes	-	-	(1'320'478)	(1'320'478)	(1'365'399)	-	-	**(1'365'399)**
Loans due to parent undertaking	-	-	(224'078)	(224'078)	-	(277'439)	-	**(277'439)**
Finance lease liabilities	-	-	(41'123)	(41'123)	-	(41'123)	-	**(41'123)**
Factoring liabilities	-	-	(1'950)	(1'950)	-	(1'950)	-	**(1'950)**
Reverse factoring liability & credit facilities	-	-	(7'744)	(7'744)	-	(7'744)	-	**(7'744)**
Trade payables	-	-	(289'841)	(289'841)				
	-	-	**(1'966'267)**	**(1'966'267)**				

30 September 2018	Carrying amount Restated[16] Cash flow hedging instrument € (000’s)	Loans and receivables € (000’s)	Other financial liabilities € (000’s)	**Total € (000’s)**	Fair value Level 1 € (000’s)	Level 2 € (000’s)	Level 3 € (000’)	**Total € (000’s)**
Financial assets measured at fair value								
Cross currency swaps	11’942	-	-	**11’942**	-	11’942	-	**11’942**
	11’942	-	-	**11’942**				
Financial assets not measured at fair value								
Trade receivables	-	82’222	-	**82’222**				
Non-current financial assets	-	8’576	-	**8’576**				
Cash and cash equivalents	-	163’834	-	**163’834**				
Accrued income	-	34’147	-	**34’147**				
	-	**288’779**	**-**	**288’779**				
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)**	-	(421’808)	-	(421’808)
Finance lease liabilities	-	-	(41’105)	**(41’105)**	-	(41’105)	-	**(41’105)**
Factoring liabilities	-	-	(1’383)	**(1’383)**	-	(1’383)	-	**(1’383)**
Reverse factoring liability & credit facilities	-	-	(8’199)	**(8’199)**	-	(8’199)	-	**(8’199)**
Trade payables	-	-	(267’491)	**(267’491)**				
	-	**-**	(2’018’911)	**(2’018’911)**				

Factoring liabilities have reduced since 30 September 2018 as the Group replaced its legacy trade receivables factoring with recourse program by a trade receivables factoring program with no recourse to the Company. This new non-recourse program allowed the Group to de-recognize trade receivables in the amount of € 48.0 million (€ 39.0 million at 30 September 2018) and improve its net working capital as well as cash flow from operating activities.

[16] Restatement due to measurement period adjustments of acquired businesses and prior period adjustment as described in note 18.

16.2. 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: The fair value is estimated considering a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Not applicable
Other financial liabilities	Amortized costs	Not applicable

16.3. Derivative financial instruments

On 2 February 2018, the Group entered into new cross currency swaps in the value of € 404 million with a maturity date of 1 October 2021 and conditions set out below. No hedge accounting is applied to these cross currency swaps. The net fair value of the swaps at 30 September 2019 was recognized at a value of € 9.9 million (30 September 2018: € 8.5 million), resulting in a gain of € 1.4 million in the period ended 30 September 2019.

30 September 2019 and 30 September 2018	*Beginning EUR Notional (000's)*	*Beginning Notional in Currency (000's)*
EUR/GBP Fixed-Fixed Principal Final Exchange Cross Currency Swap	125'000	109'275
EUR/CHF Fixed-Fixed Principal Final Exchange Cross Currency Swap	106'000	122'960
UR/SEK Fixed-Fixed Principal Final Exchange Cross Currency Swap	173'000	1'695'400

17. Commitments for expenditures

Operating lease commitments

The Group leases land, operating buildings like warehouses, offices and vehicles under operating lease agreements. The lease expenditure charged to the statement of profit or loss for the 12 months ended 30 September 2019 is € 209.9 million, thereof minimum lease payments € 101.1 million (for the 12 months ended 30 September 2018: € 172.6 million and € 83.8 million, respectively).

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

	30 September 2019 € (000's)	*30 September 2018 € (000's)*
Within one year	41'006	26'200
After one year but not more than five years	90'244	54'664
More than five years	37'380	36'629
Total operating lease commitments	**168'630**	**117'493**

€ 34.6 million (2018: € 35.6 million) of the total future minimum lease payments under non-cancellable operating leases relate to building lease contracts held by the holding and trading company Selecta AG in Switzerland. The most significant lease contracts have been signed for a period between 15 and 20 years.

18. Restated prior year interim financial statement for the period ended 30 September 2018

During the preparation of these condensed consolidated interim financial statements, adjustments were made to the comparative financial statements for the period ended 30 September 2018.

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

Additionally, the accounting of acquisitions within one year since date of acquisition has been revised in accordance with IFRS 3 as disclosed in Note 15.

19. Share based payments

In April 2018, the Group implemented a long-term incentive plan for key senior management called «Management incentive plan» (MIP). The MIP offers the opportunity to invest indirectly, through a partnership, in certain instruments of one of Selecta Group B.V.'s parents (HoldCo) which is not in the scope of these consolidated financial statements, at nominal value. The MIP is a group share-based payment plan under IFRS 2. Due to the fact that the plan does not result in an obligation for the Group to settle the plan, it is classified as an equity-settled plan.

Entitled managers entered into the plan in April 2018 and the following months by signing a deed of adherence. The individual deed signing date represents the grant date. Managers subscribed to almost 100 % of the total plan volume by 30 September 2019.

The following investments were made by 31 March 2019:

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

The PECs underlying class A interests are interest-bearing, have a mandatory retirement date and do not entitle to voting rights in Holdco. They are generally not convertible to equity. As a result, they do not qualify as a share based payment under IFRS 2.
Holders of class B and C interests are entitled to distributions based on the underlying shares including distributions in case of a sale or an initial public offering (IPO), an exit event, of the Group.

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

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

The class B interests vested immediately at grant date.

In case of a termination of employment before an exit event, a manager would become a good or a bad leaver depending on the circumstances of termination. A good leaver's vested class C interests would be reimbursed at fair value whereas unvested class C interests would be reimbursed at cost. If a manager became a bad leaver all class C interests would be reimbursed at cost.

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

20. 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.

21. Events after the balance sheet date

No events have occurred between 30 September 2019 and the date of authorisation of the issue of these condensed consolidated interim financial statements by the Board of Directors of the Company on 27 November 2019 that could have a material impact on the consolidated financial statements.

22. Approval of the consolidated financial statements

The consolidated financial statements for the 3 months and 12 months ended 30 September 2019 have been authorised by the Board of Directors on 27 November 2019.

Amsterdam, 27 November 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

Irene Henry
Member of the Board of Directors