Annual Report 2019

29 April 2020

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OPERATING AND FINANCIAL REVIEW

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Overview

Headquartered in Switzerland since 1957, Selecta is the leading route-based unattended self-service retailer in Europe, providing coffee and convenience food solutions in the workplace and in public spaces. The excellence of Selecta's operations has been recognised with multiple industry awards. For additional information on our business, please refer to the section entitled "*Business*" in the Offering Memorandum (as defined herein) and to the financial statements included in this annual report (the "Report").

1 FACTORS AFFECTING COMPARABILITY OF OUR FINANCIAL STATEMENTS

Change in Accounting Period

In 2019, we changed our accounting period from a fiscal year ending on September 30 to a fiscal year ending on December 31. We incorporated the additional three-month period after the end of the fiscal year ended September 30, 2018, into the audited financial statements as of and for the fifteen months ended December 31, 2019 (the "2019 Audited Financial Statements"). See Note 2 to the 2019 Audited Financial Statements. As a result, the financial information in the 2019 Audited Financial Statements is not comparable to financial information as of and for the twelve months ended September 30, 2018. For these reasons and in order to aid comparability of our results of operations, we have included in this report an operating and financial review of our results as of and for the three months ended December 31, 2019, compared to our results as of and for the three months ended December 31, 2018.

Change in Accounting Policy

IFRS 16 (Leases) was published on January 13, 2016 and became effective on January 1, 2019. Prior to our change in accounting period, our financial year began on October 1st each year and IFRS 16 would have applied to our financial statements beginning from October 1, 2019. As a result of the change in accounting period described above, we will apply IFRS 16 to our financial statements beginning from January 1, 2020. See Note 3.2 to the 2019 Audited Financial Statements for additional information on the impact of IFRS 16.

Impact of Coronavirus (COVID-19)

In the last three months, the global COVID-19 pandemic has surfaced in nearly all regions around the world. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe and many governments have taken stringent steps to help contain or delay the spread of the virus. The current crisis is having a negative impact on our business by severely affecting our operations and causing disruption across all our markets. The effect of the COVID-19 pandemic on our business will ultimately depend on a number of factors, including, but not limited to, the duration and severity of the outbreak, the length of time it takes for normal demand and pricing to return and for normal economic and operating conditions to resume. Accordingly, our financial condition and results of operations will differ in respect of the current year and for future periods, when compared to the historical financial condition and results of operations presented in this operating and financial review.

2 OUR SEGMENTS AND BUSINESS CHANNELS

Geographic Segments

We report our revenue and certain other financial data by geographic segment. The geographic segments in which we operate correspond to our reporting segments under IFRS and consist of the following:

- South, UK & Ireland includes operating entities in Ireland, Italy, Spain and the UK;
- Central includes operating entities in Austria, France, Germany, Liechtenstein, and Switzerland; and
- North includes operating entities in Belgium, Denmark, Finland, Luxembourg, the Netherlands, Norway, and Sweden.

In addition to the segments identified above, we report separately on our Headquarters (HQ), which includes corporate center functions in Switzerland and certain functions of former Pelican Rouge entities in the Netherlands and in the UK.

Business Channels

We also report our revenue and certain other financial data by business channel. Our business channels consist of the following:

- The *workplace channel*, which includes revenue from (i) private self-service retail, consisting of Point of Sale (PoS) placed and serviced in various private locations, such as large corporate customers, in various businesses and industries and including in corporate offices, manufacturing and logistics sites, and (ii) Office Coffee Service (OCS), which is comprised of table-top coffee machines rented out to corporate customers (mainly small and medium-sized enterprises) for office use along with the provision of technical services and coffee and related supplies for the PoS;
- The *on-the-go channel*, which includes revenue from PoS placed and serviced in semi-public areas, such as hospitals, universities and entertainment venues, or public areas, such as train stations, airports and gas stations, following a successful bidding process with relevant government authorities to place our PoS in a given location; and
- The *trading channel*, which includes revenue from sales of machines and products, including coffee roasted in our roasting facility and the provision of technical and hygienic support to customers.

3 INCOME STATEMENT

€m	Oct - Dec 2019	Oct - Dec 2018	Var %
Revenue	**406.4**	**401.8**	**1.1%**
Vending fees	(48.0)	(40.5)	(18.4%)
Net sales	**358.4**	**361.3**	**(0.8%)**
Materials and consumables used	(137.3)	(134.3)	(2.2%)
Gross profit	**221.1**	**227.0**	**(2.6%)**
Employee benefit expenses	(118.9)	(113.2)	(5.0%)
Other operating expenses	(64.0)	(50.2)	(27.5%)
Adjusted EBITDA	**38.2**	**63.6**	**(39.9%)**
One-off adjustments	(9.0)	(13.8)	35.1%
EBITDA	**29.3**	**49.8**	**(41.3%)**
Depreciation	(33.2)	(34.6)	4.1%
EBITA	**(3.9)**	**15.2**	**(125.8%)**
Amortization	(16.3)	(13.5)	(20.7%)
EBIT	**(20.2)**	**1.7**	**(1287.2%)**

At Actual Exchange Rates

Revenue

Revenue increased by 1.1% at actual exchange rates and by 0.8% at constant currency, from € 401.8 million for the three months ended December 31, 2018, to € 406.4 million for the three months ended December 31, 2019. This increase was primarily due to the impact of acquisitions (€ 9.7 million) and the performance of our trade business channel (€ 2.4 million). This increase was partly offset by the negative impact of a lower number of working days during the three months ended December 31, 2019 (€ 0.9 million), and a reduction in sales per machine per day (€ 7.7 million) partially due to the flooding in Venice, Italy in November 2019 and strikes in France that started in December 2019. The timing of public holidays also resulted in lower revenue in the second half of December 2019.

Revenue by Region

South, UK and Ireland
Revenue in our South, UK and Ireland region increased by 2.2% at actual exchange rate, from € 147.3 million for the three months ended December 31, 2018, to € 150.5 million for the three months ended December 31, 2019. This increase was primarily due to strong growth in Spain due to portfolio acquisitions, new contracts and higher throughput. Our revenue in the UK and Italy slightly decreased for the three months ended December 31, 2019, compared to the three months ended December 31, 2018, mainly because of lower throughput.

Central
Revenue in our Central region decreased by 3.8% at actual exchange rate, from € 148.9 million for the three months ended December 31, 2018, to € 143.1 million for the three months ended December 31, 2019. This decrease was primarily due to the impact of the general strike in France. Our revenue in Switzerland and Germany decreased slightly for the three months ended December 31, 2019, compared to the three months ended December 31, 2018, partly offset by revenue growth in Austria.

North
Revenue in our North region increased by 6.6% at actual exchange rate from € 105.7 million for the three months ended December 31, 2018, to € 112.7 million for the three months ended December 31, 2019. This increase was primarily due to revenue growth in most countries of the North region driven by portfolio deals and new contracts, particularly in Belgium and Norway and, to a lesser extent, in the Netherlands and Sweden. This increase was partly offset by lower revenue in Finland and Denmark for the three months ended December 31, 2019, compared to the three months ended December 31, 2018.

Vending Fees

Vending fees increased by 18.4% from € 40.5 million for the three months ended December 31, 2018, to € 48 million for the three months ended December 31, 2019. This increase was primarily due to new clients with higher vending fees, increased rebates to petrol stations in the UK and the roll-out of premium concepts in the UK.

Net sales

Net sales decreased by 0.8% at actual exchange rates and by 1.1% at constant currency, from € 361.3 million for the three months ended December 31, 2018, to € 358.4 million for the three months ended December 31, 2019.

Materials and consumables used

Materials and consumables used increased by 2.2%, from € 134.3 million for the three months ended December 31, 2018, to € 137.3 million for the three months ended December 31, 2019. This increase was in line with the 1.1% increase in revenue for the three months ended December 31, 2019, compared to the three months ended December 31, 2018. As a percentage of revenue, materials and consumables used remained stable at 33.8% for both quarters.

Employee benefit expenses

Employee benefit expenses increased by 5%, from € 113.2 million for the three months ended December 31, 2018, to € 118.9 million for the three months ended December 31, 2019. This increase was primarily due to investments in growth, which mainly related to hiring new employees.

Other operating expenses

Other operating expenses increased by 27.5%, from € 50.2 million for the three months ended December 31, 2018, to € 64 million for the three months ended December 31, 2019. This increase was primarily due to the costs of sale and leaseback transactions together with increased costs in line with trade and portfolio expansions.

Adjusted EBITDA

Adjusted EBITDA decreased by 39.9% at actual exchange rates and by 40% at constant currency, from € 63.6 million for the three months ended December 31, 2018, to € 38.2 million for the three months ended December 31, 2019. As a result, our Adjusted EBITDA margin on net sales decreased to 10.7% for the three months ended December 31, 2019, compared to 17.6% for the three months ended December 31, 2018.

This decrease in Adjusted EBITDA was primarily due to the negative flow-through from gross profit (€5.9 million), additional investments in growth projects (€ 5.2 million), mainly by hiring new employees, and the costs of sale and leaseback transactions (€ 4 million), which on the other hand will partially reduce our depreciation charges. This decrease was partly offset by the positive impact of synergies realized during the three months ended December 31, 2019 (€ 3.5 million), the performance of our trade business channel (€ 3.3 million) and the positive impact of acquisitions (€ 0.6 million).

4 CASH FLOW STATEMENT

€M	Oct - Dec 2019	Oct - Dec 2018	Var %
EBITDA	**29.3**	**49.8**	**(41.3%)**
(Profit) / loss on disposals	(1.6)	(3.0)	44.6%
Changes in working capital, provisions & others	(159.1)	(43.9)	(262.8%)
Net cash generated from operating activities	(131.5)	3.0	(4490.7%)
Purchases of tangible and intangible assets	(26.9)	(37.1)	27.4%
Acquisition of subsidiaries	(3.0)	(0.9)	(234.6%)
Proceeds from sale of subsidiaries and other proceeds	3.9	5.1	(24.7%)
Net cash used in investing activities	(26.0)	(32.9)	20.8%
Free cash flow	(157.5)	(29.9)	(427.4%)
Proceeds / repayments of loans and borrowings	129.9	18.3	609.8%
Interest and other financing costs paid	(36.6)	(48.0)	23.8%
Other	0.0	0.0	0.0%
Net cash used in financing activities	93.3	(29.7)	414.4%
Total net cash flow	**(64.2)**	**(59.5)**	**(7.8%)**

At Actual Exchange Rates

Net cash used in operating activities was an outflow of € 131.5 million for the three months ended December 31, 2019. This cash outflow was mainly driven by a more conservative approach to working capital management, primarily due to the management of account payables and of our supply chain.

Net cash used in investing activities was € 26 million for the three months ended December 31, 2019, a decrease by 20.8% compared to net cash used in investing activities for the three months ended December 31, 2018. This decrease was primarily due to the implementation of a stricter approach to capital investments to ensure target returns are consistently met.

Net cash from financing activities was € 93.3 million for the three months ended December 31, 2019, primarily due to the issuance of € 150 million of additional senior secured notes in October 2019 under the indenture governing the existing senior secured notes issued by Selecta Group B.V., and which have the same terms and ranking as the existing senior secured notes.

5 BALANCE SHEET

€m	31 Dec 2019	31 Dec 2018 *restated**
Non-current assets		
Property, plant and equipment	382.0	406.7
Goodwill	1'048.8	1'061.9
Intangible assets	717.7	718.0
Other non-current assets	133.8	103.4
Total non-current assets	**2'282.3**	**2'290.0**
Current assets		
Inventories	126.4	109.6
Trade receivables	65.9	73.1
Other current assets	82.9	56.5
Cash and cash equivalents	64.4	104.2
Total current assets	**339.5**	**343.4**
Total assets	**2'621.8**	**2'633.4**

€m	31 Dec 2019	31 Dec 2018 *restated**
Equity and liabilities		
Total equity	**162.5**	**194.8**
Non-current liabilities		
Loans due to parent undertaking	230.9	338.2
Borrowings	1'496.1	1'351.8
Provisions	40.8	35.6
Other non-current liabilities	72.6	61.2
Deferred income tax liabilities	200.9	204.1
Total non-current liabilities	**2'041.3**	**1'990.9**
Current liabilities		
Trade payables	201.4	239.8
Provisions	5.5	9.0
Other current liabilities	211.2	198.9
Total current liabilities	**418.1**	**447.7**
Total liabilities	**2'459.4**	**2'438.6**
Total equity and liabilities	**2'621.8**	**2'633.4**

At Actual Exchange Rates

*Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending).

6 LIQUIDITY AS OF DECEMBER 31, 2019

€m	Dec 2019
Cash & cash equivalents	64.4
Factoring facilities	0.4
Reverse factoring facilities	6.7
Revolving credit facility	63.1
Senior Secured Notes	1470.3
Accrued interest	21.3
Finance leases	39.1
Other financial debt	11.1
Total senior debt	1612.1
Net senior debt	1547.7
Adjusted EBITDA last 12 months[2]	247.0
Leverage ratio	6.3
Available liquidity[1]	127.1

At Actual Exchange Rates

[1] Includes cash & cash equivalents and unused revolving credit facility

[2] LTM adjusted EBITDA at constant currency

Our principal sources of funds for the three months ended December 31, 2019, have been cash generated from our operating activities, borrowings under our Revolving Credit Facility and the issuance of € 100 million of additional senior secured fixed rate notes and € 50 million of additional senior secured floating rate notes in October 2019 (together, the “Additional Notes”). Our principal uses of cash have been to fund debt service obligations, working capital and capital expenditures. As of December 31, 2019, we had cash & cash equivalents of € 64.4 million and available liquidity of € 127.1 million, taking into account the undrawn commitments under our Revolving Credit Facility. As of December 31, 2019, we have used our Revolving Credit Facility to borrow loans (€ 63.1 million) and issue bank guarantees (€ 23.9 million). The continued availability of our Revolving Credit Facility is dependent upon certain conditions, including ongoing compliance with a maintenance covenant tested quarterly.

Following the issuance of the Additional Notes, Selecta Group B.V. has € 865,000,000 5.875% Senior Secured Notes due 2024, € 375,000,000 Senior Secured Floating Rate Notes due 2024 and CHF 250,000,000 5.875% Senior Secured Notes due 2024 outstanding.

Our ability to generate cash depends on our future operating performance, which, in turn, depends to some extent on general economic, financial, industry and other factors, many of which are beyond our control. See “*Risk Factors*.” We may from time to time seek to retire or repurchase our outstanding debt through cash purchases, in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on market conditions, our liquidity requirements, contractual restrictions and other factors.

In addition, there is a significant increase in economic uncertainty due to the impact of COVID-19, which is, for example, evidenced by more volatile asset prices and currency exchange rates. The COVID-19 pandemic and the related governments’ responses did not impact our results of operations for the three months ended December 31, 2019. Consequently, there is no impact on the recognition and measurement of assets and liabilities as of and for the three months ended December 31, 2019. Due to the uncertainty of the outcome of the current events, the fast-moving nature of the situation and uncertainty around the spread and duration of the virus, we cannot reasonably estimate the impact these events will have on our financial position, results of operations or cash flows in the future. See Note 38 to the 2019 Audited Financial Statements for additional information on material events that occurred after December 31, 2019.

7 WORKING CAPITAL

€m	Oct-Dec 2019	Oct-Dec 2018
Account receivables	65.9	73.4
Other receivables (incl. trapped cash*)	82.8	57.4
Inventory	126.4	110.4
Account payables	(201.4)	(239.7)
Other payables	(92.6)	(92.4)
Trade Working Capital	**(19.0)**	**(90.9)**

At Actual Exchange Rates
*excl. cash in hand and cash equivalents

Our trade working capital decreased by € 71.9 million for the three months ended December 31, 2019, compared to the three months ended December 31, 2018. This decrease was due to a reduction in accounts payables of € 38.3 million, and an increase in other receivables (accrued income) of € 25.4 million, mainly in France, Switzerland and Belgium (accounting for € 17.5 million in total).

8 CAPITAL EXPENDITURES

Our capital expenditures primarily relate to the acquisition of PoS to be installed on our customers' premises. Our capital expenditures also relate to the purchase of vehicles and other equipment, such as furniture, PoS installation costs and IT investments. Net capital expenditures decreased by € 10.2 million at actual exchange rate, or 27%, from € 37.8 million for the three months ended December 31, 2018, to € 27.6 million for the three months ended December 31, 2019. This decrease was primarily due to the capex-light business model focus with higher margins, together with the optimised use of refurbishment capabilities and early extension of contracts.

9 MATERIAL COMMITMENTS AND CRITICAL ACCOUNTING POLICIES

Please refer to the 2019 Audited Financial Statements and the notes thereto for a description of our material commitments and critical accounting policies.

FINANCIAL STATEMENTS

Consolidated statement of profit or loss

	Notes	*15 months ended 31 December 2019*[1]	*12 months ended 30 September 2018 Restated*[2]
		€ (000's)	*€ (000's)*
Revenue	5, 6	2'034'774	1'451'513
Vending fee		(225'638)	(155'671)
Materials and consumables used	8	(680'562)	(489'415)
Employee benefits expense	9	(601'876)	(416'564)
Depreciation and amortisation expense	10	(253'714)	(184'527)
Other operating expenses	11	(344'963)	(222'983)
Other operating income	12	45'382	8'744
(Loss)/Gain on disposal of subsidiaries	33	(48)	1'774
Loss before finance costs net and income tax		**(26'645)**	**(7'129)**
Finance costs	13	(179'145)	(142'402)
Finance income	13	69'615	22'283
Loss before income tax		**(136'175)**	**(127'248)**
Income taxes	14	(310)	8'169
Loss from continuing operation		**(136'485)**	**(119'079)**
Profit/(Loss) from discontinued operation, net of tax		(283)	715
Loss for the period		**(136'768)**	**(118'363)**
Loss attributable to:			
Owners of the Company		(136'490)	(117'954)
Non-controlling interests	29.3	(278)	(410)
		(136'768)	**(118'363)**
Revenue net of vending fees[3]	5, 7	1'809'135	1'295'842

The notes on pages 9 to 64 are an integral part of these consolidated financial statements.

[1] Extended accounting year (15 months ended 31 December 2019, see note 2)

[2] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

[3] 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.

Consolidated statement of comprehensive income

	Notes	*15 months ended 31 December 2019[4] € (000's)*	*12 months ended 30 September 2018 € (000's) Restated[5]*
Loss for the period		**(136'768)**	**(118'363)**
Items that will not be reclassified to the consolidated statement of profit or loss			
Re-measurement loss on post-employment benefit obligations	25	(2'020)	8'428
Income tax relating to re-measurement loss on post-employment benefit obligations	27.2	(124)	(1'557)
		(2'144)	**6'871**
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss			
Effective portion of changes in fair value of cash flow hedges	29.2	-	158
Release of hedging reserve through profit and loss	29.2	(158)	-
Foreign exchange translation differences for foreign operations	29.2	(67'033)	(21'864)
Other comprehensive income for the period		**(69'335)**	**(14'835)**
Total comprehensive income for the period		**(206'103)**	**(133'198)**
Total comprehensive income attributable to			
Owners of the Company		(205'825)	(132'788)
Non-controlling interests	29.3	(278)	(410)
		(206'103)	**(133'198)**

The notes on pages 9 to 64 are an integral part of these consolidated financial statements.

[4] Extended accounting year (15 months ended 31 December 2019, see note 2)

[5] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

Consolidated balance sheet

	Notes	*31 December 2019[6]* *€ (000's)*	*30 September 2018* *€ (000's)* *Restated[7]*
Non-current assets			
Property, plant and equipment	15	381'998	406'249
Goodwill	16	1'048'813	1'035'048
Trademarks	17	351'204	355'317
Customer contracts	17	339'642	383'744
Other intangible assets	17	26'876	22'905
Deferred income tax assets	27	24'555	24'442
Non-current financial assets	18	24'380	8'576
Net defined benefit asset	25	72'288	59'890
Derivative financial instruments	31	12'583	11'942
Total non-current assets		**2'282'339**	**2'308'113**
Current assets			
Inventories	19	126'371	99'031
Trade receivables	20	65'866	82'222
Other current assets	21	82'864	55'549
Cash and cash equivalents	22	64'396	163'834
Total current assets		**339'497**	**400'636**
Total assets		**2'621'836**	**2'708'749**

The notes on pages 9 to 64 are an integral part of these consolidated financial statements.

[6] Extended accounting year (15 months ended 31 December 2019, see note 2)

[7] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

	Notes	*31 December 2019[8]* *€ (000's)*	*30 September 2018* *€ (000's)* *Restated[9]*
Equity and liabilities			
Equity			
Share capital	29	187	187
Share premium	29	1'039'957	895'974
Currency translation reserve	29	(200'117)	(133'084)
Hedging reserve	29	-	158
Accumulated deficit	29	(677'554)	(538'043)
Equity attributable to owners of the Company		**162'473**	**225'192**
Non-controlling interests		**-**	**(199)**
Total equity		**162'473**	**224'993**
Non-current liabilities			
Loans due to parent undertaking	23	230'879	328'212
Borrowings	23	1'496'076	1'322'441
Derivative financial instruments	31	13'094	3'383
Finance lease liabilities	24	22'944	27'377
Net defined benefit liability	25	21'026	17'987
Provisions	26	40'837	35'077
Other non-current liabilities		15'519	13'725
Deferred income tax liabilities	27	200'907	213'553
Total non-current liabilities		**2'041'282**	**1'961'754**
Current liabilities			
Finance lease liabilities	31	16'205	13'728
Trade payables		201'402	267'491
Provisions	26	5'463	10'531
Current income tax liabilities		9'746	1'649
Other current liabilities	28	185'265	228'602
Total current liabilities		**418'081**	**522'002**
Total liabilities		**2'459'363**	**2'483'756**
Total equity and liabilities		**2'621'836**	**2'708'749**

The notes on pages 9 to 64 are an integral part of these consolidated financial statements

[8] Extended accounting year (15 months ended 31 December 2019, see note 2)

[9] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

Statement of changes in consolidated equity

		Attributable to owners of the Company							
		Share capital	***Share premium***	***Currency translation reserve***	***Hedging reserve***	***Accumu-lated deficit***	***Total***	***Non-con-trolling in-terests***	***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		-	-	(21'864)	158	6'871	(14'835)	-	(14'835)
Loss for the period		-	-	-	-	(117'954)	(117'954)	(410)	(118'363)
Total comprehensive income/(loss) for the period		*-*	*-*	*(21'864)*	*158*	*(111'083)*	*(132'789)*	*(410)*	*(133'199)*
Equity contribution	*29.1*	*-*	*200'409*	*-*	*-*	*-*	*200'409*	*-*	*200'409*
Acquisition of subsidiary with NCI	*29.3*	-	-	-	-	-	-	1'240	1'240
Change in non controlling interest					-	998	998	(1'029)	(31)
Balance at 30 September 2018 restated[10]		**187**	**895'974**	**(133'084)**	**158**	**(538'043)**	**225'192**	**(199)**	**224'993**
Other comprehensive income		-	-	(67'033)	(158)	(2'144)	(69'335)	-	(69'335)
Loss for the period		-	-			(136'490)	(136'490)	(278)	(136'768)
Total comprehensive income/(loss) for the period		-	-	(67'033)	(158)	(138'634)	(205'825)	(278)	(206'103)
Equity contribution	*29.1*	*-*	*143'983*	*-*	*-*	*-*	*143'983*	*-*	*143'983*
Acquisition of NCI without change in control	*29.3*				-	(877)	(877)	477	(400)
Balance at 31 December 2019[11]		**187**	**1'039'957**	**(200'117)**	**-**	**(677'554)**	**162'473**	**-**	**162'473**

The notes on pages 9 to 64 are an integral part of these consolidated financial statements.

[10] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

[11] Extended accounting year (15 months ended 31 December 2019, see note 2)

Consolidated cash flow statement

	Notes	15 months ended 31 December 2019[12] € (000's)	12 months ended 30 September 2018 € (000's) Restated[13]
Cash flows from operating activities			
Loss before income tax		(136'175)	(126'532)
Depreciation and amortisation expense	10	253'714	185'065
Gain on disposal of property, plant and equipment, net		(29'031)	(8'637)
Loss/(Gain) on disposal of subsidiaries	32	48	(1'774)
Non-cash transactions		6'064	(4'685)
Finance costs, net		109'530	120'129
Changes in working capital:			
(Increase)/Decrease in inventories		(24'175)	(8'103)
(Increase)/Decrease in trade receivables		(6'728)	8'860
(Increase)/Decrease in other current assets		(15'317)	(16'660)
Increase/(Decrease) in trade payables		(73'824)	16'497
Increase/(Decrease) in other liabilities		(27'351)	(20'016)
Income taxes paid		(6'923)	(5'717)
Net cash generated from operating activities		**49'832**	**138'427**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	32	(26'542)	(92'246)
Proceeds from sale of subsidiaries, net of cash disposed	33	-	17'078
Purchases of property, plant and equipment	15	(167'247)	(103'655)
Purchases of intangible assets	17	(18'940)	(5'841)
Proceeds from sale of property, plant and equipment	15	72'058	17'435
Interest received		(35)	49
Other proceeds received		-	1'191
Net cash used in investing activities		**(140'706)**	**(165'989)**
Cash flows from financing activities			
Proceeds from issuance of loans and borrowings	23.4	149'851	1'365'497
Repayment of loans and borrowings	23.4	(2'530)	(1'138'657)
Capital element of lease liabilities[14]	23.4	(20'600)	(20'187)
Repayment of loans due to parent undertaking	23.4	-	(39'711)
Proceeds/(Repayment) from factoring	23.4	1'631	(12'195)
Interest paid	23.4	(134'501)	(47'951)
Financing costs paid	23.4	(2'693)	(55'618)
Proceeds from settlement of derivatives	23.4	-	6'818
Interest paid on derivatives	23.4	-	(1'275)
Acquisition of non-controlling interest	29.2	(400)	(1'200)
Net cash (used in)/generated from financing activities	23.4	**(9'242)**	**55'521**
Net (decrease)/increase in cash and cash equivalents		**(100'116)**	**27'959**
Cash and cash equivalents at the beginning of the period		163'834	135'034
Exchange gains/(losses) on cash and cash equivalents		678	841
Cash and cash equivalents at the end of the period		**64'396**	**163'834**

The notes on pages 9 to 64 are an integral part of these consolidated financial statements.

[12] Extended accounting year (15 months ended 31 December 2019)

[13] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

[14] Restatement principal of finance lease previously presented in net cash used in investing activities.

Notes to the consolidated 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 consolidated 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

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 year financial statements which comprise 15 months are not fully comparable with the prior period which comprises 12 months.

3. Summary of significant accounting policies

3.1. Accounting policies

The Group has adopted all International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (the IASB) as well as Interpretations given by the IFRS Interpretations Committee (the IFRIC) and the former Standing Interpretations Committee (SIC) that are relevant to the Group's operations and effective for annual reporting periods beginning on 1 October 2018.

Specifically, 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 – Revenue from Contracts with Customer
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 – Financial Instruments
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 consolidated financial statements.

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

	Impact	***Effective date***	***Planned application by Selecta Group B.V.***
New standards or interpretations			
IFRS 16 *Leases*	4)	1 January 2019	Reporting year 2020
IFRIC 23 *Uncertainty over income tax treatments*	1)	1 January 2019	Reporting year 2020
Annual Improvements to IFRS Standards 2015-2017 Cycle: *-Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements* *-Amendments to IAS 12 Income Taxes* *-Amendments to IAS 23 Borrowing Costs*	3)	1 January 2019	Reporting year 2020
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	3)	1 January 2019	Reporting year 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1)	1 January 2020	Reporting year 2020
Definition of a Business (Amendments to IFRS 3)	1)	1 January 2020	Reporting year 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1)	1 January 2020	Reporting year 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1)	1 January 2020	Reporting year 2020

1) No significant impacts are expected on the consolidated financial statements of Selecta Group
2) Mainly additional disclosures are expected in the consolidated financial statements of Selecta Group
3) The impact on the consolidated financial statements of Selecta Group cannot yet be determined with sufficient reliability
4) The expected impact on the opening balance is described below

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 € 197 million from the effect of recognizing existing operating leases on the balance sheet on a pre-income tax basis. Additionally, annual operating lease expenses of approximately € 46 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.

The Group will elect to not include initial direct costs in the measurement of the right-of-use asset for leases existing prior to the date of the initial application of IFRS 16. On transition, the Group will elect to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that exist at that date. Furthermore, the Group will benefit from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The Group enters into contracts to install, operate, supply and maintain self-service retail machines and pays the counterparties a consideration (vending fees) in exchange. The counterparty remains the right to re-locate the machines and therefore has a practical ability to substitute the asset. Thus, vending fees are not in scope of IFRS 16.

3.3. Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries), note 38. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

3.4. Business combinations

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

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

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

3.5. Foreign currencies

Foreign currencies in individual financial statements

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

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

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

Foreign currencies in consolidated financial statements

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

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

		31 December 2019		*30 September 2018*	
		Balance sheet	*Statement of profit or loss*	*Balance sheet*	*Statement of profit or loss*
Danish Krone	DKK	7.47	7.44	7.46	7.45
Great Britain Pound	GBP	0.85	0.88	0.89	0.89
Norwegian Kroner	NOK	9.86	9.82	9.47	9.62
Swedish Krona	SEK	10.45	10.53	10.31	10.17
Swiss Franc	CHF	1.09	1.12	1.13	1.16

3.6. Property, plant and equipment

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

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

Land	Infinite (no depreciation is applied)
Buildings	40 to 60 years
Vending equipment	6 to 10 years as of 1st July, 2019 (before 4 to 8 years)
Vehicles	5 years
Machinery & Equipment	8 years
IT Hardware	3 to 5 years

Following a review of the applied useful lives for property, plant and equipment the Company has extended the useful lives of the vending machines 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 1 July 2019. This change has led to a decrease in depreciation of 7 million in the current year, whereas the vending equipment was impacted by this amount in the balance sheet.

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

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

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

3.7. Goodwill and intangible assets

Goodwill

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

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

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

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

Other intangible assets

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

Trademark

The trademarks Selecta and Pelican Rouge recognised by the Group have an indefinite useful life and are not amortised. These trademarks are allocated on a reasonable and consistent basis to the cash-generating units that are tested for impairment annually as described in the section on goodwill above. Trademarks which have definite useful life are amortised over 10 years.

Customer contracts

Intangible assets resulting from the acquisition by the Group of customer contracts in a business combination have a finite useful life. Customer contracts are amortised over a period of 10-15 years.

Software

Software licences are recognised as intangible assets when it is probable that they will generate future economic benefits. They are amortised using the straight-line method over 3-5 years.

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

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

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

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

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

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

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

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

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

3.9. Prepayments and accrued income

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

3.10. Inventories

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

3.11. Rebates and other amounts received from suppliers

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

3.12. Trade and other receivables

Trade and other receivables are unconditional rights to consideration in exchange for goods or services that the entity has transferred to the customer. Trade receivables that do not have a significant financing component are measured on initial recognition at their transaction price. Such trade receivables are measured subsequently at amortized cost.

The Group recognises a loss allowance for expected credit losses on trade receivables that are not insured under non-recourse factoring arrangements. The expected credit loss is calculated with a qualitative approach for the major customers and material amounts, while the expected credit losses on the remaining trade receivables are measured by applying a simplified approach at an amount equal to lifetime expected credit losses, using a provision matrix. The entity uses its historical credit loss experience for trade receivables, using country-based groupings, and taking into account forward-looking elements. The Group defines default as bankruptcy of the counterparty or instances where wrong invoices were issued.

3.13. Cash and cash equivalents

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

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

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

3.14. Provisions

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

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

3.15. Loans due to parent undertaking / borrowings

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

3.16. Derivative financial instruments

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

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

3.17. Accruals and deferred income

Accruals and deferred income comprise expenses relating to the current year, which will not be paid until after the balance sheet date and cash received in advance, relating to the following year. Deferred income is measured at the consideration received less amounts already recognised in revenue. Accruals are measured at amortised cost.

3.18. Taxation

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

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

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

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

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

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

3.19. Employee benefits

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

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

Defined benefit plans

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

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

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

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

Defined contribution plans

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

3.20. Revenue recognition

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

Sale of goods

Revenue from the sale of goods such as ingredients, consumables, retail goods and vending machines (points of sale) is recognised at a point in time when the goods are delivered to the client site or the goods are purchased from a point of sale by a customer, depending on the contract terms.

Revenue may be received directly in the form of cash from the consumer, or may be invoiced to a client periodically. In general, the timing of payment and the satisfaction of Selecta's performance obligations are very close to each other. Customers mainly pay the goods at the points of sale and customers that are invoiced usually pay within 30 days from the delivery of the products.

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

Where the sale of goods is invoiced to the client, the amount recognised is based either on the amounts delivered to the client or based on the consumption in the machines, depending on the specific contractual terms. Where revenue is recognised based on consumption in the machines, the amount recognised is based on the last recorded consumption from the machine plus an estimate of the sales between this date and the period end calculated based on historical trends.

The contracts of the Group generally include a standard warranty clause to guarantee that the goods comply with agreed specifications.

Rendering of services

Selecta also provides services to clients in the form of machine rentals, technical services and hygiene services. Where the income is a fixed amount for the specified service period revenue recognised is recognised on a straight-line basis over the service period. In all other cases, revenue is recognised at the point in time at which the goods are obtained by the counterparty from the points of sale.

3.21. Leases

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

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

3.22. Financial result

Finance costs comprise interest expense on borrowings, loans and finance leases calculated using the effective interest method, fair value losses on derivatives not subject to hedge accounting and foreign exchange losses. Foreign exchange gains and losses are reported on a net basis as either finance income or finance expense depending on whether the total foreign currency movements represent a gain or a loss accordingly. Net interest expense on the net defined benefit obligation is included in the finance costs.

Interest income

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

4. Use of estimates and key sources of estimation uncertainties

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

Goodwill and intangible assets with indefinite useful lives

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

Customer contracts

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

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

Sales estimations

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

Inventories

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

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 pre-dominances, 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, mixed channel 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.

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

Result for the 15 months ended 31 December 2019

	South, UK & Ireland	***Central***	***North***	***Total reportable segments***	***HQ and Interco***	***Total Group***
	€ (000's)	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*	*€ (000's)*
Revenue	755'751	745'334	565'797	**2'066'882**	(32'108)	**2'034'774**
Revenue net of vending fees	684'186	617'845	539'212	**1'841'243**	(32'108)	**1'809'135**
Profit/(loss) before finance costs, net and income taxes, depreciation and amortisation expense	**99'608**	**74'361**	**106'283**	**280'252**	**(53'183)**	**227'069**
Depreciation and amortisation expense	(66'132)	(70'984)	(49'501)	**(186'617)**	(67'097)	**(253'714)**
Loss before finance costs, net and income tax						**(26'645)**
Finance costs, net						**(109'530)**
Loss before income tax						**(136'175)**

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 fees	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)**

	Non-current assets excluding deferred income tax assets, non-current financial assets, derivative financial instruments and net defined benefit assets	
	31 December 2019 € (000's)	*30 September 2018 € (000's) restated[15]*
Switzerland	66'121	60'230
France	76'240	84'194
Italy	91'290	88'379
Sweden	26'458	27'437
UK	38'785	41'066
Netherlands	38'210	43'685
All other countries	104'245	89'961
HQ	1'707'185	1'768'311
Total	**2'148'534**	**2'203'263**

[15] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

6. Revenue by channel

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

Result for the 15 months ended 31 December 2019

	South, UK & Ireland	Central	North	Total reportable segments	HQ and Interco	Total Group
	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)	€ (000's)
Revenue from contracts with customers	755'751	745'334	546'080	2'047'165	(32'108)	2'015'057
Rental revenue	-	-	19'717	19'717	-	19'717
Total revenue	**755'751**	**745'334**	**565'797**	**2'066'882**	**(32'108)**	**2'034'774**
Revenue from On-the-Go channel	275'844	377'120	86'622	739'586	-	739'586
Third party revenue from Workplace channel	351'606	304'618	260'165	916'389	-	916'389
Intersegment revenue from Workplace channel	-	88	-	88	(88)	-
Third party revenue from Trading channel	128'261	63'446	167'375	359'082	-	359'082
Intersegment revenue from Trading channel	40	62	31'918	32'020	(32'020)	-
Total revenue from contracts with customers	**755'751**	**745'334**	**546'080**	**2'047'165**	**(32'108)**	**2'015'057**

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 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
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)	-
Total revenue	**467'300**	**589'496**	**415'547**	**1'472'343**	**(20'830)**	**1'451'513**

Revenue by channel:

On-the-Go (Public & semi-public):
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 that 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 (private):
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.

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.

8. Materials and consumables used

	15 months ended 31 December 2019 € (000's)	*12 months ended 30 September 2018 € (000's)*
Cost of materials	(723'545)	(515'515)
Rebates and discounts	40'277	25'238
Other	2'706	862
Total materials and consumables used	**(680'562)**	**(489'415)**

9. Employee benefits expense

	15 months ended 31 December 2019 € (000's)	*12 months ended 30 September 2018 € (000's)*
Wages and salaries	(491'458)	(349'577)
Social security	(100'780)	(70'140)
Post-employment benefits		
Defined contribution plans	(8'902)	(6'228)
Defined benefit plans	(736)	9'381
Total employee benefits expense	**(601'876)**	**(416'564)**

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

10. Depreciation and amortisation expense

	15 months ended 31 December 2019 € (000's)	*12 months ended 30 September 2018 Restated[16] € (000's)*
Depreciation	(175'091)	(133'261)
Amortisation customer relationship contracts and trade mark	(60'901)	(43'238)
Amortisation other intangibles	(17'722)	(8'028)
Total depreciation and amortisation expense	**(253'714)**	**(184'527)**

11. Other operating expenses

	15 months ended 31 December 2019 € (000's)	*12 months ended 30 September 2018 € (000's)*
Maintenance	(164'904)	(115'995)
Administration expenses	(105'756)	(67'864)
Travel and representation	(13'205)	(10'316)
Rent	(40'180)	(26'067)
Loss on disposal of tangible assets	(17'014)	(186)
Other operating expenses	(3'904)	(2'555)
Total other operating expenses	**(344'963)**	**(222'983)**

12. Other operating income

	15 months ended 31 December 2019 € (000's)	*12 months ended 30 September 2018 € (000's)*
Suppliers marketing contributions	3'051	963
Gain on disposal of tangible assets	29'170	2'493
Other operating income	13'161	5'288
Total other operating income	**45'382**	**8'744**

[16] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

13. Finance costs and finance income

	15 months ended 31 December 2019 € (000's)	12 months ended 30 September 2018 € (000's)
Interest on loan due to parent undertaking	(46'651)	(37'216)
Interest on other loans	(103'581)	(71'825)
Refinancing costs	(10'538)	(27'810)
Finance lease interest expense	(1'666)	(1'310)
Other interest and finance expense	(7'647)	(4'240)
Change in fair value of derivative financial instruments	(9'062)	-
Total finance costs	**(179'145)**	**(142'402)**
Change in fair value of derivative financial instruments	-	13'568
Foreign exchange gain	69'459	8'395
Other financial income	156	276
Interest income	-	44
Total finance income	**69'615**	**22'283**

14. Income Taxes

Income tax (expense)/income comprises:

	15 months ended 31 December 2019 € (000's)	12 months ended 30 September 2018 € (000's) Restated[17]
Current income tax expense	(14'777)	(4'340)
Deferred income tax income	14'467	12'509
Total income tax (expenses) / income	**(310)**	**8'169**

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

	15 months ended 31 December 2019 € (000's)	12 months ended 30 September 2018 € (000's) Restated[17]
Loss before income tax	(136'175)	(127'248)
Applicable tax rate	21.3%	25.3%
Expected tax credit	28'983	32'171
Effect of expenses not deductible for tax purposes	(5'479)	(1'357)
Effect of taxable losses for the period not recognised as deferred tax assets	(31'710)	(21'020)
Effect of non-taxable income for tax purposes	12'293	-
Income tax expense of previous years	(4'397)	(1'625)
Income tax (expense) / income recognised in statement of profit or loss	**(310)**	**8'169**

[17] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

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

15. Property, plant and equipment

Cost	*Freehold land and buildings € (000's)*	*Vending equipment € (000's)*	*Vehicles € (000's)*	*Other equipment € (000's)*	***Total € (000's)***
Balance at 1 October 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 Restated[18]	**18'282**	**802'480**	**24'677**	**84'798**	**930'236**
Additions	488	161'507	4'412	19'288	**185'695**
Disposals	(4'666)	(84'186)	(3'356)	(4'211)	**(96'419)**
Acquisitions through business combinations	23	5'558	334	76	**5'991**
Reclassifications*	-	(75'399)	-	(16'095)	**(91'494)**
Effects of foreign currency exchange differences	45	9'216	(141)	1'035	**10'156**
Balance at 31 December 2019	**14'172**	**819'176**	**25'926**	**84'891**	**944'165**
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	1'315	42'629	3'923	4'558	**52'823**
Disposals through sale of subsidiaries	-	-	-	538	**538**
Reclassifications*	-	33'788	196	(320)	**33'267**
Effects of foreign currency exchange differences	4	1'134	366	205	**1'709**
Balance at 30 September 2018 Restated[18]	**(3'522)**	**(466'579)**	**(12'210)**	**(41'678)**	**(523'989)**
Depreciation expense	(1'551)	(153'716)	(5'421)	(14'403)	**(175'091)**
Disposals	1'264	68'007	2'763	(884)	**71'149**
Reclassifications*	(232)	63'848	136	8'748	**72'501**
Effects of foreign currency exchange differences	(39)	(6'184)	49	(563)	**(6'736)**
Balance at 31 December 2019	**(4'080)**	**(494'624)**	**(14'683)**	**(48'780)**	**(562'167)**
Net Book Value					
At 30 September 2018 Restated[18]	**14'760**	**335'901**	**12'466**	**43'120**	**406'249**
At 31 December 2019	**10'092**	**322'483**	**11'243**	**38'180**	**381'998**

* Reclassifications mainly to transfer to inventory of used equipment to be sold

[18] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

As at 31 December 2019 commitments in respect of capital expenditure amounted to € 14.2 million (30 September 2018: € 23.1 million).

The carrying amount of property, plant and equipment held under finance leases at 31 December 2019 was € 37.6 million (30 September 2018: € 41.8 million). Leased assets are pledged as security in respect of the finance leases to which they relate.

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

Acquisitions through business combinations in the 15 months ended 31 December 2019 relate to minor acquisitions recorded at fair value (note 32); and in Acquisitions through business combinations in the 12 months ended 30 September 2018 relate to the Argenta Group assets recorded at fair value (note 32.2) and Express Vending (note 32.3).

16. Goodwill

	15 months ended 31 December 2019 *€ (000's)*	**12 months ended 30 September 2018** *€ (000's) Restated*[19]
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	13'765	-
Balance gross and net carrying amount closing	**1'048'813**	**1'035'048**

The 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 € 371 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 15 months' period ending 31 December 2019 several minor acquisitions were made, for which the measurement period is still open.

The acquisition accounting adjustments are presented in note 32.

16.1. Impairment testing

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

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

The goodwill tested as of 31 December 2019 was € 1'049 million, composed of the legacy Selecta, Pelican Rouge and Argenta and several minor acquisitions goodwill.

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

[19] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

16.2. Allocation to cash-generating units

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

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

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

The amount of goodwill allocated to each cash generating unit at 31 December 2019 and 30 September 2018 were as follows:

	31 December 2019 € (000's)
Selecta goodwill	
Region South, UK & Ireland[20]	454'708
Region Central	188'163
Region North	405'942
Total Goodwill	**1'048'813**

	30 September 2018 € (000's) Restated[21]
Selecta goodwill	
Region South, UK & Ireland	500'236
Region Central	226'206
Region North	272'798
Goodwill	**999'240**
Goodwill relating to Express Vending acquisition (not yet allocated)	35'808
Total Goodwill	**1'035'048**

16.3. Summary of assumptions used in goodwill impairment testing

In undertaking the impairment test of the Selecta goodwill, the Group has used post-tax cash flow projections for the computation of value in use based on the 2020 – 2022 business plan of the Group, covering a three-year period. In years four to seven the Group assumes further growth of 1.3% (2018: 3.0%).

Cash flows beyond the seven-year period are extrapolated using estimated growth rates as disclosed in the table below. For the 15 months period ended 31 December 2019, the growth rates were as follows:

[20] Express Vending allocated to Region South, UK & Ireland

[21] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

	2019
Region South, UK & Ireland	1.3%
Region Central	1.4%
Region North	1.6%

For the 12 months period ended *30 September 2018*, the growth rates were as follows:

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

The cash flows are discounted using a post-tax weighted average cost of capital (WACC) for each region. The post-tax WACC applied for each region at 31 December 2019 and 30 September 2018 were as follows:

	31 December 2019	
	Post-tax WACC	Equivalent to a pre-tax WACC of:
Region South, UK & Ireland	7.0%	9.0%
Region Central	6.2%	8.0%
Region North	6.2%	8.2%

	30 September 2018	
	Post-tax WACC	Equivalent to a pre-tax WACC of:
Region South, UK & Ireland	7.7%	9.9%
Region Central	6.5%	8.2%
Region North	6.9%	9.2%

16.4. Headroom and sensitivity to change in assumptions

The headroom arising from the goodwill impairment testing by region at *31 December 2019 and 30 September 2018* were as follows:

	31 December 2019 € millions
Region South, UK & Ireland	54.3
Region Central	710.0
Region North	424.1

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

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

	31 December 2019	
	Level to which Post-tax WACC would need to increase to eliminate all of the headroom in the region	*Level to which growth rates would need to fall to eliminate all of the headroom in the region*
Region South, UK & Ireland	7.5%	0.4%
Region Central	13.3%	-16.1%
Region North	8.8%	-2.6%

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

17. 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.

Cost	*Software/ other € (000's)*	*Trademarks € (000's)*	*Customer Contracts € (000's)*	***Total € (000's)***
Balance at 1 October 2017	**48'771**	**324'147**	**548'541**	**921'459**
Additions	6'603	-	89	**6'692**
Disposals	(928)	-	-	**(928)**
Acquisitions through business combinations	4'426	32'903	108'016	**145'345**
Reclassifications	432	-	1'064	**1'496**
Disposals through sale of subsidiaries	-	-	(1'797)	**(1'797)**
Effects of foreign currency exchange differences	199	-	(20)	**178**
Balance at 30 September 2018 Restated[22]	**59'503**	**357'051**	**655'891**	**1'072'445**
Additions	13'719	-	3'941	**17'660**
Disposals	(408)	-	(3'787)	**(4'195)**
Reclassifications	4'585	-	1'527	**6'112**
Acquisitions through business combinations	7	-	11'132	**11'139**
Effects of foreign currency exchange differences	1'739	-	352	**2'091**
Balance at 31 December 2019	**79'145**	**357'051**	**669'057**	**1'105'252**

[22] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

Accumulated amortisation	*Software/ other € (000's)*	*Trademarks € (000's)*	*Customer Contracts € (000's)*	***Total € (000's)***
Balance at 1 October 2017	**(27'976)**	-	**(230'235)**	**(258'211)**
Amortisation expenses	(8'028)	(1'733)	(41'504)	**(51'266)**
Disposals	874	-	-	**874**
Reclassifications to assets held for sale	(1'324)	-	(433)	**(1'757)**
Effects of foreign currency exchange differences	(144)	-	25	**(119)**
Balance at 30 September 2018 Restated[23]	**(36'598)**	**(1'733)**	**(272'147)**	**(310'478)**
Amortisation expenses	(17'722)	(4'113)	(56'788)	**(78'623)**
Disposals	3'606	-	-	**3'606**
Reclassifications	(329)	-	(277)	**(606)**
Effects of foreign currency exchange differences	(1'225)	-	(204)	**(1'429)**
Balance at 31 December 2019	**(52'268)**	**(5'846)**	**(329'415)**	**(387'530)**
At 30 September 2018 Restated[23]	**22'905**	**355'317**	**383'744**	**761'966**
At 31 December 2019	**26'876**	**351'204**	**339'642**	**717'722**

The disposal through sale of subsidiaries in the 12 months ended 30 September 2018 related to the sale of Selecta Finland and Custompack.

Acquisitions through business combinations in the 15 months ended 31 December 2019 related to several minor acquisitions (Note 32.1) and are recorded at fair value. In the 12 months ended 30 September 2018 acquisitions relate to the Argenta Group (including Tramezzino) and Express Vending assets recorded at fair value.

At 31 December 2019 and 30 September 2018, the trademark has been allocated as follows:

	31 December 2019 € (000's)
Region South, UK & Ireland	57'702
Region Central	203'475
Region North	90'027
Trademark allocated to cash generating units	**351'204**

	30 September 2018 € (000's) restated[23]
Region South, UK & Ireland	62'941
Region Central	203'829
Region North	88'547
Trademark allocated to cash generating units	**355'317**

Customer contracts

The Argenta customer contracts acquired in the 12 months period ended 30 September 2018 have been allocated a value of € 78 million and Express Vending in the 12 months period ended 30 September 2018 have been allocated a value of € 26 million. Given Argenta's and Express Vending size and certain features of their client portfolio compared to Selecta and Pelican Rouge, a 10-year finite useful life has been deemed appropriate.

[23] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

18. Non-current financial assets

	31 December 2019 € (000's)	30 September 2018 € (000's) Restated[24]
Non-current financial assets comprise the following:		
Investments	153	127
Trade and other receivables	24'227	8'449
Total non-current financial assets	**24'380**	**8'576**
The maturity of the non-current financial assets is as follows:		
After one year but not more than five years	24'380	8'456
More than five years	-	120
Total more than one year	**24'380**	**8'576**
Total non-current financial assets	**24'380**	**8'576**

19. Inventories

	31 December 2019 € (000's)	30 September 2018 € (000's) restated[24]
Food and beverages	78'580	59'000
Vending equipment and spare parts	39'268	34'449
Goods in transit	1'321	871
Raw materials	7'202	4'711
Total inventories	**126'371**	**99'031**

In the 15 months ended 31 December 2019, inventories of € 724 million (12 months ended 30 September 2018: € 516 million) were recognised as an expense during the year and included in materials and consumables used.

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

In addition, for inventories an amount of € 4.5 million (2018: € 7.8 million) have been recorded for allowances.

20. Trade receivables

	31 December 2019 € (000's)	30 September 2018 € (000's) Restated[24]
Trade receivables - not overdue	43'835	60'215
Trade receivables - overdue 0 - 90 days	20'875	19'976
Trade receivables - overdue 90 - 360 days	3'686	5'507
Trade receivables - overdue > 360 days	660	2754
Total trade receivables, gross	**69'056**	**88'452**
Allowance for doubtful accounts	(3'190)	(6'230)
Total trade receivables, net	**65'866**	**82'222**

[24] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables until the end of the credit period, thereafter the charging of interest is at the discretion of local management depending on the amounts and customers involved. Where interest is charged in respect of an overdue receivable the interest rate applied is between 3% and 15% per annum depending on the country and the customer contract.

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

The biggest portion of trade receivables are financed with factoring of receivables.

21. Other current assets

	31 December 2019 € (000's)	*30 September 2018 € (000's)*
Accrued income	49'801	34'147
Pre-payments	16'366	9'660
Sales tax recoverable	4'417	5'007
Other	12'280	6'735
Total other current assets	**82'864**	**55'549**

22. Cash and cash equivalents

	31 December 2019 € (000's)	*30 September 2018 € (000's)*
Cash at bank	55'305	154'677
Cash in point-of-sale	9'091	9'157
Cash and cash equivalents	**64'396**	**163'834**

23. Borrowings

	31 December 2019 € (000's)	*30 September 2018 € (000's)*
Loans due to parent undertaking at amortised cost	230'879	328'212
Borrowings at amortised cost (incl. revolving credit facility)	1'496'076	1'322'441
Total borrowings	**1'726'955**	**1'650'653**

23.1. Borrowings

	31 December 2019			*30 September 2018*		
	€ (000's)	*in %*	*Interest rate*	*€ (000's)*	*in %*	*Interest rate*
EUR	1'533'949	86.9%	6.6%	1'418'212	83.6%	7.1%
CHF	230'330	13.1%	5.9%	220'926	13.0%	5.9%
GBP	-	-%	-%	56'325	3.3%	4.2%
Total	**1'764'279**	**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.

23.2. Rate structure of borrowings

	31 December 2019	30 September 2018
	€ (000's)	€ (000's)
Total borrowings at variable rates	427'651	368'817
Total borrowings at fixed rates	1'299'304	1'281'836
Total borrowings at amortised cost	**1'726'955**	**1'650'653**

The total includes the reduction of net capitalized transaction costs.

23.3. Details of borrowing facilities

In October 2019, Selecta increased its outstanding bonds (maturing February 2024) by a total amount of € 150 million. The bond tap was composed of € 100 million denominated fixed rate bonds and € 50 million denominated floating rate bonds.

As of December 2019, the total bonds outstanding are

Senior Secured Fixed Rate Notes	EUR 865'000'000	5.875%	2024
Senior Secured Fixed Rate Notes	CHF 250'000'000	5.875%	2024
Senior Secured Floating Rate Notes	EUR 375'000'000	5.375%	2024

As part of the senior debt refinancing, the senior revolving credit facility was upsized to € 150 million from € 100 million in 2017. The amounts drawn under this facility were € 63.1 million on 31 December 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 EURIBOR plus 3.5%.

In addition, one of the Group's parents, Selecta Group S.a.r.L., had issued a PIK loan for € 220 million in June 2014, the proceeds of which have been loaned to the Group also in the form of a PIK loan (the "PIK proceeds loan"). The PIK proceeds loan carries an interest rate of 11.875%. Interest payments are capitalized every 6 months (End of March and end of September). In 2019 part of the PIK loan (€ 143 million) has been set off against the issue price of a new share (Note 29.1).

Bonds

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

	Interest rate	31 December 2019
	%	€ (000's)
PIK proceeds loan	11.875	230'879
Senior secured note (EUR fixed)	5.875	865'000
Senior secured note (Euribor + 5.375%)	5.375	375'000
Senior secured note (CHF fixed)	5.875	230'330
Senior revolving credit facility (Euribor + 3.5%)	3.5	63'070
Total borrowings and loans due to parent undertaking at nominal values		**1'764'279**

	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 (Euribor + 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 at nominal values		**1'695'463**

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

	Total borrowings before refinancing costs € (000's)	*Amortised refinancing costs € (000's)*	*Interest accrual on bonds € (000's)*	*Other loans, financing facilities € (000's)*	*Other (assets)/liabilities € (000's)*	***Total € (000's)***
Balance at 1 October 2018	**1'695'463**	**(44'817)**	**42'810**	**63'736**	**(17'561)**	**1'739'630**
Changes from financing cash flows						
Proceeds from issuance of loans and borrowings	149'851	-	-	-	-	**149'851**
Repayment of loans and borrowings	4'226	-	-	(6'756)	-	**(2'530)**
Capital element of lease liabilities	-	-	-	(20'600)	-	**(20'600)**
Proceeds from factoring	-	-	-	1'631	-	**1'631**
Interest paid	(4'097)	-	(117'125)	(3'323)	(9'956)	**(134'501)**
Financing costs paid	-	(2'693)	-	-	-	**(2'693)**
Acquisition of non-controlling interest	-	-	-	-	(400)	**(400)**
Total changes from financing cash flows	**149'980**	**(2'693)**	**(117'125)**	**(29'048)**	**(10'356)**	**(9'242)**
Finance lease additions	-	-	-	18'105	-	**18'105**
Changes in fair value	-	-	-	-	9'062	**9'062**
Interest expense	50'748	-	95'483	3'713	9'956	**159'900**
Refinancing costs amortised to P&L	-	10'538	-	-	-	**10'538**
Debt-to-equity swap	(143'980)	-	-	-	-	**(143'980)**
Other movement	-	-	-	1'153	597	**1'750**
Total other changes	**(93'232)**	**10'538**	**95'483**	**22'971**	**19'615**	**55'375**
The effect of changes in foreign exchange rates	12'067	(352)	-	(263)	10	**11'463**
Balance at 31 December 2019	**1'764'278**	**(37'324)**	**21'168**	**57'396**	**(8'292)**	**1'797'226**

	Total borrowings € (000's)	Amortised refinancing costs € (000's)	Interest accrual on bonds € (000's)	Other loans, financing facilities € (000's)	Other (assets)/ liabilities € (000's) Restated[25]	**Total € (000's)**
Balance at 1 October 2017	**1'266'950**	**(26'449)**	**11'900**	**59'672**	**(7'940)**	**1'304'134**
Changes arising from obtaining or losing control of subsidiaries	**-**	**-**	**-**	**221'954**	**1'782**	**223'736**
Changes from financing cash flows						
Proceeds from issuance of loans and borrowings	1'360'459	-	-	5'038	-	**1'365'497**
Repayment of loans and borrowings	(935'457)	-	-	(201'203)	-	**(1'136'659)**
Capital element of lease liabilities	-	-	-	(20'187)	-	**(20'187)**
Repayment of loans due to parent undertaking	(37'299)	-	-	-	(2'412)	**(39'711)**
Proceeds/(Repayment) from factoring	-	-	-	(12'195)	-	**(12'195)**
Interest paid	(2'009)	-	(37'719)	(8'223)	(1'275)	**(49'226)**
Financing costs paid	-	(55'618)	-	-	-	**(55'618)**
Interest paid on derivatives	-	-	-	(1'998)	-	**(1'998)**
Acquisition of non-controlling interest	-	-	-	-	(1'200)	**(1'200)**
Total changes from financing cash flows	**385'695**	**(55'618)**	**(37'719)**	**(238'768)**	**1'931**	**55'521**
Finance lease additions	-	-	-	12'259	-	12'259
Changes in fair value	-	-	-	-	(13'568)	**(13'568)**
Interest expense	39'313	-	68'272	6'422	1'275	**115'283**
Refinancing costs amortised to P&L	-	27'810	-	-	-	**27'810**
Prior year refinancing costs unpaid	-	6'178	-	-	-	**6'178**
Other movement	-	-	-	-	(905)	**(905)**
Total other changes	**39'313**	**33'988**	**68'272**	**18'681**	**(13'198)**	**147'056**
The effect of changes in foreign exchange rates	3'504	3'261	356	2'197	(136)	9'182
Balance at 30 September 2018	**1'695'463**	**(44'817)**	**42'810**	**63'736**	**(17'562)**	**1'739'630**

24. Finance lease liabilities

Finance leases relate predominantly to motor vehicles and vending equipment. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.
The minimum lease payments due are as follows:

	Present value of minimum lease payments	
	31 December 2019 € (000's)	*30 September 2018 € (000's)*
Current finance lease liabilities	**16'205**	**13'728**
Non-current finance lease liabilities:		
After one year but not more than five years	**22'944**	**27'377**
More than five years	**-**	**-**
Total non-current finance lease liabilities	**22'944**	**27'377**
Total finance lease liabilities	**39'149**	**41'105**

[25] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

25. Post-employment benefits

25.1. Defined contribution plans

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

25.2. Defined benefit plans

Description of plans

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

The two main significant plans are in Switzerland and UK, which represent a net asset position of € 72.3 million, the remainder of the countries recorded a net liability position of € 21.0 million.

Switzerland
The pension scheme is part of the Valora Pension Fund, domiciled in Muttenz, Switzerland and is governed by the rules of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which specifies the minimum benefits that are to be provided by pension plans. The scheme covers multiple employers, including Selecta, with the scheme assets allocated between Selecta and the other companies in the scheme in proportion to the mathematical reserve and savings capital as at 31 December 2019. One employee of Selecta AG in Switzerland is at the foundation board of the Valora Pension Fund to ensure representation of Selecta in the wider scheme.

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

The benefits are defined in the pension plan regulations that are far above the minimum requirements stipulated by the BVG. Retirement benefits are based on the accumulated retirement savings capital and can either be drawn as a life-long pension or as a lump sum payment. The pension is calculated upon retirement by multiplying the balance of the retirement savings capital with the applicable conversion rate. The retirement savings capital results from the yearly savings contributions by both employer and employee until retirement and carries interest thereon. The savings contributions are defined in the pension plan regulations. Minimum contributions and minimum interest are defined by the BVG and the Federal Council respectively.

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

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

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

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

Amounts included in the consolidated financial statements

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

	For the 15 months ended 31 December 2019 € (000's)	*For the 12 months ended 30 September 2018 € (000's)*
Current employer service cost	(6'899)	(4'739)
Past service credit on plan amendment	4'048	14'120
Net interest income/(cost)	2'115	618
Defined benefit income/(cost) recognised in statement of profit or loss	**(736)**	**9'999**

Past service credit for the 15 months ended 31 December 2019 to a Swiss plan amendment of the benefits payable under the Group's pension in scheme in Switzerland. In 2019 the Valora Pensionskasse VPK has communicated two separate reductions of the conversion rates. The conversion rate at the normal retirement age (men 65 and women 64) will decrease to 5.50% until 1 January 2021. In addition, there will be a savings contribution rate increase of 50 basepoints.

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

In March 2018 the Valora pension scheme reduced the conversion rate for calculating the retirement pension, resulting in a reduction of the future pensions to be paid and hence the defined benefit obligation of the scheme. This has resulted in a decrease in the Plan's liabilities of € 2 million as at 30 September 2018 and has been recognised as a negative past service cost in the year ended 30 September 2018. As communicated in March 2018 by the pension fund Valora, conversion rates will decrease from 6.2% to 6.0% (for men aged 65 and women aged 64), effective on 1 January 2019.

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

	31 December 2019 € (000's)	*30 September 2018 € (000's) restated[26]*
Fair value of plan assets	522'565	458'841
Present value of defined benefit obligation	(442'998)	(397'149)
Status of plan	**79'567**	**61'692**
Effect of asset ceiling	(28'305)	(19'557)
Net asset/(liability) in the balance sheet	**51'262**	**42'135**
Net defined asset	72'288	59'890
Net defined liability	(21'026)	(17'987)

[26] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

Defined benefit obligation

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

	For the 15 months ended 31 December 2019 € (000's)	*For the 12 months ended 30 September 2018 € (000's) restated*[27]
Present value of obligation at beginning of period	**(397'149)**	**(422'230)**
Current employer service cost	(6'899)	(4'739)
Employees' contributions	(4'426)	(3'289)
Interest cost	(9'369)	(7'091)
Past service cost, curtailments, settlements, plan amendments	4'048	14'120
Benefits paid	25'246	16'428
Acquired through business combination	(979)	(6'119)
Actuarial gain/(loss) on defined benefit obligation	(37'747)	16'435
Currency loss	(15'723)	(664)
Present value of obligation at end of period	**(442'998)**	**(397'149)**

Plan assets

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

	For the 15 months ended 31 December 2019 € (000's)	*For the 12 months ended 30 September 2018 € (000's) restated*[27]
Fair value of plan assets at beginning of period	**458'841**	**444'891**
Interest income on plan assets	11'484	7'709
Employees' contributions	4'031	3'289
Employer's contributions	8'465	6'936
Benefits paid	(24'205)	(15'967)
Return on plan assets excl. interest income	43'212	11'069
Currency gain	20'737	914
Fair value of plan assets at end of period	**522'565**	**458'841**

Employer's contributions expected for the next year amount to € 8.4 million.

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

[27] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

	31 December 2019	*31 December 2019*	*30 September 2018*	*30 September 2018*
	Quoted market prices in active markets	*Prices in non-active markets*	*Quoted market prices in active markets*	*Prices in non-active markets*
Cash	4.5%	0.0%	3.7%	0.0%
Bonds	20.4%	0.0%	67.0%	0.0%
Equities	11.8%	0.0%	11.4%	0.0%
Property	0.0%	12.8%	0.0%	13.5%
Other	49.6%	0.9%	3.5%	0.9%
Total	**86.3%**	**13.7%**	**85.6%**	**14.4%**

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

Actuarial assumptions

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

	31 December 2019	*30 September 2018*
Discount rate	0.25%	1.10%
Expected salary increase	1.00%	1.13%
Expected pension increase	1.00%	1.65%

The estimated duration of the plan liabilities is 12.9 years (30 September 2018: 14.2 years).

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

	15 months ended 31 December 2019 € (000's)	*12 months ended 30 September 2018 € (000's)*
Return on plan assets excl. interest income	43'212	11'069
Experience gains/(losses) on defined benefit obligation	(2'412)	(3'431)
Actuarial gains/(losses) arising from change in demographic assumptions	10'101	36
Actuarial gains/(losses) arising from change in financial assumptions	(45'436)	19'832
Change in asset ceiling	(7'485)	(19'078)
Total amount of remeasurement gain/(loss) on post-employment benefit obligations recognised in other comprehensive income	**(2'020)**	**8'428**

The following table shows the change in asset ceiling:

	15 months ended 31 December 2019 € (000's)	*12 months ended 30 September 2018 € (000's)*
Asset ceiling at end of prior year	(19'557)	-
Interest income	(218)	-
Remeasurements	(7'485)	(19'078)
Effect of changes in foreign exchange rates	(1'045)	(479)
Asset ceiling at end of year	**(28'305)**	**(19'557)**

Sensitivity analysis

The valuation of the pension benefit obligations is particularly sensitive with regard to changes to the discount rate and the assumptions of pension rises and the expected mortality rate. The following table shows the change of defined benefit obligation on the basis of a reasonably possible change to these actuarial assumptions at 31 December 2019 and 30 September 2018:

	31 December 2019 € (000's)	*30 September 2018 € (000's)*
Discount rate (+0.50%)	7'173	27'415
Discount rate (-0.50%)	(10'488)	(30'175)
Increase in future pension (+0.25%)	(4'420)	(7'726)
Decrease in future pension (-0.25%)	3'967	3'960
Mortality assumption -1 year	14'566	9'682
Mortality assumption +1 year	(13'904)	(9'923)
Salary increase rate (-25 basis points)	3'786	776
Salary increase (+25 basis points)	(9'268)	(124)

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

26. Provisions

	Warranty € (000's)	*Litigation & tax € (000's)*	*Restruc-turing € (000's)*	*Other € (000's)*	***Total € (000's)***
Balance at 1 October 2018 restated[28]	**(1'277)**	**(2'867)**	**(5'965)**	**(35'499)**	**(45'608)**
Charged to the statement of profit or loss	(996)	(597)	(3'126)	(4'368)	(9'087)
Expenditure in the period	409	160	4'355	835	5'759
Reversed against the statement of profit or loss without cost incurred	20	1'216	1'519	1'329	4'084
Acquired through business combination	-	-	(23)	(53)	(76)
Effect of foreign exchange differences	(4)	(6)	(45)	(1'313)	(1'368)
Reclassification between categories	542	-	-	(544)	(3)
Balance at 31 December 2019	**(1'306)**	**(2'094)**	**(3'285)**	**(39'615)**	**(46'300)**

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

	31 December 2019 € (000's)	*30 September 2018 € (000's) restated[28]*
Non-current liabilities	(40'837)	(35'077)
Current liabilities	(5'463)	(10'531)
Total	**(46'300)**	**(45'608)**

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

[28] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

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

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

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

27. Deferred income taxes

27.1. Deferred tax balances

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

	31 December 2019 € (000's)	*30 September 2018 € (000's) restated[29]*
Deferred income tax assets	24'555	24'442
Deferred income tax liabilities	(200'907)	(213'553)
Total deferred tax liabilities, net	**(176'352)**	**(189'111)**

27.2. Movement in deferred tax balances during the year

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

	1 October 2018 € (000's) restated	*(Charged) /credited to income € (000's)*	*(Charge/ credited to OCI € (000's)*	*Change in Consolidation Scope € (000's)*	*Exchange differences € (000's)*	*31 December 2019 € (000's)*
Temporary differences						
Intangible assets	(187'166)	10'993		(632)	(39)	(176'844)
Property, plant and equipment	(10'640)	6'725		(13'451)	(255)	(17'621)
Other non-current assets	(7'761)	2'013	(124)	(3'903)	(319)	(10'094)
Non-current financial assets	72	3'217		(6'435)	0	(3'146)
Inventories	(1'393)	732		(1'465)	(36)	(2'162)
Trade receivables	(1'648)	(3'490)		6'980	9	1'851
Current liabilities	1'431	(1'695)		3'389	(63)	3'062
Provisions	89	(531)		1'063	(1)	620
Other non-current liabilities	171	(3'497)		9'994	14	6'682
Total temporary differences	**(206'845)**	**14'467**	**(124)**	**(4'460)**	**(690)**	**(197'652)**
Tax losses						
Unused tax losses	17'734	-	-	3'566	-	21'300
Total deferred tax asset/(liability)	**(189'111)**	**14'467**	**(124)**	**(894)**	**(690)**	**(176'352)**

[29] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

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

	1 October 2017 € (000's)	*(Charged)/ credited to income € (000's)*	*(Charged) /credited to OCI € (000's)*	*Change in Consolidation Scope € (000's) restated*	*Exchange differences € (000's)*	*30 September 2018 € (000's) restated[30]*
Temporary differences						
Intangible assets	(162'843)	10'437	-	(34'755)	(5)	(187'166)
Property, plant and equipment	(15'676)	1'359	-	3'381	297	(10'640)
Other non-current assets	(5'823)	(499)	(1'557)	97	21	(7'761)
Non-current financial assets	(1'167)	-	-	1'239	-	72
Inventories	(1'574)	(303)	-	483	1	(1'393)
Trade receivables	(288)	1'650	-	(3'011)	-	(1'648)
Current liabilities	(2'400)	1'299	-	2'556	(25)	1'431
Provisions	4'336	-	-	(4'250)	3	89
Other non-current liabilities	(1'756)	(1'272)	-	3'215	(16)	171
Total temporary differences	**(187'192)**	**12'671**	**(1'557)**	**(31'045)**	**277**	**(206'845)**
Tax losses						
Unused tax losses	17'797	-	-	-	(63)	17'734
Total deferred tax asset/(liability)	**(169'395)**	**12'671**	**(1'557)**	**(31'044)**	**214**	**(189'111)**

27.3. Detail of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

31 December 2019	*Assets € (000's)*	*Liabilities € (000's)*	*Net € (000's)*
Temporary differences			
Intangible assets	748	(177'592)	(176'844)
Property, plant and equipment	2'161	(19'782)	(17'621)
Other non-current assets	-	(10'094)	(10'094)
Non-current financial assets	-	(3'146)	(3'146)
Inventories	466	(2'628)	(2'162)
Trade receivables	1'886	(35)	1'851
Current liabilities	6'160	(3'098)	3'062
Provisions	663	(43)	620
Other non-current liabilities	9'840	(3'158)	6'682
Deferred tax assets/(liabilities) arising on temporary differences	**21'924**	**(219'576)**	**(197'652)**
Tax losses			
Unused tax losses	**21'300**		**21'300**
Offset deferred tax assets and deferred tax liabilities	(18'669)	18'669	**-**
Total deferred tax asset/(liability)	**24'555**	**(200'907)**	**(176'352)**

[30] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

30 September 2018	*Assets € (000's)*	*Liabilities € (000's)*	*Net € (000's) restated[31]*
Temporary differences			
Intangible assets	16'678	(203'844)	(187'166)
Property, plant and equipment	6'281	(16'921)	(10'640)
Other non-current assets	137	(7'898)	(7'761)
Non-current financial assets	1'242	(1'170)	72
Inventories	500	(1'893)	(1'393)
Trade receivables	1'687	(3'335)	(1'648)
Current liabilities	7'327	(5'896)	1'431
Provisions	4'421	(4'332)	89
Other non-current liabilities	4'939	(4'768)	171
Deferred tax assets/(liabilities) arising on temporary differences	**43'212**	**(250'057)**	**(206'845)**
Tax losses			
Unused tax losses	17'734	-	17'734
Offset deferred tax assets and deferred tax liabilities	(36'490)	36'490	-
Total deferred tax asset/(liability)	**24'456**	**(213'567)**	**(189'111)**

27.4. Unrecognised deferred tax assets/liabilities

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

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

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

The unused tax losses carried forward at the reporting date were as follows:

	31 December 2019 € (000's)	*30 September 2018 € (000's)*
One year	35'024	6'814
Two years	64'782	35'034
Three years	76'005	74'233
Four years	217'700	95'510
Five years	117'232	217'700
More than five years	88'763	244'950
Unlimited	484'005	360'281
Total unused tax losses carried forward	**1'083'511**	**1'034'522**

[31] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

28. Other current liabilities

	31 December 2019 € (000's)	30 September 2018 € (000's) restated[32]
Deferred revenue	8'925	8'290
Other payables	46'304	54'510
Accrued expenses	83'670	90'467
Interest payable	21'852	43'470
Tax and social security costs	17'399	22'283
Factoring liabilities	419	1'383
Reverse factoring liabilities	6'696	8'199
Total other current liabilities	**185'265**	**228'602**

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

Selecta Group subsidiaries in Switzerland, UK, Benelux, Switzerland and Sweden sell part of their receivables into a non-recourse receivable factoring program with ABNAMRO Commercial Finance BV. In Norway and Finland, the local subsidiaries have an equally structured program with IKANO Bank AB. Selecta France sells its invoiced receivables mostly on a non-recourse basis to FactoFrance S.A.S. Selecta Spain uses local banks for non-recourse factoring. In accordance with those agreements, the relevant Selecta's subsidiaries assign eligible receivables to the Factor at an agreed market rate in return for funding. The agreement is subject to terms and conditions customary for such transactions. The Group's non-recourse facilities are not capitalized and amount to a total € 51.6 million at 31 December 2019 (€ 39 million at 30 September 2018).

29. Equity

29.1. Share capital, share premium

The Group's share capital consists of 187'003 fully paid ordinary shares (30 September 2018: 187'002) with a nominal value of € 1 per share.

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

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

On 13 September 2019, one new share was 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 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.

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[32] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

29.2. Reserves

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

For 15 months ended 31 December 2019	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total** € (000's)*
Foreign currency translation differences for foreign operations	(67'033)	-	-	**(67'033)**
Re-measurement gain/(loss) on post-employment benefit obligations, net of tax	-	(2'144)	-	**(2'144)**
Effective portion of change in fair value of cash flow hedges, net of tax		-	(158)	**(158)**
Total Other comprehensive income, net of tax	**(67'033)**	**(2'144)**	**(158)**	**(69'335)**

	Attributable to owners of the Company			
For 12 months ended 30 September 2018	*Currency translation reserve € (000's)*	*Retained earnings € (000's)*	*Hedging reserve € (000's)*	***Total** € (000's)*
Foreign currency translation differences for foreign operations	(21'864)	-	-	**(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.

29.3. Acquisition of NCI in Tramezzino by Argenta

In May 2019, Argenta acquired an addition 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 € -404,000.

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

	14 May 2019 € (000's)
Carrying amount of NCI acquired (€ -404k x 49.2%)	(199)
Loss from 1 October 2018 to 30 April 2019 (€ -565k x 49.2 %)	(278)
Consideration paid to NCI in cash	(400)
A decrease in equity attributable to owners of the Company	(877)

30. Financial Risk Management

30.1. Risk management framework

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

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

30.2. Market risk management

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

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

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

In the past the coffee contracts were predominantly denominated in USD and the Group used USD forward contracts to hedge the foreign exchange risk.

As most of the current contracted coffee volumes are in EUR the Group is no longer hedging its USD exposure for new coffee contracts as it considers the hedging-cost as too high to make hedging a commercially attractive measure.

30.3. Credit risk management

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

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

		Carrying amount	
	Note	*31 December 2019 € (000's)*	*30 September 2018 € (000's) restated*
Trade receivables	20	65'866	82'222
Non-current financial assets	18	24'380	8'576
Derivative financial instruments	31	12'583	11'942
Accrued income (excl. uncollected cash in POS and Cash with Accounting Company)	21	35'815	15'232
Cash and cash equivalents	22	64'396	163'834
Total exposure to credit risk		**203'040**	**281'806**

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

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

The Group is not exposed to significant credit risk on its cash and cash equivalents of € 64.4 million at 31 December 2019 (30 September 2018: € 163.8 million) as these are spread over several institutions which are rated AA- to AA++, based on S&P ratings.

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

30.4. Liquidity risk management

Liquidity risk arises when a company encounters difficulties to meet commitments associated with financial instruments. Such risk may result from inadequate market depth or disruption or refinancing problems. This risk is managed by limiting exposures in instruments that may be affected by liquidity problems and by actively matching the funding horizon of debt with incoming cash flows. The Group manages liquidity risk by ensuring adequate reserves are available, and through its banking facilities, in particular the Group's revolving credit facilities. In addition, the Group continuously monitors cash flows to ensure that adequate funds exist to settle its liabilities.

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

Liquidity available through financing facilities

As part of the senior debt refinancing, the senior revolving credit facility was upsized to € 150 million from € 100 million in 2017. The amounts drawn under this facility were € 63.1 million on 31 December 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 EURIBOR plus 3.5%.

Liquidity tables

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

	Carrying amount € (000's)	Less than 3 months € (000's)	3 months to 1 year € (000's)	1-5 years € (000's)	More than 5 years € (000's)	**Total € (000's)**
At 31 December 2019						
Revolving credit facility	63'070	63'171	-		-	63'171
Bank credit facility	13'004	1'479	3'445	8'444	-	13'368
Secured loan notes	1'470'330	37'214	47'293	1'736'292	-	1'820'799
Loans due to parent undertaking	230'879	-	-	397'035	-	397'035
Finance lease liabilities	39'149	-	12'282	24'661	180	37'123
Reverse factoring liability & credit facilities	6'696	5'256	1'440	-	-	6'696
Trade payables	201'402	201'402	-	-	-	201'402
Accrued expenses	83'670	83'670	-	-	-	83'670
Total non-derivative financial liabilities	**2'108'200**	**392'192**	**64'460**	**2'166'432**	**180**	**2'623'264**
Cross currency swaps						
Outflows	13'094	13'157	13'157	424'480	-	450'794
Inflows	(12'583)	(11'868)	(11'868)	(422'461)	-	(446'197)
Total derivative financial liabilities	**511**	**1'289**	**1'289**	**2'019**	**-**	**4'597**

At 30 September 2018 restated[33]	Carrying amount € (000's)	Less than 3 months € (000's)	3 months to 1 year € (000's)	1-5 years € (000's)	More than 5 years € (000's)	**Total € (000's)**
Revolving credit facility	56'325	56'416	-	-	-	56'416
Bank credit facility	13'048	1'742	4'135	7'798	-	13'675
Secured loan notes	1'310'926	42'810	42'027	301'376	1'369'362	1'755'575
Loans due to parent undertaking	328'212	-	-	-	613'428	613'428
Finance lease liabilities	41'105	3'824	11'472	26'903	32	42'231
Reverse factoring liability & credit facilities	8'199	4'577	838	2'784	-	8'199
Trade payables	267'491	267'491	-	-	-	267'491
Accrued expenses	90'467	90'467	-	-	-	90'467
Total non-derivative financial liabilities	**2'115'773**	**467'327**	**58'472**	**338'861**	**1'982'822**	**2'847'482**
Cross currency swaps						
Outflows	3'383	6'451	19'351	447'801	-	473'603
Inflows	(11'942)	(5'934)	(17'801)	(451'470)	-	(475'205)
Total derivative financial liabilities	**(8'559)**	**517**	**1'550**	**(3'669)**	**-**	**(1'602)**

30.5. Capital management

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

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

[33] Restatement due to measurement period adjustments of acquired businesses (Argenta, Tramezzino and Express Vending) as described in note 32.

30.6. Interest rate risk management

Interest rate risk comprises the cash flow risk that results from changes in interest rates. The Group's secured loan notes carry fixed and variable rates (Note 23.2) and notes due to parent undertakings carry fixed rates. As these loans form the significant part of the Group's borrowings the Group's exposure to interest rate risk is relatively limited.

Interest on the Group's revolving credit facility is linked to LIBOR, and no credit facility in foreign currency was outstanding as at 31 December 2019 (GBP 50 million at 30 September 2018)

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

	31 December 2019 € (000's)	*30 September 2018 € (000's)*
Financial assets	-	-
Financial liabilities	(1'338'453)	(1'323'527)
Total fixed-rate instruments	**(1'338'453)**	**(1'323'527)**
Financial assets	55'304	154'677
Financial liabilities	(464'975)	(413'627)
Total variable-rate instruments	**(409'671)**	**(258'950)**

Interest rate risk sensitivity

The sensitivity is based on the Group's total variable rate instruments at 31 December, assuming the amount of the liabilities outstanding and the financial assets held at the end of the reporting period was outstanding for the whole year.

At 31 December 2019, if interest rates had been 100 basis points higher/lower, with all other assumptions held constant and the outstanding liabilities as well as held assets assumed constant for the whole year, profit after taxation would decrease/increase by € 3.1 million (€ 2.9 million respectively in 12 months ended 30 September 2018).

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

30.7. Foreign currency risk management

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

In order to minimise the Group's exposure to foreign exchange risk, the Group entered into cross currency swaps. The cross currency swaps have been terminated on 5 February 2018 due to the refinancing of the Group, resulting in a net positive € 6.8 million cash proceed. On 2 February 2018, the Group entered into new cross currency swaps, in value of € 404 million, with a maturity date of 1 October 2021 (see note 32.3).

Exposure to currency risk

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

31. Financial instruments

31.1. Accounting classifications and fair values

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

	Carrying amount				*Fair value*			
31 December 2019	*Mandatorily at FVTPL - others*	*Financial assets at amortised cost*	*Other financial liabilities*	***Total***	*Level 1*	*Level 2*	*Level 3*	***Total***
	€ (000's)	*€ (000's)*	*€ (000's)*	***€ (000's)***	*€ (000's)*	*€ (000's)*	*(000's*	***€ (000's)***
Financial assets measured at fair value								
Cross currency swaps	**12'583**	**-**	**-**	**12'583**		12'583	-	12'583
	12'583	**-**	**-**	**12'583**				
Financial assets not measured at fair value								
Trade receivables	-	65'866	-	65'866				
Non-current financial assets	-	24'380	-	24'380				
Cash and cash equivalents	-	64'396	-	64'396				
Accrued income	-	49'801	-	49'801				
	-	**204'443**	**-**	**204'443**				
Financial liabilities measured at fair value								
Cross currency swaps	(13'094)	-	-	(13'094)		(13'094)	-	(13'094))
	(13'094)	**-**	**-**	**(13'094)**				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	(63'070)	(63'070)		(63'070)		(63'070)
Bank credit facility	-	-	(13'004)	(13'004)		(13'004)		(13'004)
Secured loan notes	-	-	(1'470'330)	(1'470'330)	(1'506'247)			(1'506'247)
Loans due to parent undertaking	-	-	(230'879)	(230'879)		(282'668)		(282'668)
Finance lease liabilities	-	-	(39'149)	(39'149)		(39'149)	-	(39'149)
Factoring liabilities	-	-	(419)	(419)		(419)	-	(419)
Reverse factoring liability & credit facilities	-	-	(6'696)	(6'696)		(6'696)	-	(6'696)
Trade payables	-	-	(201'402)	(201'402)				
	-	**-**	**(2'024'949)**	**(2'024'949)**				

30 September 2018	Carrying amount Restated 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	-	-	(13'048)	**(13'048)**	-	(13'048)	-	**(13'048)**
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)**				
	-	**-**	(2'026'689)	**(2'026'689)**				

Factoring receivables have reduced since 31 December 2019 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 € 51.8 million at 31 December 2019 (€ 39 million at 30 September 2018) and improve its net working capital as well as cash flow from operating activities.

31.2. Measurement of fair values

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

	Valuation technique	*Significant unobservable inputs*
Other financial liabilities	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

31.3. 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 31 December 2019 was recognized at a value of € -0.5 million (30 September 2018: € 8.5 million), resulting in a loss of € 9 million for the 15 months period ended 31 December 2019.

31 December 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

32. Business combinations

The Group did not have any significant acquisition in 2019.

In 2018 as part of the purchase price allocation conducted according to IFRS 3 – *Business Combinations* after the acquisition of Argenta, Tramezzino 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.

32.1. Several minor acquisitions

The major classes of assets acquired and liabilities assumed at the acquisition date are:

	15 months ended 31 December 2019 € (000's)
Total consideration	26'542
Amounts of assets acquired and liabilities assumed at the date of acquisition:	
Property, plant and equipment	5'991
Other non-current assets acquired	343
Inventories	1'972
Trade receivables	1'971
Cash and cash equivalents	503
Trade payables	(6'030)
Other current liabilities	(1'540)
Other non-current liabilities	(564)
Total identifiable net assets acquired	2'646
Customer contracts	11'132
Deferred tax liability on intangible assets recognized	(1'001)
Preliminary Goodwill allocated	13'765

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

32.2. Acquisition of Argenta

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

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

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

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

The acquisition of Argenta was the result of:

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

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

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

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 € 20'289,000 resulting from fair value adjustments. These primarily include the fair value measurement of intangible assets resulting in a valuation of the trademark of € 26 million, related deferred tax liabilities of € 6'240,000 and other adjustments for € 529,000.

	2 February 2018 € (000's) Reported	*Adjustments*	*2 February 2018 € (000's) Restated*
Total consideration	**223'133**		**223'133**
Split into:			
- *Cash consideration*	*22'724*		*22'724*
- *Non-cash consideration*	*200'409*		*200'409*
Amounts of assets acquired and liabilities assumed at the date of acquisition:			
Property, plant and equipment	66'821		66'821
Other intangibles assets	686		686
Other non-current assets acquired	5'309		5'309
Inventories	12'859		12'859
Trade receivables	6'247		6'247
Other current assets	5'771		5'771
Cash and cash equivalents	4'186		4'186
Borrowings	(204'463)		(204'463)
Other noncurrent liabilities	(1'414)		(1'414)
Trade payables	(49'349)		(49'349)
Finance lease liabilities	(12'470)		(12'470)
Provisions	(384)		(384)
Post-employment benefit obligations	(5'637)		(5'637)
Other current liabilities	(16'533)	529	(16'004)
Total identifiable net assets acquired	**(188'371)**	**529**	**(187'842)**
Consideration in excess of net assets acquired	**411'504**	**(529)**	**410'975**
Customer contracts	77'780	-	77'780
Trademark		26'000	26'000
Deferred tax liability on intangible assets recognized	(18'667)	(6'240)	(24'907)
Goodwill allocated	**352'391**	**(20'289)**	**332'102**

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

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

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

32.3. Acquisition of Tramezzino

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.

	1 March 2018 € (000's) Reported	*Adjustments*	*1 March 2018 € (000's) Restated*
Total investment in Tramezzino	**3'508**	**(15)**	**3'493**
Total identifiable net assets acquired	1'533	(1'104)	429
Non-controlling Interests	753	(542)	211
Goodwill allocated	**2'729**	**546**	**3'275**

The acquisition goodwill was adjusted by a net amount of € 546'000 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. During the reporting period, the Group acquired the non-controlling interests, see note 29.3.

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

	€ (000's)
Total investment	11'150
Total identifiable net assets acquired	(1'176)
Customer contracts	(3'988)
Deferred tax liability on intangible assets recognized	1'181
Goodwill allocated	**7'167**

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

32.4. Acquisition of Express Vending

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

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

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

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

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

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

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 current period 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 15 months period ended 31 December 2019 by a net amount of € 24'981,000 resulting from in a valuation the trademark of € 6'904,000, related deferred tax liabilities of € 1'312,000 and customer contract of € 26'248,000, related deferred tax liabilities of € 4'987,000.

	17 August 2018 € (000's) Reported	*Adjustments*	*17 August 2018 € (000's) Restated*
Total consideration	**69'764**	**(623)**	**69'141**
Amounts of assets acquired and liabilities assumed at the date of acquisition:			
Property, plant and equipment	986	628	1'614
Other non-current assets acquired	848	(241)	607
Inventories	1'966	(789)	1'177
Trade receivables	6'267	(230)	6'037
Cash and cash equivalents	6'432		6'432
Trade payables	(3'522)		(3'522)
Other current liabilities	(4'000)	(1'425)	(5'425)
Other non-current liabilities	-	(440)	(440)
Total identifiable net assets acquired	**8'977**	**(2'497)**	**6'482**
Customer contracts		26'248	26'248
Trademark		6'904	6'904
Deferred tax liability on intangible assets recognized		(6'299)	(6'299)
Goodwill allocated	**60'787**	**(24'981)**	**35'806**

Measurement of fair values:

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

33. Disposals

33.1. Disposal of Selecta Finland

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

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

The results of the transaction are as follows:

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

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

33.2 Disposal of Custompack

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

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

The results of the transaction are as follows:

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

34. 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 15 months period ended 31 December 2019 is € 249.0 million, thereof minimum lease payments € 126.4 million (for the 12 months period 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:

	31 December 2019 € (000's)	*30 September 2018 € (000's)*
Within one year	31'699	26'200
After one year but not more than five years	76'489	54'664
More than five years	49'333	36'629
Total operating lease commitments	**157'521**	**117'493**

€ 33.9 million (30 September 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.

35. Share based payments

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

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

36. Contingent liabilities and contingent assets

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

37. Related parties

37.1. Parent undertaking

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

37.2. Compensation of key management personnel

No remuneration is paid by the Group to any of the Members of the Supervisory Board or the Management Board of Selecta Group B.V. in their capacity as Members of the Supervisory Board or the Management Board of Selecta Group B.V. for the 15 months period ended 31 December 2019 (for the 12 months period ended 30 September 2018: nil). Selecta AG is the main operating entity of the Group. Selecta AG is managed by its board of directors and executive committee.

No remuneration is paid by the Group to any of the Directors of Selecta AG by the Group in their capacity as Members of the Board of Directors for the 15 months period ended 31 December 2019 (for the 12 months period ended 30 September 2018: nil).

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

	15 months ended 31 December 2019 € (000's)	*12 months ended 30 September 2018 € (000's)*
Short term benefits	7'007	7'237

There were no other material transactions or outstanding balances between the Group and its key management personnel or members of their close family for the 15 months period ended 31 December 2019 (for the 12 months period ended 30 September 2018: nil).

37.3. Transactions and balances with related parties

The ultimate controlling parties of the Group are funds and accounts managed or advised by affiliates of KKR & Co. L.P., which is publicly traded on the New York Stock Exchange (NYSE: KKR). The direct parent company of Selecta Group BV is Selecta Group MidCo Sarl. KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds.

During the 15 months period ended at 31 December 2019 and the 12 months period ended 30 September 2018 the Group was charged by KKR Capital Markets Limited as disclosed below for travel expenses in 2019 respective the services regarding the successful refinancing of the Group in February 2018.

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

Related party	*Nature of the transaction*	*Amount of transaction € (000's)*	*Outstanding balance € (000's)*
15 Months ended at 31 December 2019			
KKR Capital Markets Limited	Travel expenses	50	-
12 Months ended at 30 September 2018			
KKR Capital Markets Limited	Fees relating to refinancing of Selecta Group	5'200	-

There were no other material transactions or outstanding balances between the Group and other related parties for the 15 months period ended 31 December 2019 (12 months period ended 30 September 2018: nil).

38. Events after the balance sheet date

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments have taken stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the Group's 31 December 2019 financial statements, the Covid-19 pandemic and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Group cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future.

The Group is monitoring the situation to ensure the safety of its staff as well as to adapt its services and operations. To fund the Group's current general corporate and working capital requirements shareholders have provided an additional € 50 million loan facility.

The term of the facility will be one year from the closing date of the facility agreement. Loans under the Facility bear interest at rates per annum equal to EURIBOR (subject to a zero percent floor) plus a margin of 3.50% per annum.

39. Subsidiaries

The company's subsidiaries at 31 December 2019 and 30 September 2018 were as follows:

Legal Name of Subsidiary	*Place of Incorporation (or registration)*	*Ownership % 31 Dec 2019*	*Ownership % 30 Sept 2018*	*Principal Activities*	*Change*	*New legal name*
Selecta Betriebsverpflegungs GmbH	Austria	100	100	Vending	-	
Ambassador Vending SPRL	Belgium	100	0	Vending	N	
Selecta Belgium N.V.	Belgium	100	100	Vending	-	
Selecta NV	Belgium	100	100	Dormant	-	
Selecta A/S	Denmark	100	100	Vending	-	
Pelican Rouge Coffee Solutions Oy	Finland	100	100	Vending	-	
Pelican Rouge Holding SAS	France	100	100	Holding	-	
Selecta Holding SAS	France	100	100	Holding	-	
Selecta SAS	France	100	100	Vending	-	
Selecta Deutschland GmbH	Germany	100	100	Vending	-	
Selecta Ireland Vending Solutions Ltd	Ireland	100	100	Vending	-	
Selecta Refreshments LTD	Ireland	100	100	Vending	-	
Gruppo Argenta S.P.A.	Italy	100	100	Vending	-	
Pluservice S.R.L.	Italy	0	100	Vending	M	Gruppo Argenta S.P.A.
STOP & GO S.R.L.	Italy	0	100	Vending	M	Gruppo Argenta S.P.A.
Tramezzino ITI' S.R.L.	Italy	0	100	Vending	M	Gruppo Argenta S.P.A.
HGSC 3 S.A.	Luxembourg	100	100	Holding	-	
Selecta Luxembourg SARL	Luxembourg	100	100	Vending	-	
Pelican Rouge B.V.	Netherlands	100	100	Holding	-	
Pelican Rouge Coffee Roasters B.V.	Netherlands	100	100	Vending	-	
Pelican Rouge Group B.V.	Netherlands	100	100	Holding	-	
Selecta AF B.V.	Netherlands	100	100	SPE	-	
Selecta Financing B.V.	Netherlands	100	100	Holding	-	
Selecta Netherlands B.V.	Netherlands	100	100	Vending	-	
Selecta Norway AS	Norway	100	100	Vending	-	
AB Servicios Selecta Espana SLU	Spain	100	100	Vending	-	
Acorn Spain 1 SLU	Spain	100	100	Holding	-	
Nordis Social Coffee SLU	Spain	100	100	Vending	-	
Servecave SLU	Spain	100	100	Holding	-	
Selecta AB	Sweden	100	100	Vending	-	
Selecta Nordic Holding AB	Sweden	100	100	Holding	-	
Selecta AG	Switzerland	100	100	Vending	-	
Selecta TMP AG	Switzerland	100	100	Holding	-	
Allen Vending Services Limited	United Kingdom	100	0	Vending	N	
Express Vending Group Limited	United Kingdom	100	100	Vending	-	
Express Vending Limited	United Kingdom	100	100	Vending	-	
GEM Vending Limited	United Kingdom	100	0	Vending	-	
Select Drinks Limited	United Kingdom	100	0	Vending	N	
Selecta Holding Limited	United Kingdom	100	100	Holding	-	
Selecta Refreshments LTD	United Kingdom	100	100	Vending	-	
Selecta U.K. Limited	United Kingdom	100	100	Vending	-	
Selecta UK Holding Ltd	United Kingdom	100	100	Holding	-	

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

The following wholly owned subsidiaries of the Company are covered by a guarantee provided by Selecta Group BV and are consequently entitled to an exemption under s479A from the requirement of the Act relating to the audit of individual accounts. Under this guarantee, the Group will guarantee all outstanding liabilities of these entities. No liability is expected to arise under the guarantee. The entities covered by this guarantee are disclosed below.

- Selecta UK Limited
- Selecta UK Holding Ltd
- Selecta Refreshments Ltd

40. Approval of the consolidated financial statements

The consolidated financial statements for the for the 15 months period ended 31 December 2019 have been authorised by the Board of Directors on 24 April 2020.

Amsterdam, 24 April 2020

David Hamill
President of the Supervisory Board

Markus Hunold
Member of the Supervisory Board

Andreas Schneiter
Member of the Board of Directors

Ruud Gabriels
Member of the Board of Directors

Irene Henry
Member of the Board of Directors

Selecta Group B.V., Amsterdam

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

2018/2019

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

Selecta Group B.V., Amsterdam

Opinion

We have audited the consolidated financial statements of Selecta Group B.V. and its subsidiaries (the group), which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 15 months period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the 15 months period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other Matter

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

Responsibility of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG AG

Reto Benz	Andreas Stadelmann
Licensed Audit Expert	*Licensed Audit Expert*
Auditor in Charge	

Zurich, 24 April 2020

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

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

Risks Related to Our Business

The impact of the COVID-19 outbreak is uncertain and its effect on employees spending time at work and on travel hubs such as airports and train stations will continue to impact our business, financial condition and results of operations.

In late 2019, a novel strain of coronavirus, COVID-19, was first detected in Wuhan, China. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and governmental authorities around the world have implemented measures to reduce the spread of COVID-19, including mandatory business closures. These measures have adversely affected workforces, consumer sentiment, economies, and financial markets, and, along with decreased consumer spending, have led to an economic downturn in many of our markets. The effectiveness of economic stabilization efforts, including proposed government payments to affected citizens and industries, is uncertain.

Demand for snacks, hot and cold beverages and in-between meals correlates with consumer confidence and employment levels. Our business may be negatively impacted by the adverse changes in the perceived or actual economic climate, including higher unemployment rates, reduced travel, international tourism, declines in income levels and loss of personal wealth resulting from the impact of COVID-19. The current outbreak and continued spread of COVID-19 could cause a global recession, which would have a further adverse impact on our financial condition and operations. We cannot predict the degree to, or the time period over, which our sales and operations will be affected by this outbreak, and the effects could be material.

In addition, our main source of revenue directly correlates with employees spending time at work and footfall in travel hubs such as airports and train stations, and countrywide lock-downs implemented in most European markets in which we operate have materially impacted our revenues since the beginning of March. These impacts include but are not limited to:

- temporary closure of businesses in which we operate vending machines due to reduced workforces or government measures;
- failure of third parties on which we rely, including our suppliers, contract manufacturers, contractors, commercial banks, joint venture partners and external business partners to meet their obligations to us, or significant disruptions in their ability to do so which may be caused by their own financial or operational difficulties and may adversely impact our operations;
- supply chain risks such as scrutiny or embargoing of goods produced in infected areas;
- reduced workforces which may be caused by, but not limited to, the temporary inability of employees to work due to illness, quarantine, or government mandates;
- reduced consumer traffic and purchasing which may be caused by, but not limited to, the temporary inability of consumers to travel or commute to work due to illness, quarantine or other travel restrictions, or financial hardship; and
- reduction in consumers' discretionary spending.

Any of the foregoing factors, or other cascading effects of the COVID-19 pandemic that are not currently foreseeable, could materially increase our costs, negatively impact our sales and damage our financial condition, results of operations, cash flows and its liquidity position, possibly to a significant degree.

The effect of the global COVID-19 pandemic on our business will ultimately depend on a number of factors, including, but not limited to, the duration and severity of the outbreak and the length of time it takes for normal demand and pricing to return and for normal economic and operating conditions to resume. There are no comparable recent events that provide us with guidance, and so we cannot currently estimate this with any certainty nor can we provide any assurance that COVID-19 will not continue to have a material adverse effect on our business, financial condition and results of operations. To the extent COVID-19 continues to adversely affect our business, operations, financial condition and operating results, it may also have the effect of heightening other risks related to our business, such as those relating to our high level of indebtedness, our need to generate sufficient cash flows to service our indebtedness, and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

For a description of other risk factors related to our business and our capital structure, please refer to the section entitled "Risk Factors" in the Offering Memorandum and to the financial statements included in this Report.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

For a description of our main financing arrangements, including our Revolving Credit Facility Agreement and Intercreditor Agreement, please refer to the section entitled "Description of Other Indebtedness" in the Offering Memorandum and to the financial statements included in this Report.

Management

The Issuer is a private limited liability company (*Besloten Vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands. The Issuer has a two-tier board structure consisting of a management board (*raad van bestuur*) and a supervisory board (*raad van commissarissen*). The management board is the executive body and is responsible for the day-to-day management of the Issuer. The supervisory board supervises and advises the management board.

Supervisory Board

The table below lists the members of the Issuer's supervisory board as of the date of this Report:

Name	Age	Position
Markus Hunold	36	Member
David Hamill	62	Member

Markus Hunold. Mr. Hunold joined the supervisory board of the Issuer on December 11, 2015, and was appointed Vice President on that date. Mr. Hunold is a director of KKR having joined in 2013. Prior to joining KKR, Mr. Hunold was a member of the principal investment area of Goldman, Sachs & Co., where he invested across industries in private equity and principal debt transactions. Mr. Hunold started his career in finance at Citigroup in the Mergers & Acquisitions group. He holds a M.Sc. from the European Business School Oestrich-Winkel (Germany) and the University of Hong Kong.

David Hamill. Mr. Hamill joined the supervisory board of the Issuer on September 27, 2017. Prior to joining Selecta, Mr. Hamill served as chairman and CEO of Ideal Standard, ICI Paints, and Philips Lighting. Mr. Hamill has broad experience in international business and has held senior management roles in Europe and Asia, where he has gained considerable commercial, marketing and finance experience while working with large retail groups. He graduated from Strathclyde University (Scotland) with an Honors Degree in Production Engineering and Management.

Management Board

The table below lists the members of the Issuer's management board as of the date of this Report:

Name	Age	Position
David Flochel	46	Member
Andreas Schneiter	49	Member
Ruud Gabriels	59	Member
Irene Henry	56	Member

David Flochel. Mr. Flochel joined the Group as CEO in July 2016. Prior to joining the Group, he served as the President of Mars Drinks North America, LLC, a Mars Incorporated company. During his time at Mars from 2008 to 2016, David Flochel led organizations as General Manager and held senior leadership roles in France, Germany, the UK, and North America. He has 18 years of experience in Sales, Marketing and General Management, mostly in Fast Moving Consumer Goods markets, especially "Out-of-Home," across several geographies from various companies such as Unilever, AB Inbev, and L'Oréal. Mr. Flochel graduated from AUDENCIA Business School and University of Cincinnati.

Andreas Schneiter. Mr. Schneiter joined the Group as CFO in January 2020. Prior to joining the Group, Mr. Schneiter worked as UBS and, prior to that, at Credit Suisse. His 12 years in banking encompassed Retail Banking, Investment Advisory and Mergers & Acquisitions. Mr. Schneiter graduated from Berne School of Economics and Administration, with a Master of Business Administration.

Ruud Gabriels. Mr. Gabriels joined the management board of the Issuer on December 11, 2015. Mr. Gabriels is currently managing director and Chairman of the Board of Avega, a corporate service provider in the Netherlands. He has held various positions in the financial sector in the Netherlands as well as in Belgium including the position of Operational Director for two different financial institutions and Financial Director of a bank. As Operational Director and Financial Director he was also a

member of the board of directors of those financial institutions. Mr. Gabriels has a Bachelor's degree in accountancy.

Irene Henry. Ms. Henry joined the management board of the Issuer on September 30, 2019. Ms. Henry is currently a legal counsel of Avega, a corporate service provider in the Netherlands. Prior to joining Avega, Ms. Henry worked for several years in the legal team at Intertrust Group in the Netherlands. Ms. Henry graduated from Vrije Universiteit (Amsterdam) with a Master of Laws.

Compensation of Supervisory Board and Management Board of the Issuer

No remuneration is paid to the members of the supervisory board of the Issuer in such capacity, except that a portion of the total remuneration of Mr. Hamill is paid pursuant to an advisory agreement that includes Mr. Hamill's role on the supervisory board.

Committees of the Management Board

For the purpose of considering certain matters related to personnel and other specific matters, the board of directors has established a human resources committee and an audit committee. The board of directors may, in its discretion, establish other committees, including ad-hoc committees, to perform special tasks. The human resources committee primarily advises the board of directors on compensation, bonus and pension matters for the members of the board of directors and the executive committee. The audit committee primarily advises the board of directors on matters such as auditor independence, auditor instructions, the scope of audits and fees of the auditor as well as communication with lenders.

Shareholders

The Issuer is a private limited liability company (*Besloten Vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands. The Issuer is registered with the trade register of the Dutch Chambers of Commerce (*Handelsregister van de Kamer van Koophandel*) under the number 34256233. The Issuer's registered business address is Overschiestraat 61-5 HG, 1062 XD Amsterdam, the Netherlands. As of the date of this Report, Selecta Group AG, a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Switzerland, holds the entire share capital of the Issuer. The entire share capital of Selecta Group AG, the direct parent of the Issuer, is held by Selecta Group MidCo S.à r.l., a limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg. For additional information on the shareholding structure of the Group, please refer to the section entitled "*Principal Shareholders*" in the Offering Memorandum and to the financial statements included in this Report.

Related Party Transactions

For a description of certain related party transactions applicable to the Group for the year ended December 31, 2019, please refer to the section entitled "*Certain Relationships and Related Party Transactions*" in the Offering Memorandum and to the financial statements included in this Report.

FORWARD-LOOKING STATEMENTS

Certain statements included herein are not historical facts and are "forward-looking" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. This Report contains certain forward-looking statements in various sections, including, without limitation, under the headings "*Risk Factors*" and in other sections where this Report includes statements about our intentions, beliefs or current expectations regarding our future financial results, plans, liquidity, prospects, growth, strategy and profitability, as well as the general economic conditions of the industry and countries in which we operate. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future sales or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and the economic, political and legal environment in which we operate and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks, assumptions and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should not place undue reliance on these forward-looking statements or projections. These risks, assumptions, uncertainties and other factors include, among other things, those listed under "*Risk Factors*", as well as those included elsewhere in this document. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they were made, you should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. You should carefully consider these factors and other uncertainties and events, especially in light of the regulatory, political, economic, social and legal environments in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

CERTAIN DEFINITIONS

As used in this Report:

- **“Group”**, **“us”, “we”**, **“our”, “Selecta”** refers to Selecta Group B.V. and its subsidiaries, unless as indicated or the context requires otherwise;
- **“IFRS”** refers to International Financial Reporting Standards as adopted by the International Accounting Standards Board;
- **“Indenture”** refers to the indenture dated as of February 2, 2018, among, *inter alios*, the Issuer, the Trustee and the Security Agent, as amended and supplemented from time to time;
- **“Intercreditor Agreement”** refers to the intercreditor agreement dated as of January 31, 2018, among, *inter alios*, the Issuer, the Trustee, the Security Agent, the lenders and agent under the Revolving Credit Facility and certain counterparties under hedging obligations, if any, as amended and supplemented from time to time;
- **“Issuer”** means Selecta Group B.V., a private limited liability company incorporated under the laws of the Netherlands;
- **“Offering Memorandum”** means the offering memorandum dated as of October 16, 2019, with respect to the issuance of € 100 million additional 5.875% senior secured notes due 2024 and € 50 million additional senior secured floating rate notes due 2024 by the Issuer;
- **“Notes”** refers to the € 865 million 5.875% senior secured notes due 2024, the € 375 million senior secured floating rate notes due 2024, and the CHF 250 million 5.875% senior secured notes due 2024 issued under the Indenture;
- **“Revolving Credit Facility”** refers to the revolving credit facility in an aggregate principal amount of € 150 million;
- **“Revolving Credit Facility Agreement”** refers to the revolving credit facility agreement dated as of January 15, 2018, among, *inter alios*, the Issuer as an original borrower and the Lenders (as defined therein), as amended and supplemented from time to time;
- **“Security Agent”** refers to U.S. Bank Trustees Limited; and
- **“Trustee”** refers to U.S. Bank Trustees Limited.