Cham, Switzerland, January 15, 2018. Selecta Group B.V., a private limited liability company organized under the laws of the Netherlands (the "Issuer"), announced today that it intends to offer an aggregate principal amount of €1,300.0 million (euro-equivalent) senior secured notes due 2024 (the "Notes"). In connection with the offering of the Notes, the Issuer disclosed certain information and unaudited *pro forma* condensed combined financial information as of and for the year ended September 30, 2017, to prospective holders of the Notes. A copy of such information is hereby disclosed to the holders of the Issuer's €350.0 million 6.5% Senior Secured Notes due 2020 and CHF 245.0 million 6.5% Senior Secured Notes due 2020, (collectively, the "Existing Notes") and is attached hereto as Exhibit A.

The Notes are only being offered to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act, and, if an investor is a resident of a member state of the European Economic Area (the "EEA"), only to such an investor that is a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC, together with any amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state (the "Prospectus Directive")).

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This document is not an offer of securities for sale in the United States. The Notes may not be sold in the United States unless they are registered under the Securities Act or are exempt from registration. The offering of Notes described in this announcement and any related guarantees has not been and will not be registered under the Securities Act, and accordingly any offer or sale of Notes and such guarantees may be made only in a transaction exempt from the registration requirements of the Securities Act.

It may be unlawful to distribute this document in certain jurisdictions. This document is not for distribution in Canada, Japan or Australia. The information in this document does not constitute an offer of securities for sale in Canada, Japan or Australia.

Promotion of the Senior Secured Notes in the United Kingdom is restricted by the Financial Services and Markets Act 2000 (the "FSMA"), and accordingly, the Senior Secured Notes are not being promoted to the general public in the United Kingdom. This announcement is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the FSMA in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This announcement is directed only at relevant persons and must not be acted on or relied on by anyone who is not a relevant person.

In addition, if and to the extent that this announcement is communicated in, or the offer of securities to which it relates is made in, any EEA member state that has implemented the Prospectus Directive, this announcement and the offering of any securities described herein are only addressed to and directed at persons in that member state who are "qualified investors" within the meaning of the Prospectus Directive or in any other circumstances falling within Article 3(2) of the Prospectus Directive (or who are other persons to whom the offer may lawfully be addressed) and must not be acted on or relied on by other persons in that member state. The offer and sale of the Senior Secured Notes will be made pursuant to an exception under the Prospectus Directive, as implemented in the EEA member states, from the requirement to produce a prospectus for offers of securities. This announcement does not constitute a prospectus within the meaning of the Prospectus Directive or an offer to the public.

Neither the content of any website of the Issuer or any of its subsidiaries (collectively, the "Group") nor any website accessible by hyperlinks on the Group's website is incorporated in, or forms part of, this announcement. The distribution of this announcement into certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This announcement constitutes a public disclosure of inside information by the Issuer under Regulation (EU) 596/2014 (16 April 2014).

No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.

This announcement may include projections and other "forward-looking" statements within the meaning of applicable securities laws. Forward-looking statements are based on current expectations and involve a number of known and unknown risks, uncertainties and other factors that could cause the Group's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of *activity, performance or achievements expressed or implied by such forward-looking statements. You should not place undue reliance on forward-looking statements and the Group does not undertake publicly to update or revise any forward-looking statement that may be made herein, whether as a result of new information, future events or otherwise.*

Exhibit A

CERTAIN DEFINITIONS

The following terms used in this announcement have the meanings assigned to them below:

"**Argenta**"..	Gruppo Argenta S.p.A., a joint stock company organized and existing under the laws of Italy.
"**Argenta Acquisition**"	The acquisition by TopCo of HGSC 3 S.A., the indirect owner of Argenta, from Excelsa S.A., an investment vehicle controlled by Motion Equity Partners (the "Seller").
"**Argenta Acquisition Agreement**"....................	The share transfer agreement dated as of September 29, 2017, between Excelsa S.A. and TopCo relating to the Argenta Acquisition.
"**Argenta Group**"..	Argenta and its subsidiaries.
"**CAGR**"	Compound annual growth rate.
"**Combined Group**"...	The Group, after giving effect to the acquisition of the Argenta Group.
"**Core Vending Market**"	The vending market in which the Combined Group operates and which can be categorized into two main segments, "workplace" (includes private vending and OCS) and "on-the-go" (includes public and semi-public vending).
"**EU**"	European Union.
"**Existing Argenta Senior Facilities Agreement"**	The senior facilities agreement dated January 28, 2008 (as amended and restated from time to time), among, *inter alios*, Argenta, as original borrower, and Unicredit Bank AG Milan Branch and Mediobanca—Banca di Credito Finanziario S.p.A., as mandated lead arrangers, which is expected to be repaid in full on or around the Issue Date with a portion of the proceeds of the Offering.
"**Existing Revolving Credit Facility**"	The facility made available under a super senior revolving facility agreement dated June 12, 2014 (as amended from time to time), among, *inter alios*, the Issuer, BNP Paribas Fortis SA/NV and Goldman Sachs International, as mandated lead arrangers, and BNP Paribas, as agent, which is expected to be repaid in full on or around the Issue Date pursuant to the Refinancing.
"**Existing Senior Facility Agreement**"	The senior facility agreement governing the Existing Senior Term Loan dated September 7, 2017, among, *inter alios*, the Issuer, TMF Global Services (UK) Limited, as agent and Deutsche Bank AG, London Branch, as security agent.
"**Existing Senior Term Loan**"	The €374.8 million term loan available under the Existing Senior Facility Agreement, which is expected to be repaid in full on or around the Issue Date pursuant to the Refinancing.
"**GAAP**"	Generally accepted accounting principles.
"**Group**," "**we**," "**us**," "**our**" and "**Selecta**"	Except where the context otherwise requires, the Issuer and its consolidated subsidiaries
"**IFRS**"...	With respect to the Issuer, references to IFRS are to the International Financial Reporting Standards issued by the International Accounting Standards Board.

With respect to Pelican Rouge and Argenta, references to IFRS are to the International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the EU.

"**Indenture**"	The indenture governing the Notes to be dated on the Issue Date by and among, *inter alios*, the Issuer, the Trustee and the Security Agent.
"**Issue Date**"	The date on which the Notes will be delivered in book-entry form through a common depositary for Euroclear and Clearstream.
"**IVS**"	International Vending Services Ltd.
"**KKR Sponsor**"	Certain clients, funds and accounts managed or advised by KKR Credit Advisors (US) LLC or its affiliates.
"**New Revolving Credit Facility**"	The €150.0 million (equivalent) revolving credit facility to be made available under the New Revolving Credit Facility Agreement.
"**New Revolving Credit Facility Agreement**"	The revolving credit facility agreement to be dated on around the Issue Date among, *inter alios*, the Issuer as an original borrower and the Lenders (as defined therein).
"**OCS**"	Office coffee services.
"**Offering**"	The offering of the Notes.
"**Pelican Rouge**"	Pelican Rouge B.V., a private limited liability company incorporated under the laws of the Netherlands.
"**Pelican Rouge Acquisition**"	The acquisition of the Pelican Rouge Group by Selecta AG on September 7, 2017, pursuant to a sale and purchase agreement dated as of May 10, 2017, among Staunton Luxco S.C.A. as the seller, Selecta AG as the purchaser and Pelican Rouge.
"**Pelican Rouge Group**"	Pelican Rouge and its subsidiaries.
"**Refinancing**"	Collectively, (i) the redemption of all of (a) the €350.0 million in aggregate principal amount of the Issuer's 6.5% Senior Secured Notes due 2020 and (b) the CHF 245.0 million in aggregate principal amount of the Issuer's 6.5% Senior Secured Notes due 2020; (ii) the repayment of all amounts outstanding under the existing €374.8 million senior term loan of the Issuer; (iii) the repayment of all amounts outstanding under the existing revolving credit facility of the Issuer; (iv) in connection with the Argenta Acquisition, the refinancing of certain of Argenta's existing third-party indebtedness and shareholder loans; (v) the repayment of certain shareholder loans of the Issuer, the proceeds of which will ultimately be used to repay certain interests owed to a minority investor who will exit in connection with such repayment; (vi) the funding of excess cash on balance sheet for general corporate purposes; and (vii) the payment of estimated fees and expenses in connection with the the issuance of the Notes.
"**Securities Act**"	The U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.
"**Security Agent**"	U.S. Bank Trustees Limited, in its capacity as security agent for the secured creditors, including from the Issue Date, the holders of the Notes, the Trustee and the lenders under the

	New Revolving Credit Facility.
"**SEK**"	The lawful currency of Sweden.
"**TopCo**"	Trinity Topco S.C.A.
"**Transactions**"	Collectively the Argenta Acquisition and the Refinancing.
"**Trustee**"	U.S. Bank Trustees Limited, in its capacity as trustee under the Indenture.
"**U.S. Dollars,**" "**dollars**," "**U.S.$**" or "**$**"	The lawful currency of the United States.
"**United States**" or "**U.S.**"	The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

Overview

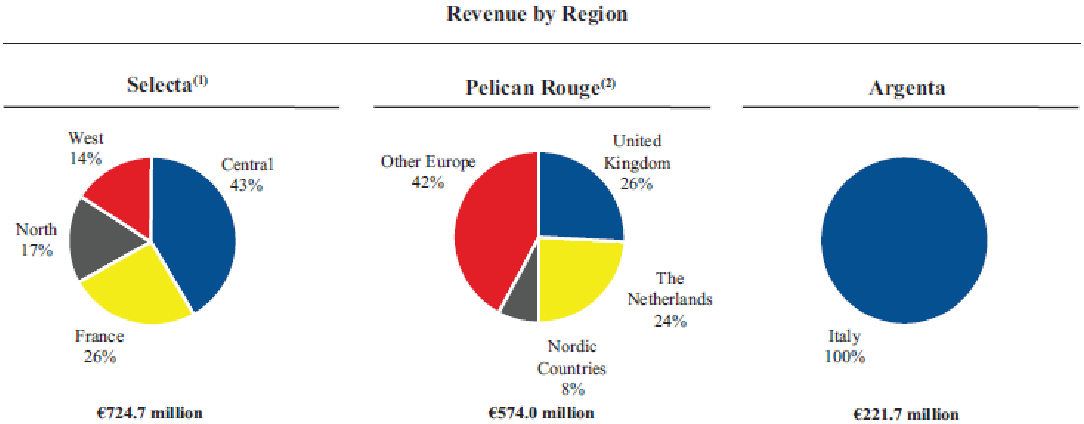
The Combined Group is the leading unattended self-service coffee and convenience food provider in Europe by revenue, with operations in 16 countries across Europe and leading market shares in its key markets of France, Sweden, Switzerland, Italy and the United Kingdom. As of September 30, 2017, the Combined Group operated a network of approximately 475,000 active coffee, convenience food and beverage vending machines on behalf of a broad and diverse range of over 250,000 clients, serving over ten million consumers each day. The *pro forma* revenue of the Combined Group for the year ended September 30, 2017, is approximately four times that of the second largest market player, IVS, which currently operates in only four markets.

On September 7, 2017, we completed the acquisition of the Pelican Rouge Group, which increased our presence in nine of the 15 existing Selecta markets and made us the market leader by revenue in France, Spain, the United Kingdom and Belgium. In connection with the Pelican Rouge Acquisition, we gained the capability to roast and produce our own blends of coffee using Pelican Rouge's extensive experience in the industry. We believe that following the Pelican Rouge Acquisition, the Combined Group is well-placed to serve its existing clients with a more diversified product offering, increased density of operations and implementation of more cost-effective sourcing and procurement, as well as benefiting from Pelican Rouge's coffee roasting capability. Our management is focused on successfully harmonizing Selecta's procedures and key performance metrics with those of Pelican Rouge, in order to maximize cost synergies from the Pelican Rouge Acquisition.

On September 29, 2017, TopCo entered into the Argenta Acquisition Agreement to acquire the Argenta Group, a leading vending machine operator in Italy. The Argenta Acquisition will make us a market leader in Italy, a new geographic market for Selecta. The Argenta Group's compelling market offering, efficient operational set-up and sophisticated IT infrastructure have contributed to its current success in terms of market share in Italy. Increased scale resulting from the Argenta Acquisition is expected to also improve capital expenditure efficiency by way of intra-group machine park harmonization as well as access to Argenta's best-in-class refurbishment operations and know-how. We currently expect the Argenta Acquisition to close on or about the Issue Date. Furthermore, we expect the Pelican Rouge Acquisition and the Argenta Acquisition to lead to annualized estimated run-rate cost synergies of approximately €45.0 million and €7.5 million, respectively, totaling approximately €52.5 million in estimated run-rate cost synergies. After giving effect to these acquisitions and achievement of the related cost synergies, for the year ended September 30, 2017, the Combined Group would have generated *pro forma* revenue of €1,523.9 million and Combined *Pro Forma* Run-Rate EBITDA of €293.8 million. See "*Summary Consolidated Financial and Other Information—Pro Forma Consolidated Combined Group Financial Information for the Year Ended September 30, 2017*."

We operate in the €52.9 billion convenience food and beverage market in the European Union (our "Addressable Market"), of which approximately €33.9 billion arises in our focus countries of France, Italy, Sweden, Switzerland, the Netherlands and the United Kingdom (the "Focus Countries"). Within the Addressable Market, the Combined Group focuses on the vending market (our "Core Vending Market") which has a market size of approximately €15 billion in the European Union, of which approximately €8.5 billion arises in the Focus Countries. Our Core Vending Market can be categorized into two segments – "workplace" and "on-the-go." The workplace segment consists of private vending services, which are vending machines placed and serviced in various private locations, such as corporate offices, and Office Coffee Services ("OCS"), which comprises table-top coffee machines rented out to corporate clients for office use and often include the provision of technical services. The on-the-go segment consists of coffee, convenience food and beverage vending machines placed and serviced in semi-public areas, such as public schools or hospitals and entertainment venues, or public areas, such as train stations, airports, and gas stations. Through the continued development and expansion of new concepts, such as micro markets, the Combined Group intends to further expand into the broader Addressable Market.

The following charts set out revenue as a percentage of each region for Selecta, Pelican Rouge and Argenta for the twelve months ended September 30, 2017:

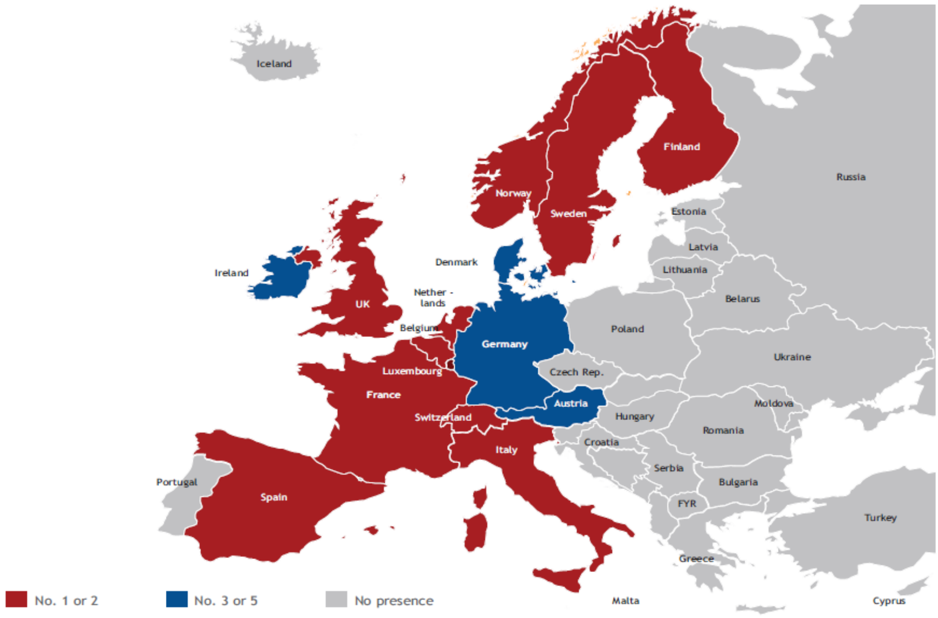


(1) Reflects Constant Scope Revenue by region, excluding Pelican Rouge revenue for the 24-day period from the closing of the Pelican Rouge Acquisition through September 30, 2017. See "*Summary Selected Consolidated Pro Forma and Historical Financial and Other Information—Summary Segment Income Statement Information of the Issuer*." *Central* includes operating entities in Switzerland, Germany, Spain and Austria; *West* includes operating entities in the UK, Ireland, the Netherlands and Belgium; *North* includes operating entities in Sweden, Finland, Denmark and Norway; and *France* includes operating entities in France.

(2) *The Netherlands* includes operating entities in the Netherlands; *United Kingdom* includes operating entities in the UK and Ireland; *Other Europe* includes operating entities in Belgium, France, and Spain; and *Nordic Countries* includes operating entities in Finland and Norway. For a reconciliation, see "*Summary Selected Consolidated Pro Forma and Historical Financial and Other Information—Summary Segment Information of Pelican Rouge*."

The Combined Group's business model covers the full value chain in the Core Vending Market of the self-service coffee and convenience food market, from coffee roasting to managing vending machines. We purchase vending machines for our clients, install them at their premises and manage the sourcing and stocking of the food and beverage products on behalf of our clients. We leverage our technology capabilities and data collection from machines to improve consumer experience and client satisfaction. We also provide cleaning, maintenance, and technical support services, which can be customized based on individual client preferences. We roast and produce both instant and full bean coffee, which we use for our own machines and clients and sell to third parties. In addition to our self-service and coffee roasting operations, we also sell coffee and vending machines, including machines for hotels, restaurants and cafés (or "HoReCa"), and vending machine parts and products independent of vending service arrangements.

The following map provides information about the countries in which we operate and our estimated market positions based on *pro forma* revenue of the Combined Group for the year ended September 30, 2017, after giving effect to the Transactions.



Source: OC&C Report, management estimates

Our Competitive Strengths

We believe the Combined Group benefits from the key competitive strengths listed below. Unless the context otherwise requires, references to "we," "our," or "us" in this "*Our Competitive Strengths*" section are to the Combined Group.

Market Leader with Comprehensive Service Portfolio and Diversified Longstanding Client Base

We are the leading self-service coffee and convenience food provider in the Core Vending Market in Europe with an estimated 10% market share by revenue in 2017, which is approximately four times that of IVS, the second largest market player. We have operations in 16 European countries, which cover 90% of EEA GDP and contain 76% of the continent's population. We estimate that we hold a number one or number two market position based on revenue in ten of these countries, representing 90% of our sales for the year ended September 30, 2017. Across the countries in which we operate, we offer a wide range of products and services spanning workplace, on-the-go and coffee roasting, as well as trade machines, trade ingredients, technical services and rental services. The breadth of our product portfolio enables us to meet consumers' needs across market segments and address evolving market trends. We have also entered into partnerships with global brands such as Starbucks, illy, and Lavazza, developed new concepts such as Starbucks on-the-go and micro markets, and introduced new offerings to address changing consumer demands, such as healthy snacks.

We serve approximately 250,000 public, semi-public and private clients, including companies and office environments, hospitals and universities, hotels, restaurants and cafes, as well as airports, train and subway stations. We operate a network of approximately 475,000 active coffee, convenience food and beverage vending machines, and we have approximately 10,000 full-time equivalent employees. We provide a one-stop shop offering to our clients, ranging from the supply of coffee, cold drinks and snacks, vending and coffee machine installation and replacement, cleaning and refill, to the maintenance and repair of vending and coffee machines. Selecta's ability to cater to its clients and offer them a high level of service along with a comprehensive product range has led to an average overall client retention based on revenue of approximately 95%, 95% and 94% for each of the years ended September 30, 2015, 2016 and 2017, respectively (excluding Pelican Rouge). In addition, Argenta benefits from a high average public vending client retention rate based on revenue, of approximately 95%, 95% and 97% for each of the years ended September 30, 2015, 2016 and 2017, respectively. We believe Pelican Rouge has also experienced improved retention over the same period. We offer our products and services to a very large and diversified client base and, for the year ended September 30, 2017, the Combined Group's ten largest clients in terms of sales amounted to approximately 10% of the *pro forma* revenue of the Combined Group for that period. We believe that our client relationship management contributes to customer loyalty and Selecta has an average relationship of over ten years with its ten largest clients.

Our unique concepts differentiate us from our competitors and enable us to secure attractive and comprehensive contracts. For example, through Selecta's recent Lavazza partnership we offer our clients and consumers additional options for a premium coffee experience. After nine months of roll-out, we have over 7,000 upgraded machines selling Lavazza coffee as of September 30, 2017, and we estimate that we will have upgraded approximately 20,000 machines by 2020. In addition, through our long standing partnership with Starbucks, we are able to offer our consumers a premium hot drinks experience, both in the workplace and on-the-go. This successful concept has enabled us to install approximately 1,500 Starbucks vending machines across Europe over the past four years. We believe our comprehensive portfolio, coupled with our focus on current market trends and consumer preferences, positions us well to up-sell and cross-sell our product offerings across our portfolio of clients.

Attractive Market Benefitting from Favorable Growth Trends and Opportunities

We believe our Addressable Market has grown at approximately 2% per year between the years ended September 30, 2012, to September 30, 2016, reaching a total value of approximately €33.9 billion in the Focus Countries, while our Core Vending Market has remained stable over the same period. These trends have been driven by a positive macro-economic backdrop as seen in the increase in GDP per capita, driving an increase in discretionary spending, including spend on vending products, and stable employment levels, all of which have led to increased spending in the workplace and on-the-go segments. In addition, we believe that an increasing preference for coffee drinking, increased mobility, and the desire for easy availability of quality products is driving consumers toward on-the-go vending services. Consumers' increasing preference for premium products, especially coffee, as well as growing health consciousness with respect to cold drinks and snacks, have led to an increase in the average price of the products sold in vending machines. For example, the price of a coffee sold in our Starbucks on-the-go concept is between 20% to 90% higher than a coffee sold in traditional vending machines, and such premiumization trends support our profitability.

The introduction of innovative solutions such as cashless payment and touchscreen technologies are further driving the use of vending machines among consumers, with telemetry ensuring, among other benefits, shorter refilling time and reduced stock unavailability. As of September 30, 2017, Selecta had approximately 13,600 cashless devices installed compared to approximately 6,600 as of September 30, 2016, and approximately 14,600 telemetry devices as of September 30, 2017, compared to approximately 4,300 as of September 30, 2016 (excluding Pelican Rouge). We believe the growth of innovative self-service formats in the industry, such as the growth of micro markets by approximately 80% in terms of points of sale in the United States between 2011 and 2016, promotes our ability to expand into adjacent markets. For example, the Argenta Group has entered into an exclusive partnership agreement with 365 Retail, a fast-growing micro market leader in the United States, to develop micro markets in Italy, and Argenta opened its first micro market in 2017. See "*Argenta's Business— Business—Micro Markets*." In addition, we believe that our scale in this fragmented European vending market positions us to increase our number of vending machines in our Core Vending Market, while also positioning us to benefit from continued market consolidation.

High Visibility of Revenues Driven by Stability of Consumption Trends, Length of Client Contracts and Ability to Monetize Unique Sale Locations

Our high revenue visibility is primarily due to the predictable nature of our business and the length of our client contracts. As of September 30, 2017, we estimate Selecta's average private client contract term is three to five years, whereas we estimate the average public client contract term is five to ten years. Moreover, the maintenance and cleaning services we offer as part of our vending services provide us with an additional source of high margin revenues. We incur capital expenditures in connection with every new client relating to the installation of vending machines and certain client acquisition costs. However, following the undertaking of our investment analysis prior to installing a vending machine at a client's site, and subject to ongoing management of such vending machine, we expect to receive a predictable revenue stream over the length of a contract. We usually recoup our initial capital expenditures and acquisition costs within the first two years of the contract. In addition, we usually increase the return on our initial investments when a contract with an existing client is renewed, as it does not always require installation of new vending machines.

Due to the low day-to-day operational costs and 24/7 consumer access, we are able to monetize otherwise negligible footfall near our vending machines at certain locations that are not usually viable for other food and beverage distribution formats. Our business scale, understanding of local markets, and comprehensive suite of products and services combined with our long track record in the markets in which we operate allow us to offer customized offerings across Selecta's highly visible network of over 13,600 public vending machines (excluding Pelican Rouge).

Attractive Financial Profile with Operational Initiatives Supporting Positive Financial Growth

Selecta's and Argenta's businesses have a track record of delivering consistent financial results with resilient Adjusted EBITDA margins. Selecta's strong market positions in key markets such as Switzerland and Sweden, coupled with our ongoing efforts to optimize vending machine density, increased technology penetration and data analytics across all markets contribute to enhancing our financial profile. Following the Pelican Rouge Acquisition, we also expect to benefit from significant cost synergies. We continue to implement measures targeted to drive profitability in, and adapt our vending services offering to, regions and markets we have entered recently.

The Combined Group operates a well-invested business, with new investments primarily relating to new vending machines and refurbishment of our existing vending machines. During the year ended September 30, 2017, Selecta installed more than 18,000 vending machines, approximately 40% of which were refurbished machines (excluding Pelican Rouge). The Argenta Group refurbished 73% of automatic vending machines installed and replaced at client sites during the year ended September 30, 2017. We have consistently achieved efficiencies stemming from machine park rationalization, refurbishment and reintroduction of machines with an extended life cycle in locations where machines face less competition or where clients and consumers do not require the latest technological features. In addition, a key operational priority for us is to improve our field force productivity and to modernize and digitalize our public machine base. In order to achieve this, we are rolling out telemetry across all our public segment machines and have re-engineered our planograms. These initiatives have contributed to increasing Selecta’s sales per employee by 3.6%, from approximately €176,000 for the year ended September 30, 2016, to approximately €182,000 for the year ended September 30, 2017 (excluding Pelican Rouge). In terms of working capital, the vending machine operator business is characterized by favorable dynamics, driven in part by immediate cash collection from vending machines and high inventory rotation. We also benefit from a steady stream of cash flows from our vending clients with whom we typically enter into multi-year service agreements.

Experienced Management Team with Proven Execution Track Record

Each of Selecta, Pelican Rouge and Argenta, have a long and successful track record of attracting and retaining top talent across each company. Following the completion of the Argenta Acquisition, we will continue to invest in high-quality talent in order to most effectively manage our existing operations and execute our strategies. Our senior management team is led by our CEO, David Flochel, and Executive Chairman, David Hamill, who have a combined 49 years of experience and leadership track record with international companies. Selecta’s senior management team has a strong focus on functional expertise and is complemented by local management teams with regional expertise. Over the past two years, they have successfully led the roll-out of our innovative Starbucks on-the-go concepts, as well as the implementation of our profitable partnership with Lavazza, and they have successfully implemented a profit improvement plan for Selecta. Our highly experienced and professional management team also has deep experience integrating acquisitions and between 2014 and 2017 we have successfully acquired several businesses across multiple jurisdictions. We believe that the collective industry knowledge and leadership of our senior management team will enable them to continue to grow our business and execute our strategies.

Our Strategies

Provide an Excellent Self-Service Experience

We intend to continue to nurture our strong reputation with consumers, along with our loyal client base that we believe results from our innovative and comprehensive service portfolio that provides an excellent self-service experience to clients and end-consumers. We seek to serve as a one-stop shop for our clients by providing them with solutions that cover as many of their vending service needs as possible. This includes incorporating technologically flexible payments systems in our offering, as our machines can be fitted with either traditional cash payment systems or advanced cashless payment systems, along with loyalty programs, for example through the use of the Argenta App, which has more than 34,000 registered users as of September 30, 2017. Furthermore, we see a significant opportunity in leveraging the data generated by our machines and enabled by our roll-out of telemetry. We believe that this information and the analysis of consumer purchasing behavior, preferences and patterns from our network of vending machines can add significant value to our clients and suppliers and help us further enhance our offering for consumers. In addition, our ability to collect such data and to make data-based decisions will allow us to remain at the forefront of innovation in the industry.

Furthermore, we plan to offer our consumers additional innovative and alternative methods to purchase convenience foods and beverages. We believe we can further penetrate our Addressable Market by expanding into adjacent segments, such as fresh foods, and rolling out new and successful innovative self-serve formats, such as micro markets and vending machines equipped with touchscreen technology and telemetry.

Further Strengthen Our Market Leadership and Route-to-Market Excellence

We intend to further increase our market leadership with clients and consumers and, while we estimate that we are the number one or two player in ten of our markets, including our Focus Countries, we also intend to become the number one or two player in each of our other markets. The Pelican Rouge Acquisition increased our presence in nine of the 15 existing Selecta markets and made us the market leader in France, Spain, the United

Kingdom and Belgium, by revenue. We intend to strengthen our leadership and drive growth by selling unique concepts, opening new routes-to-market, and standardizing sales processes. We plan to accomplish these goals by, for example, expanding our presence in alternative channels in order to reach a broader consumer base, such as through micro markets which have grown by approximately 80% in terms of points of sale in the United States between 2011 and 2016. The Argenta Group has entered into exclusive agreements with 365 Retail Market to adopt the micro market concept. We believe that exploiting such opportunities will help open new routes-to- market in the countries in which we operate, which we expect will further cement our position as Europe's leading provider of unattended self-service convenience food and beverage offerings.

In addition, we intend to achieve market excellence by attracting, cultivating and retaining talented employees and by incentivizing our sales team to improve its efficiency as part of our sales strategy. We will also continue to build up our brand as an employer to continue to attract great talent and execute our recruitment strategy. We also intend to improve employee satisfaction by providing a clear career path, including by paying for performance and measuring employee satisfaction through employee surveys.

Drive Operational Excellence and Continue Unlocking Synergy Value from Recent Acquisitions

We continue to deliver efficient high-quality service through continuous improvement, standardization of processes and development of new technology, in order to enhance customer satisfaction, customer retention and our financial profile. A key operational priority for us is to improve our field force productivity and to modernize and digitalize our public machine base. In order to achieve this, we are implementing telemetry across all our public segment machines and have re-engineered our planograms. These measures have helped us with dynamic route planning, pre-kitting in the warehouse, and pricing and assortment optimization. As a result, Selecta's sales per employee grew by 3.6% from approximately €176,000 in the year ended September 30, 2016 to approximately €182,000 in the year ended September 30, 2017 (excluding Pelican Rouge). During the same period, the number of full-time equivalent employees of Selecta decreased from 4,115 to 3,980.

From time to time and as opportunities materialize, we may expand our business through selected bolt-on acquisitions of other vending services providers. While strategic acquisitions, such as the Pelican Rouge Acquisition and the Argenta Acquisition are more complex and less frequent, they enable us to expand into new end-markets and geographic segments. We believe that our acquisitions of Pelican Rouge and Argenta bring significant benefits to the Combined Group, including the opportunity to unlock cost synergies. The synergy program aims to generate significant savings across selling, general, and administrative expenses, procurement (including capital expenditures) and operations, and is being executed by a dedicated integration office with expert external support. Furthermore, we believe that the addition of the Pelican Rouge Group and the Argenta Group and the roll-out of our strategies to Pelican Rouge and Argenta will enable us to successfully serve our pan-European client base through an expanded and comprehensive service offering, enhanced scale and better client coverage.

Continue to be a Leader in Innovation and Technological Development

We continue to innovate and introduce new retail concepts to adapt to the changing needs and preferences of both our clients and consumers. We believe our introduction of high quality machines with increased technological features enhances our market position, while boosting our operational efficiencies. We continue to develop new machines together with our suppliers to supplement and optimize our current machine portfolio over time. We believe that our focus on technology development in the areas of cashless payment systems, telemetry and user interfaces will further enhance the appeal and convenience of our vending machines to our clients as well as the offered products to consumers, in addition to providing us with the operational benefits described above. We believe that cashless payment systems and touchscreen user interfaces that we are rolling out across our machine park will also help boost the number of vends and the average transaction size. Telemetry will allow us to better adjust our pricing and product offerings to drive vends and monitor more efficiently when vending machines require restocking and maintenance. Cashless payments and touchscreen user interface have helped to generate a higher average transaction size as compared to cash transactions. Our goal is to migrate 90% of the Combined Group's public machines to cashless and telemetry devices by the end of 2018. Selecta, as of September 30, 2017, had approximately 13,600 cashless devices and 14,600 telemetry devices (excluding Pelican Rouge).

We intend to improve the visibility and appeal of our machines by introducing technological upgrades, including our Machine Facelift initiative, in an effort to draw more clients and consumers. We believe this initiative, which would result in visually enhanced machines with digital display capabilities, should enable us to drive new potential revenue streams, including digital advertising revenues.

SUMMARY SELECTED CONSOLIDATED *PRO FORMA* AND HISTORICAL FINANCIAL AND OTHER INFORMATION

Pro Forma Consolidated Combined Group Financial Information for the Year Ended September 30, 2017

Pro Forma Consolidated Income Statement for the Year Ended September 30, 2017

(in € million)	**Combined Group** **Year ended September 30, 2017**
REVENUE	**1,523.9**
Materials and consumables used	(548.9)
Employee benefits expense	(451.0)
Depreciation and amortization expense	(215.9)
Other operating expenses	(370.3)
Other operating income	29.4
Gain on disposal of subsidiaries	3.6
PROFIT/(LOSS) BEFORE FINANCE RESULTS NET AND INCOME TAX	**(29.2)**
Finance costs	(117.2)
Finance income	7.5
PROFIT/(LOSS) BEFORE INCOME TAX	**(138.9)**
Income taxes	18.1
NET PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(120.8)**
NET PROFIT/(LOSS) FOR THE PERIOD	**(120.8)**

Pro Forma Consolidated Balance Sheet as of September 30, 2017

(in € million)	**Combined Group** **As of September 30, 2017**
ASSETS	
NON-CURRENT ASSETS:	
Property, plant and equipment	429.3
Goodwill	929.5
Trademarks	324.1
Customer contracts	501.8
Other intangible assets	21.5
Deferred income tax assets	21.6
Non-current financial assets	9.2
Defined benefit plan assets	33.7
Total non-current assets	**2,270.7**
CURRENT ASSETS	
Inventories	93.2
Trade receivables	81.9
Derivative financial instruments	7.9
Other current assets	60.2
Cash and cash equivalents	201.4
Assets classified as held for sale	5.4
Total current assets	**450.0**
TOTAL ASSETS	**2,720.7**
EQUITY AND LIABILITIES	
EQUITY:	
Share capital	0.2
Share premium	279.6
Additional paid-in capital	607.7
Currency translation reserve	(111.2)
Hedging reserve	—
Retained earnings	(443.6)

Equity attributable to equity holders of the parent	**332.7**
Non-controlling interest	—
NON-CURRENT LIABILITIES:	
Loans due to parent undertaking	283.7
Borrowings	1,266.2
Finance lease liabilities	34.2
Post-employment benefit obligations	16.9
Provisions	36.2
Other non-current liabilities	3.6
Deferred income tax liabilities	234.1
Total non-current liabilities	**1,874.9**
CURRENT LIABILITIES:	
Derivative financial instruments	6.2
Finance lease liabilities	14.5
Trade payables	239.4
Provisions	23.3
Current income tax liabilities	1.0
Other current liabilities	226.1
Liability associated with assets held for sale	2.6
Total current liabilities	**513.1**
TOTAL LIABILITIES	**2,388.0**
TOTAL EQUITY AND LIABILITIES	**2,720.7**

Pro Forma Other Financial Information and Operating Data of the Combined Group

(in € million, except for percentages and ratios)	**Combined Group** **Year ended September 30, 2017**
Pro forma revenue[(1)]	1,523.9
Combined *Pro Forma* Run-Rate EBITDA[(2)]	293.8
Combined *Pro Forma* Run-Rate EBITDA margin (in %)[(3)]	19.3%
Combined Group aggregated net capital expenditures[(4)]	131.5
As adjusted *pro forma* net debt[(5)]	1,216.4
Ratio of as adjusted *pro forma* net debt[(5)] to Combined *Pro Forma* Run-Rate EBITDA[(2)]	4.1x
Ratio of as adjusted *pro forma* net debt[(5)] to Combined *Pro Forma* Run-Rate EBITDA[(2)] less Combined Group aggregated net capital expenditures[(4)]	7.5x

(1) *Pro forma* revenue of the Combined Group is derived from the Combined Group's Unaudited *Pro Forma* Financial Information.

(2) We define Combined Pro Forma Run-Rate EBITDA as pro forma profit/(loss) before finance results net and income tax, pro forma depreciation, pro forma amortization and pro forma impairment expense in respect of the Combined Group adjusted as set forth in the table below. We believe that this EBITDA-based measure is useful to investors in evaluating our operating performance and our ability to incur and service our indebtedness. This EBITDA-based measure is Non-GAAP Measures and is not a performance indicator recognized under IFRS. Non-GAAP Measures are not necessarily comparable to the performance figures published by other companies. You should exercise caution in comparing these Non-GAAP Measures as reported by us to Non-GAAP Measures of other companies. Combined Pro Forma Run Rate EBITDA as presented herein differs from Consolidated EBITDA as defined in the Indenture governing the Notes. The following table is a reconciliation of loss before finance results net and income tax for the period to Combined Pro Forma Run-Rate EBITDA for the periods presented:

(in € million)	**Combined Group** **Year ended September 30, 2017**
Pro forma profit/(loss) before finance results net and income tax[(a)]	(29.2)
Pro forma depreciation, amortization and impairment expense	215.9
	186.7
EBITDA adjustments of Selecta[(b)]	29.0
EBITDA adjustments of the Pelican Rouge Group[(c)]	22.4
EBITDA adjustments of the Argenta Group[(d)]	3.3
Combined *Pro Forma* Adjusted EBITDA[(e)]	**241.3**
Synergies with Pelican Rouge[(f)(h)]	45.0
Synergies with Argenta[(g)(h)]	7.5
Combined *Pro Forma* Run-Rate EBITDA	**293.8**

(a) *Pro forma* profit/(loss) before finance results net and income tax for the Combined Group excludes an aggregate of €11.5 million of transaction costs incurred by the Issuer in connection with the Pelican Rouge Acquisition and by Argenta in connection with the Argenta Acquisition.

(b) Represents adjustments of Selecta for the year ended September 30, 2017. These items represent, on a constant scope basis excluding any impact of Pelican Rouge, (i) restructuring and redundancy costs relating to headcount reductions and efficiency programs (€4.4 million, which excludes €0.3 million of Pelican Rouge costs), (ii) project expenses (€14.0 million), (iii) transaction and integration expenses in connection with the acquisition of Pelican Rouge (€11.0 million, which excludes €0.3 million of Pelican Rouge costs), (iv) profit/loss on sale of assets (other than disposals of vending equipment) (€(3.6) million) and (v) other adjustments (€3.3 million, which excludes €0.7 million of Pelican Rouge). EBITDA adjustments of Selecta presented in this table excludes €9.8 million of transaction costs incurred by the Issuer in connection with the Pelican Rouge Acquisition because they are already excluded from *pro forma* profit/(loss) before finance results net and income tax for the Combined Group.

(c) Represents adjustments of the Pelican Rouge Group for the twelve months ended September 30, 2017, see "*Summary Selected Consolidated Pro Forma and Historical Financial and Other Information—Other Financial Data and Operating Information of Pelican Rouge*." These items represent (i) restructuring and redundancy costs (€5.0 million), (ii) transaction and integration expenses (€13.3 million) and strategic initiative expenses (€4.2 million).

(d) Represents adjustments of the Argenta Group for the year ended September 30, 2017. These items represent (i) project expenses (€1.9 million), (ii) other non-recurring income (€0.1 million) and (iii) run-rate adjustments primarily in connection with headcount reductions as part of a restructuring program completed by Argenta during the year ended September 30, 2017 (€1.3 million). EBITDA adjustments of Argenta presented in this table exclude €1.6 million of transaction costs incurred by Argenta in connection with the Argenta Acquisition, because they are already excluded from *pro forma* profit/(loss) before finance results net and income tax for the Combined Group.

(e) Includes €2.4 million of Combined Pro Forma Adjusted EBITDA generated by our operations in Finland, which we plan to dispose of in 2018 to comply with antitrust requirements in connection with the Pelican Rouge Acquisition.

(f) Represents estimated annualized run-rate cost synergies which we expect to realize from actions implemented within three years following the consummation of the Pelican Rouge Acquisition on September 7, 2017. We believe that actions taken in each year to implement these cost synergies will have an estimated run-rate EBITDA impact of approximately €17.5 million for the year ended September 30, 2018, and approximately €35.0 million for the year ended September 30, 2019. The estimated annualized run rate impact of these synergies on the Combined *Pro Forma* Run-Rate EBITDA includes:

- Operating cost savings of approximately €18.0 million. We intend to achieve these savings by (i) combining operations in areas with a lower number of vending machines to increase machine density and to reduce the number of employees required to maintain and refill these machines, (ii) implementing Selecta's refiller planning program, which is based on actual sales of each vending machine rather than a theoretical model, (iii) increase the use of telemetry for vending machines in France, Spain and the United Kingdom to optimize headcount, (iv) headcount reductions following an assessment of the productivity of our technicians and through the integration of corporate, IT and other central functions, (v) footprint optimization by concentrating warehouses in the countries where both Selecta and Pelican Rouge operate and (vi) eliminating overhead redundancies in branch management, call centers and other areas.

- Procurement savings of approximately €17.0 million. We intend to achieve these savings by (i) obtaining better prices on ingredients through in-sourcing of private label coffee to Pelican Rouge's roaster facility and international tender of raw materials used across the countries in which we operate, such as sugar, (ii) harmonizing prices of products we purchase for our vending machines (such as snack or cold drinks) by leveraging our scale and negotiating prices through strategic alliances at the Group level, (iii) savings on disposables, such as cups for our vending machines, and packaging, (iv) streamlining purchases of spare parts for our vending machines and exploring alternatives to original equipment manufacturers, and (v) indirect cost savings on logistics, including our fleet, IT, marketing and warehouses.

- Selling, general and administrative expenses cost savings of approximately €10.0 million. We intend to achieve these savings by (i) headcount reductions by integrating management teams in countries where both Selecta and Pelican Rouge operate and re-sizing our sales force (ii) reducing employee benefit expenses, such as cars, travel or mobile phones, in connection with headcount reductions and (iii) integrating IT systems and headquarters in each country where both Selecta and Pelican Rouge operate.

(g) Represents €7.5 million of estimated annualized run-rate cost synergies which we expect to realize within three years following the consummation of the Argenta Acquisition. The estimated annualized run-rate impact of these synergies on the Combined *Pro Forma* Run-Rate EBITDA includes (i) procurement savings from the enforcement of better purchasing conditions in Italy and the utilization of Pelican Rouge's roasting facility (ii) savings in connection with headcount reductions; (iii) cost savings by leveraging data from telemetry technology already in place in the Argenta Group's vending machines and (iv) savings on headcount reductions in R&D department of the Combined Group by leveraging Argenta's R&D expertise.

(h) We expect to incur approximately €43.6 million in estimated costs and capital expenditures to implement synergies from the Pelican Rouge Acquisition and the Argenta Acquisition, including total severance costs of approximately €22.5 million, one-time integration costs of approximately €12.1 million and integration and installation capital expenditures of approximately €9.0 million.

Although it is our objective to reach the levels of projected synergies reflected above, no assurance can be given that such levels will be achieved in the time frame indicated or at all or that additional unanticipated costs will not arise. We currently estimate the majority of the cost to achieve the anticipated synergies to be personnel reduction and related costs that may be required under the laws of various of the countries where we operate, which we expect to incur over the course of the next three years. As part of our reorganization plan, we will be required to negotiate severance payments with worker representatives (labor unions) for FTEs being made redundant pursuant to a collective dismissal procedure provided under applicable regulations in various of the countries where we operate. While we fully intend to observe the relevant legal procedures and requirements and to negotiate in good faith, if we cannot reach agreement on severance payments with such worker representatives or the employees, they may choose to bring administrative or judicial challenges, which could delay the achievement of our synergies. Our synergy estimates are based on a number of assumptions made in reliance on the information available to us and our judgments based on such information. The assumptions used in estimating synergies are inherently uncertain and are subject to significant business, economic and competitive risks and uncertainties that could cause our actual results to differ materially from those contained in the synergy benefit estimates.

(3) Combined *Pro Forma* Run-Rate EBITDA margin for a given period represents Combined Pro Forma Run-Rate EBITDA for that period divided by *pro forma* revenue for that period.

(4) Combined Group aggregated net capital expenditures consist of sum of the net capital expenditures of each of Selecta, Pelican Rouge and Argenta for the twelve months ended September 30, 2017, set forth in the tables below. The presentation of Combined Group aggregated net capital expenditures is for informational purposes only. This information does not represent the net capital expenditures we would have incurred had the Pelican Rouge Acquisition and the Argenta Acquisition occurred and had Pelican Rouge and Argenta been fully integrated on October 1, 2016. Furthermore, the aggregated net capital expenditures of Selecta, Pelican Rouge and Argenta for the twelve months ended September 30, 2017, may not be representative of what the net capital expenditures of the Combined Group would have been for the twelve months ended September 30, 2017, if such information were available and if the Pelican Rouge Acquisition and the Argenta Acquisition had occurred on October 1, 2016. Combined Group aggregated net capital expenditures has not been, and cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not be comparable to our consolidated financial statements or the other financial information included in this announcement and should not be relied upon when making an investment decision.

	Year ended September 30, 2017		
(in € million)	**Issuer**	**Pelican Rouge**	**Argenta**
Additions to vending equipment	65.7	38.7	19.0
Additions to vehicles	3.2	—	1.6
Additions to freehold land and buildings	0.0	0.2	0.4
Additions to other equipment	2.9	6.5	0.7
Total additions to other intangible assets	5.1	0.1	0.1
Capital expenditures	**76.9**	**45.5**	**21.8**
Less			
Total disposals of vending equipment	(8.3)	(3.9)	(0.4)
Net capital expenditures[(a)]	**68.6**	**41.6**	**21.4**

(a) For addition information on net capital expenditures for each of the Issuer, Pelican Rouge and Argenta, see "*Summary Historical Consolidated Financial Information and Other Date of the Issuer—Other Financial Data and Operating Information of the Issuer*," "*Summary Historical Consolidated Financial Information and Other Date of Pelican Rouge—Other Financial Data and Operating Information of Pelican Rouge*," and "*Summary Historical Consolidated Financial Information and Other Date of Argenta—Other Financial Data and Operating Information of Argenta*."

(5) As adjusted *pro forma* net debt represents *pro forma* net debt of the Combined Group (including finance leases, but excluding certain recourse factoring facilities) as of September 30, 2017, adjusted to give effect to the Transactions as if they had occurred on September 30, 2017.

Pro Forma Non-Financial Data

	Combined Group
(in € million)	**Year ended September 30, 2017**
Number of vending machines	477,269
Employees	9.903

Summary Historical Consolidated Financial Information and Other Data of the Issuer

Summary Consolidated Statement of Profit or Loss of the Issuer

	Issuer		
	Year ended September 30,		
(in € million)	**2015**	**2016**	**2017**
Revenue	**725.6**	**736.4**	**761.4**
Materials and consumables used	(224.7)	(231.1)	(244.0)
Employee benefits expense	(230.5)	(234.1)	(228.6)
Depreciation, amortization and impairment expense	(88.2)	(92.0)	(93.2)
Other operating expenses	(180.9)	(206.2)	(230.4)
Other operating income	13.3	19.6	21.8
Gain on the disposal of subsidiaries	—	5.9	3.6
Profit/(Loss) before finance results net and income tax	**14.6**	**(1.4)**	**(9.5)**
Finance costs	(52.3)	(85.8)	(103.7)
Finance income	0.1	4.4	7.5
Loss before income tax	**(37.6)**	**(82.9)**	**(105.7)**
Income taxes	(1.3)	5.1	4.0
Net loss for the period, attributable to equity holders of the parent	**(38.8)**	**(77.8)**	**(101.7)**

Summary Consolidated Balance Sheet of the Issuer

	Issuer		
	Year ended September 30,		
(in € million)	**2015**	**2016**	**2017**
Assets			
Non-current assets			
Property, plant and equipment	193.6	187.7	362.0
Goodwill	483.1	482.6	667.4
Trademark	286.3	286.3	324.1
Customer contracts	160.3	135.8	318.4
Other intangible assets	12.4	17.9	20.7
Deferred income tax assets	19.8	21.0	18.2
Non-current financial assets	2.4	2.8	6.4
Derivative financial instruments	2.6	6.2	0.0
Defined benefit plan assets	—	—	33.7
Total non-current assets	**1,160.5**	**1,140.2**	**1,750.9**
Current assets			
Inventories	39.8	38.7	80.7
Trade receivables	39.5	40.9	75.1
Derivative financial instruments	0.0	0.0	7.9
Other current assets	35.2	33.7	52.9
Cash and cash equivalents	35.1	66.9	134.8
Assets held for sale	6.2	—	5.4
Total current assets	**155.7**	**180.2**	**356.8**
Total assets	**1,316.2**	**1,320.4**	**2,107.7**
Equity and liabilities			
Equity			
Share capital	0.2	0.2	0.2
Share premium	279.2	279.6	279.6
Additional paid-in capital	220.5	236.8	416.0
Currency translation reserve	(126.6)	(127.9)	(111.2)
Hedging reserve	(2.5)	(1.5)	(0.0)
Retained earnings	(262.3)	(339.9)	(428.0)
Equity attributable to equity holders of the parent	**108.5**	**47.3**	**156.6**
Non-current liabilities			
Loans due to parent undertaking	243.8	282.2	319.9

Borrowings	565.1	591.6	923.0
Derivative financial instruments	11.4	10.3	0.0
Finance lease liabilities	15.1	20.0	30.4
Post-employment benefit obligations	22.5	23.5	11.0
Provisions	6.3	6.2	35.8
Other non-current liabilities	—	—	1.0
Deferred income tax liabilities	138.3	131.3	187.6
Total non-current liabilities	**1,002.5**	**1,065.0**	**1,508.7**
Current liabilities			
Derivative financial instruments	1.7	1.4	6.2
Finance lease liabilities	5.3	8.1	11.7
Trade payables	107.3	107.7	191.6
Provisions	0.9	5.0	23.3
Current income tax liabilities	3.1	2.9	0.9
Other current liabilities	84.4	83.0	206.1
Liability held for sale	2.6	—	2.6
Total current liabilities	**205.3**	**208.1**	**442.4**
Total liabilities	**1,207.8**	**1,273.2**	**1,951.1**
Total equity and liabilities	**1,316.2**	**1,320.4**	**2,107.7**

Summary Consolidated Statement of Cash Flow of the Issuer

	Issuer		
	Year ended September 30,		
(in € million)	**2015**	**2016**	**2017**
Net cash generated from operating activities	108.5	80.2	99.9
Net cash used in investing activities	(84.1)	(45.7)	(133.7)
Net cash used in/from financing activities	(34.3)	0.0	107.2
Net (decrease)/increase in cash and cash equivalents	(9.9)	34.5	73.4
Cash and cash equivalents at the end of the period(1)	**36.2**	**66.9**	**134.8**

(1) Reflects additional impact of exchange gains or losses on cash and cash equivalents and, for the year ended September 30, 2017, cash and cash equivalents at Selecta Finland which have been reclassified as held for sale.

Other Financial Data and Operating Information of the Issuer

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
Revenue	725.6	736.4	761.4
Constant Scope Revenue(1)	703.7	723.2	724.7
Selecta Adjusted EBITDA(2)	122.1	115.8	123.9
Selecta Adjusted EBITDA margin(4)	16.8%	15.7%	16.3%
Selecta Constant Scope Adjusted EBITDA(3)	117.2	112.4	120.7
Selecta Constant Scope Adjusted EBITDA margin(4)	16.7%	15.5%	16.7%
Net capital expenditures(5)	92.9	69.9	68.6

(1) We define Constant Scope Revenue as revenue excluding the consolidation perimeter effects arising from acquisitions and disposals. The following table is a reconciliation of revenue to Constant Scope Revenue:

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
Revenue	**725.6**	**736.4**	**761.4**
Perimeter adjustments(a)	(21.9)	(13.2)	(36.6)
Constant Scope Revenue	**703.7**	**723.2**	**724.7**

(a) Perimeter adjustments excludes the consolidation perimeter effects arising from acquisitions and disposals completed in the years ended September 30, 2015, 2016, and 2017. For the year ended September 30, 2015, perimeter adjustments excluded the consolidation effects related to the disposal of Selecta's operations in Eastern Europe in 2016 (€13.5 million), the disposal of Selecta's operations in three Baltic countries in 2017 (€9.3 million) and included intra-group sales with entities held for sales (€0.8 million). For the year ended September 30, 2016, perimeter adjustments excluded the consolidation effects related to the disposal of Selecta's operations in three Baltic countries in 2017 (€13.3 million) and included intra-group sales with entities held for sale as of October 1, 2016 (€0.1 million). For the year ended September 30, 2017, perimeter adjustments excluded the consolidation effects related to the acquisition of Pelican Rouge on September 7, 2017.

(2) We define Selecta Adjusted EBITDA as profit/(loss) before finance result net and income tax, depreciation, and amortization and impairment expense and adjusted as set forth in the table below. We believe that these EBITDA-based measures are useful to investors in evaluating our operating performance and our ability to incur and service our indebtedness. These EBITDA-based measures are Non-GAAP measures and are not performance indicators recognized under IFRS. Non-GAAP measures are not necessarily comparable to the performance figures published by other companies. You should exercise caution in comparing these Non-GAAP measures as reported by us to Non-GAAP measures of other companies. The following table is a reconciliation of profit before finance results net and income tax to Selecta Adjusted EBITDA for the periods presented:

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
Profit/(loss) before finance result net and income tax	14.6	(1.4)	(9.5)
Depreciation, amortization and impairment expense	88.2	92.0	93.2
	102.8	**90.6**	**83.8**
Restructuring/redundancy costs[(a)]	5.4	13.2	4.7
Project expenses[(b)]	9.6	9.8	14.0
Pelican Rouge transaction and integration expenses[(c)]	0.0	0.0	21.1
Profit/loss on sale of assets[(d)]	0.0	(5.9)	(3.6)
Other adjustments[(e)]	4.2	8.1	4.0
Selecta Adjusted EBITDA	**122.1**	**115.8**	**123.9**

(a) These items represent restructuring and redundancy costs relating to headcount reductions and efficiency programs. For the year ended September 30, 2017, this item mainly includes restructuring and reductions in personnel expenses in Sweden (€1.1 million), France (€0.7 million), Switzerland (€0.6 million) and in the United Kingdom (€0.4 million). For the year ended September 30, 2016, this item includes restructuring and reductions in personnel expenses in the United Kingdom (€1.0 million), France (€8.0 million) and Switzerland (€1.3 million). For the year ended September 30, 2015, this item includes mainly restructuring and reductions in personnel expenses in France (€2.5 million).

(b) For the year ended September 30, 2017, this item represents €6.0 million relating to outsourcing of Selecta's IT infrastructure, €3.1 million relating to ERP development expenses, €0.7 million of merger costs in connection with our headquarters and €4.2 million in connection with various strategic initiative across the Group. For the year ended September 30, 2016, this item mainly represents €9.0 million of consultancy costs relating to strategic initiatives across the Group. For the year ended September 30, 2015, this item mainly represents €6.9 million of consultancy costs relating to strategic initiatives and €1.3 million of costs associated with solving one-time technical issues with new vending machines.

(c) This item represents transaction costs incurred in connection with the acquisition and pre-integration of Pelican Rouge for the year ended September 30, 2017. It includes €9.8 million of transaction costs excluded from *pro forma* profit/(loss) before finance results net and income tax for the Combined Group.

(d) This item represents the net proceeds of the disposals of Selecta's operations in Eastern Europe for the year ended September 30, 2016, and in three Baltic countries for the year ended September 30, 2017.

(e) This item relates to non-recurring costs in connection with a VAT settlement payment (€1.4 million) in the year ended September 30, 2017 and one-time adjustments relating to vending machine rebates, revenues and inventory (€5.6 million) for the year ended September 30, 2016.

(3) We define Selecta Constant Scope Adjusted EBITDA as Selecta Adjusted EBITDA excluding the consolidation perimeter effects arising from acquisitions and disposals. The following table is a reconciliation of Selecta Adjusted EBITDA to Selecta Constant Scope Adjusted EBITDA.

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
Selecta Adjusted EBITDA	**122.1**	**115.8**	**123.9**
Perimeter adjustments[(a)]	(4.8)	(3.3)	(3.2)
Selecta Constant Scope Adjusted EBITDA	**117.2**	**112.4**	**120.7**

(a) Perimeter adjustments excludes the consolidation perimeter effects arising from acquisitions and disposals completed in the years ended September 30, 2015, 2016, and 2017. For the year ended September 30, 2015, perimeter adjustments excluded the consolidation effects related to the disposal of Selecta's operations in Eastern Europe in 2016 (€2.3 million) and in three Baltic countries in 2017 (€2.5 million). For the year ended September 30, 2016, perimeter adjustments excluded the consolidation effects related to the disposal of Selecta's operations in three Baltic countries in 2017 (€3.3 million). For the year ended September 30, 2017, perimeter adjustments excluded the consolidation effects related to the acquisition of Pelican Rouge on September 7, 2017.

(4) Selecta Adjusted EBITDA margin for a given period represents Selecta Adjusted EBITDA for that period divided by revenue for that period. Selecta Constant Scope Adjusted EBITDA margin for a given period represents Selecta Constant Scope Adjusted EBITDA for that period divided by Constant Scope Revenue for that period.

(5) Net capital expenditures consist of capital expenditures, less the book value of total disposals of vending equipment (which include old vending machines sold every year).

	Issuer		
	Year ended September 30,		
(in € million)	2015	2016	2017
Additions to vending equipment	84.4	59.9	65.7
Additions to vehicles	0.9	2.1	3.2
Additions to freehold land and buildings	0.0	0.0	0.0
Additions to other equipment	2.4	3.3	2.9
Total additions to either intangible assets	8.1	9.3	5.1
Capital expenditures	**95.8**	**74.6**	**76.9**
Less			
Total disposals of vending equipment	(2.9)	(4.7)	(8.3)
Net capital expenditures	**92.9**	**69.9**	**68.6**

Summary Segment Income Statement Information of the Issuer

The following table shows revenue, Constant Scope Revenue, Adjusted EBITDA, Constant Scope Adjusted EBITDA and Constant Scope Adjusted EBITDA margin of the Issuer per region and for its headquarters for the periods indicated:

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	2015	2016	2017
Central(1)			
Revenue	311.2	304.2	318.5
Central Constant Scope Revenue(6)	298.4	304.2	312.6
Central Adjusted EBITDA(7)	81.1	79.9	85.8
Central Constant Scope Adjusted EBITDA(7)	78.8	79.9	85.8
Central Constant Scope Adjusted EBITDA margin (in %)(8)	26.4%	26.3%	27.3%
North(1)			
Revenue	127.4	140.0	129.2
North Constant Scope Revenue(6)	118.2	126.7	126.0
North Adjusted EBITDA(7)	29.6	30.9	25.6
North Constant Scope Adjusted EBITDA(7)	27.1	27.6	25.5
North Constant Scope Adjusted EBITDA margin (in %)(8)	22.9%	21.8%	20.2%
France(3)			
Revenue	184.7	184.3	191.6
France Constant Scope Revenue(6)	184.7	184.3	184.8
France Adjusted EBITDA(7)	17.7	10.8	11.8
France Constant Scope Adjusted EBITDA(7)	17.7	10.8	12.0
France Constant Scope Adjusted EBITDA margin (in %)(8)	9.6%	5.8%	6.5%
West(4)			
Revenue	102.2	107.9	122.3
West Constant Scope Revenue(6)	102.2	107.9	101.5
West Adjusted EBITDA(7)	7.9	9.7	13.5
West Constant Scope Adjusted EBITDA(7)	7.9	9.7	10.3
West Constant Scope Adjusted EBITDA margin (in %)(8)	7.7%	9.0%	10.1%
Headquarters(5)			
Revenue	0.1	0.0	(0.1)
Headquarters Constant Scope Revenue(6)	0.1	0.0	(0.1)
Headquarters Adjusted EBITDA(7)	(14.2)	(15.5)	(12.8)
Headquarters Constant Scope Adjusted EBITDA(7)	(14.2)	(15.5)	(12.4)
Headquarters Constant Scope Adjusted EBITDA margin (in %)(8)	—	—	—

(1) Central includes operating entities in Switzerland, Germany, Spain, Austria, Czech Republic, Slovakia, and Hungary. As of October 1,

(2) 2015, operating entities in Czech Republic, Slovakia and Hungary were sold.

(3) North includes our operating entities in Sweden, Finland, Estonia, Latvia, Lithuania, Denmark and Norway. As of October 1, 2016, operating entities in Estonia, Latvia, and Lithuania were held for sale and excluded from this segment.

(4) France includes our operating entities in France.

(5) West includes our operating entities in the United Kingdom, Ireland, the Netherlands, and Belgium. (5) Headquarters includes all corporate center functions in Switzerland and the Netherlands.

(6) We define Constant Scope Revenue of the Issuer per region and for its headquarters as revenue excluding the consolidation perimeter effects arising from acquisitions and disposals. The following tables are a reconciliation of revenue to Constant Scope Revenue per region and for the headquarters:

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
Central			
Revenue	311.2	304.2	318.5
Perimeter adjustments[(a)]	(12.8)	0.0	(5.9)
Constant Scope Revenue	**298.4**	**304.2**	**312.6**

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
North			
Revenue	127.4	140.0	129.2
Perimeter adjustments[(a)]	(9.1)	(13.2)	(3.2)
Constant Scope Revenue	**118.2**	**126.7**	**126.0**

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
France			
Revenue	184.7	184.3	191.6
Perimeter adjustments[(a)]	0.0	0.0	(6.7)
Constant Scope Revenue	**184.7**	**184.3**	**184.8**

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
West			
Revenue	102.2	107.9	122.3
Perimeter adjustments[(a)]	0.0	0.0	(20.8)
Constant Scope Revenue	**102.2**	**107.9**	**101.5**

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
Headquarters			
Revenue	0.1	0.0	(0.1)
Perimeter adjustments[(a)]	0.0	0.0	0.0
Constant Scope Revenue	**0.1**	**0.0**	**(0.1)**

(a) For additional information on Selecta's perimeters adjustments, see "—*Summary Historical Consolidated Financial Information and Other Data of the Issuer—Other Financial Data and Operating Information of the Issuer*."

(7) We define Adjusted EBITDA for each region as profit/(loss) before finance result net and income tax, depreciation, and amortization and impairment expense for each region adjusted as set forth in the table below. We define Constant Scope Adjusted EBITDA for each region as Adjusted EBITDA excluding the consolidation perimeter effects arising from acquisitions and disposals. We believe that these EBITDA-based measures are useful to investors in evaluating our operating performance and our ability to incur and service our indebtedness. These EBITDA-based measures are Non-GAAP measures and are not performance indicators recognized under IFRS. Non-GAAP measures are not necessarily comparable to the performance figures published by other companies. You should exercise caution in comparing these Non-GAAP measures as reported by us to Non-GAAP measures of other companies. The following tables are a reconciliation of profit/(loss) before finance result net and income tax per region to Adjusted EBITDA and Constant Scope Adjusted EBITDA per region for the periods presented:

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
Central			
Profit/(loss) before finance result net and income tax	**52.8**	**58.7**	**53.2**
Depreciation and amortization	26.6	24.8	25.6
	79.3	**83.5**	**78.8**
Adjustments:			
Restructuring/redundancy costs	0.2	1.4	1.3
Project expenses	0.4	0.5	3.4
Pelican Rouge transaction and integration costs	0.0	0.0	0.2
Profit/loss on sale of assets	0.0	(5.9)	0.0
Other[(a)]	1.2	0.3	2.2
Central Adjusted EBITDA	**81.1**	**79.9**	**85.8**
Perimeter adjustments	(2.3)	0.0	(0.4)
Central Constant Scope Adjusted EBITDA	**78.8**	**79.9**	**85.4**

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
North			
Profit/(loss) before finance result net and income tax	**14.7**	**15.2**	**8.9**
Depreciation and amortization	13.0	14.2	14.6
	27.7	**29.4**	**23.5**
Adjustments:			
Restructuring/redundancy costs	1.1	0.5	1.5
Project expenses	0.9	0.6	0.3
Pelican Rouge transaction and integration costs	0.0	0.0	0.1
Profit/loss on sale of assets	0	0	0.0
Other(a)	0.1	0.5	0.2
North Adjusted EBITDA	**29.6**	**30.9**	**25.6**
Perimeter adjustments	(2.5)	(3.3)	(0.2)
North Constant Scope Adjusted EBITDA	**27.1**	**27.6**	**25.5**

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
France			
Profit/(loss) before finance result net and income tax	**(2.1)**	**(22.8)**	**(7.1)**
Depreciation and amortization	13.6	17.3	16.5
	11.5	**(5.4)**	**9.4**
Adjustments:			
Restructuring/redundancy costs	2.5	8.0	0.7
Project expenses	2.0	1.8	0.7
Pelican Rouge transaction and integration costs	0.0	0.0	0.2
Profit/loss on sale of assets	0.0	0.0	0.0
Other(a)	1.7	6.4	0.8
France Adjusted EBITDA	**17.7**	**10.8**	**11.8**
Perimeter adjustments	0.0	0.0	0.2
France Constant Scope Adjusted EBITDA	**17.7**	**10.8**	**12.0**

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
West			
Profit/(loss) before finance result net and income tax	**(3.6)**	**(3.6)**	**0.8**
Depreciation and amortization	10.1	10.1	9.6

	6.5	**6.5**	**10.4**
Adjustments:			
Restructuring/redundancy costs	1.3	1.3	1.1
Project expenses	0.0	0.0	0.7
Pelican Rouge transaction and integration costs	0.0	0.0	0.7
Profit/loss on sale of assets	0.0	0.0	0.0
Other(a)	0.1	0.1	0.6
West Adjusted EBITDA	**7.9**	**7.9**	**13.5**
Perimeter adjustments	0.0	0.0	(3.2)
West Constant Scope Adjusted EBITDA	**7.9**	**7.9**	**10.3**

	Issuer		
	Year ended September 30,		
(in € million, unless otherwise indicated)	**2015**	**2016**	**2017**
Headquarters			
Profit/(loss) before finance result net and income tax	**(47.2)**	**(49.7)**	**(65.3)**
Depreciation and amortization	25.0	25.9	27.0
	(22.2)	**(23.8)**	**(38.4)**
Adjustments:			
Restructuring/redundancy costs	0.3	1.5	0.1
Project expenses	6.4	6.8	9.0
Pelican Rouge transaction and integration costs	0.0	0.0	19.8
Profit/loss on sale of assets	0.0	0.0	(3.6)
Other(a)	1.3	0.0	0.2
Headquarters Adjusted EBITDA	**(14.2)**	**(15.5)**	**(12.8)**
Perimeter adjustments	0.0	0.0	0.4
Headquarters Constant Scope Adjusted EBITDA	**(14.2)**	**(15.5)**	**(12.4)**

(a) Refer to footnote (a) through (e) within the "*—Other Financial Data and Operating Information of the Issuer*" section for further discussion on the nature of the adjustments included in the tables above.

(8) Constant Scope Adjusted EBITDA margin of each region for a given period is Constant Scope Adjusted EBITDA of that region for that period divided by Constant Scope Revenue of that region for that period.

Non-Financial Data of the Issuer

Non-financial data of the Issuer are presented at constant perimeter, excluding the impact of disposals of Selecta's operations in Eastern Europe in 2016 and in three Baltic countries in 2017, and excluding the impact of the Pelican Rouge Acquisition between September 7, 2017, and September 30, 2017.

	Issuer		
	As of September 30,		
(in €)	**2015**	**2016**	**2017**
Sales per machine per day[(1)]			
Public	34.1	39.1	42.8
Private	19.0	18.9	19.4
OCS	11.0	11.0	11.1

(1) Sales per machine per day is calculated based on a constant currency rate of CHF 1.09 per €1.00, SEK 9.62 per €1.00 and GBP 0.86 per €1.00.

	Issuer		
	As of September 30,		
	2015	**2016**	**2017**
Number of vending machines by region			
Central	45,643	45,524	45,053
North	37,063	37,437	37,061
France	28,564	26,964	25,537
West	25,493	23,184	21,440
Total	**136,763**	**133,109**	**129,091**

	Issuer	
	As of September 30,	
	2016	2017
Employees (full-time equivalents) by region* Central		
Central		
Full-time equivalents	1,522	1.528
thereof merchandizers	858	846
thereof technicians	317	320
North		
Full-time equivalents	628	610
thereof merchandizers	346	339
thereof technicians	118	119
France		
Full-time equivalents	1,130	1,073
thereof merchandizers	709	683
thereof technicians	218	197
West		
Full-time equivalents	770	717
thereof merchandizers	445	418
thereof technicians	158	154
Headquarters		
Full-time equivalents	65	53
thereof merchandizers	0	0
thereof technicians	12	4
Total		
Full-time equivalents	4,115	3,980
thereof merchandizers	2,358	2,286
thereof technicians	823	793

* The Issuer applied a new definition of full-time employees for the years ended September 30, 2016 and 2017, which was different from the definition applied for the year ended September 30, 2015.

Summary Historical Consolidated Financial Information of Pelican Rouge

Summary Consolidated Statement of Profit or Loss of Pelican Rouge

	Pelican Rouge				
	Year ended March 31,		Six months ended September 30,		Twelve months ended September 30,
(in € million)	**2016**	**2017**	**2016**	**2017**	**2017**
Revenue	672.7	584.9	287.8	276.9	574.0
Other income	5.2	3.7	3.8	3.7	3.6
Total revenue	**677.9**	**588.6**	**291.6**	**280.6**	**577.6**
Cost of materials	(306.1)	(259.0)	(130.0)	(129.5)	(258.5)
Employee benefits expenses	(194.2)	(175.2)	(88.9)	(85.0)	(171.3)
Depreciation, amortization and impairment charges	(372.0)	(82.7)	(28.5)	(24.2)	(78.4)
Other operating expenses	(99.2)	(106.1)	(47.0)	(37.8)	(96.9)
Operating profit	**(293.5)**	**(34.3)**	**(2.7)**	**4.2**	**(27.5)**
Finance income	0.0	0.0	0.0	0.0	0.0
Finance costs	(67.0)	(59.4)	(27.7)	(34.9)	(66.6)
Finance costs—net	**(67.0)**	**(59.4)**	**(27.7)**	**(34.9)**	**(66.6)**
Profit (loss) before income tax	**(360.5)**	**(93.7)**	**(30.5)**	**(30.8)**	**(94.1)**
Income tax	1.1	12.2	—	(2.2)	10.0
Profit (loss) after tax	**(359.3)**	**(81.5)**	**(30.5)**	**(33.0)**	**(84.1)**

Summary Consolidated Balance Sheet of Pelican Rouge

	Pelican Rouge		
	As of March 31,		As of September 30,
	2016	2017	2017
(in € million)			
Assets			
Non-current assets			
Property, plant and equipment	151.9	127.7	129.2
Intangible assets	105.7	95.7	93.7
Deferred tax assets	0.0	0.0	0.0
Employee benefit asset	41.5	41.1	31.4
Deposits	2.2	3.5	2.9
Total non-current assets	**301.3**	**268.0**	**257.2**
Current assets			
Inventories	46.1	48.3	46.5
Trade and other receivables	99.2	86.7	75.7
Derivative financial instruments	—	—	—
Current tax assets	—	—	—
Cash and cash equivalents	36.2	44.3	38.9
Total current assets	**181.5**	**179.4**	**161.1**
Total assets	**482.8**	**447.4**	**418.3**
Equity*			
Share capital	0.0	0.0	0.0
Share premium	1,414.8	1,414.8	1,769.4
Other reserves	21.7	13.8	0.5
Retained earnings	(1,940.7)	(2,022.2)	(2,033.6)
Total equity	**(504.2)**	**(593.7)**	**(263.7)**
Liabilities			
Non-current liabilities			
Borrowings LT	772.0	831.3	501.3
Deferred tax liabilities	9.2	0.1	—
Employee benefit obligations	1.2	1.3	5.9
Provisions	5.1	3.1	1.3
Total non-current liabilities	**787.4**	**835.8**	**508.4**
Current liabilities			
Trade and other payables	148.0	163.6	133.2
Current tax liabilities	1.3	1.9	0.4
Borrowings ST	46.4	39.1	39.3
Derivative financial instruments current	0.6	0.1	0.1
Provisions	3.3	0.5	0.6
Total current liabilities	**199.6**	**205.2**	**173.6**
Total liabilities	**987.0**	**1,041.1**	**682.0**
Total equity and liabilities*	**482.8**	**447.4**	**418.3**

* After adoption of the financial statements for Pelican Rouge for the year ended March 31, 2017, it was identified that an impairment allowance on an intercompany receivable that was converted to a capital reserve in the year ended March 31, 2016, was erroneously left in other payables. The impact on shareholders' equity for both the years ended March 31, 2017 and March 31, 2016 is an increase of €21.5 million and the impact on the result after tax is €0.0. Pelican Rouge's equity has been restated in this table as of September 30, 2017.

Summary Consolidated Statement of Cash Flow of Pelican Rouge

	Pelican Rouge			
	Year ended March 31,		Six months ended September 30,	
(in € million)	2016	2017	2016	2017
Net cash inflow/(outflow) from operating activities	8.1	23.8	8.4	24.1
Net cash inflow/(outflow) from investing activities	(51.7)	(41.6)	(18.9)	(18.6)
Net cash flow inflow/(outflow) from financing activities	30.3	26.6	29.8	(10.5)
Cash and cash equivalents at the end of the period[(1)]	36.2	44.3	54.7	38.9

(1) Reflects additional impact of exchange gains or losses on cash and cash equivalents.

Other Financial Data and Operating Information of Pelican Rouge

	Pelican Rouge				
	Year ended March 31,		Six months ended September 30,		Twelve months ended Septembe r 30,
(in € million. except percentages)	2016	2017	2016	2017	2017
Pelican Rouge Adjusted EBITDA[(1)]	84.8	75.0	30.8	29.4	73.6
Pelican Rouge Adjusted EBITDA Margin[(2)]	12.6%	12.8%	10.7%	10.6%	12.8%
Net capital expenditures[(3)]	52.1	42.0	19.0	18.6	41.6

(1) We define Pelican Rouge Adjusted EBITDA as operating profit of the Pelican Rouge Group before depreciation, amortization and impairment charge, adjusted further as set forth in the table below. We believe that Pelican Rouge Adjusted EBITDA is useful to investors in evaluating the operating performance of Pelican Rouge. Pelican Rouge Adjusted EBITDA is a Non-GAAP measure and is not a performance indicator recognized under IFRS. Non-GAAP measures are not necessarily comparable to the performance figures published by other companies. You should exercise caution in comparing Pelican Rouge Adjusted EBITDA as reported by Pelican Rouge to Non-GAAP measures of other companies. The following table is a reconciliation of operating profit of Pelican Rouge to Pelican Rouge Adjusted EBITDA for the periods presented:

	Pelican Rouge				
	Year ended March 31,		Six months ended September 30,		Twelve months ended September 30,
(in € million. except percentages)	2016	2017	2016	2017	2017
Operating profit	(293.5)	(34.3)	(2.7)	4.2	(27.5)
Depreciation, amortization and impairment charges	372.0	82.7	28.5	24.2	78.4
	78.5	**48.4**	**25.7**	**28.3**	**50.9**
Restructuring/redundancy costs[(a)]	5.2	3.7	1.9	3.2	5.0
Transaction and integration expenses[(b)]	4.1	20.3	2.0	(5.0)	13.3
Strategic initiative expenses[(c)]	(3.0)	2.6	1.2	2.8	4.2
Pelican Rouge Adjusted EBITDA	**84.8**	**75.0**	**30.8**	**29.4**	**73.6**

(a) These items represent restructuring and redundancy costs relating to headcount reductions and efficiency programs. For the twelve months ended September 30, 2017, this item mainly included restructuring and reductions in personnel expenses in France (€2.3 million) and the United Kingdom (€1.4 million).

(b) This item represents transaction costs incurred in connection with (i) exploration of a potential sale in 2016, (ii) advisory costs supporting extension of existing debt facilities in 2016 and (iii) the sale to, and integration of, Pelican Rouge by Selecta.

(c) These items represent costs in relation to strategic initiatives such as optimization of workforce and governance structures, a performance review by a consulting firm, and professional support in ERP transition.

(2) Pelican Rouge Adjusted EBITDA margin for a given period represents Pelican Rouge Adjusted EBITDA for that period divided by revenue for that period.

(3) Net capital expenditures consist of capital expenditures, less the book value of total disposals of operating assets (which include old vending machines sold every year).

(in € million)	Pelican Rouge Year ended March 31, 2016	2017	Six months ended September 30, 2016	2017	Twelve months ended September 30, 2017
Additions to vending equipment	45.7	39.4	18.4	17.7	38.7
Additions to vehicles	—	—	—	—	—
Additions to freehold land and buildings	0.1	0.4	0.2	0.0	0.2
Additions to other equipment	12.7	6.7	3.6	3.4	6.5
Total additions to other intangible assets	—	0.4	0.3	0.0	0.1
Capital expenditures	**58.5**	**46.9**	**22.5**	**21.1**	**45.5**
Less					
Total disposals of operating assets	(6.4)	(4.9)	(3.5)	(2.5)	(3.9)
Net capital expenditure	**52.1**	**42.0**	**19.0**	**18.6**	**41.6**

Summary Segment Information of Pelican Rouge

The following table shows total revenue of Pelican Rouge by region based on the location of the operations. The four regions where Pelican Rouge operates are historically not reported as Pelican Rouge's segments and are not reporting segments under IFRS:

(in € million)	Pelican Rouge Year ended March 31, 2016	2017	Six months ended September 30, 2016	2017
The Netherlands	139.7	137.6	65.2	66.8
United Kingdom(1)	195.0	152.4	78.5	73.4
Europe (other)(2)	294.6	249.9	123.8	115.7
France	123.9	108.4	52.9	47.7
Belgium	49.3	53.8	26.2	24.3
Spain	90.4	87.8	44.7	43.7
Other countries(3)	31.0	—	—	—
Nordic countries(4)	43.3	44.9	20.3	21.1
Total Revenue	**672.7**	**584.9**	**287.8**	**276.9**

(1) The United Kingdom region includes the United Kingdom and the Republic of Ireland.

(2) Europe (other) includes operating entities in Belgium, France and Spain. For the year ended March 31, 2016, operating entities in Germany, Sweden and Denmark are also included in this region.

(3) Other countries includes Sweden, Germany and Denmark, which were included in Europe (other) for the year ended March 31, 2016.

(4) Nordic countries includes operating entities in Finland and Norway.

The following tables show EBITDA generated by Pelican Rouge in the United Kingdom and France for the six months ended September 30, 2016 and 2017:

(in € million)	Pelican Rouge Six months ended September 30, 2016	2017
United Kingdom(1)		
Operating profit	**(1.8)**	**(1.5)**
Depreciation, amortization and impairment charges	7.7	4.7
Restructuring/redundancy costs, transaction and integration expenses, strategic initiative expenses	0.4	0.9
United Kingdom Pelican Rouge Adjusted EBITDA	**6.3**	**4.1**

(1) The United Kingdom region includes the United Kingdom and the Republic of Ireland.

(in € million)	Pelican Rouge Six months ended September 30, 2016	2017
France		
Operating profit	**(3.7)**	**(3.5)**
Depreciation, amortization and impairment charges	3.2	1.4
Restructuring/redundancy costs, transaction and integration expenses, strategic initiative expenses	1.8	2.4
France Pelican Rouge Adjusted EBITDA	**1.3**	**0.3**

Non-Financial Information of Pelican Rouge

	Pelican Rouge		
	As of March 31,		As of September 30,
Employees (full-time equivalents) by region	**2016**	**2017**	**2017**
The Netherlands	694	671	642
United Kingdom	1,368	1,266	1,250
Europe (other)	2,233	2,254	2,243
Nordic countries	252	254	249
Total full-time equivalent employees	**4,546**	**4,445**	**4,385**

	Pelican Rouge		
	As of March 31,		As of September 30,
Number of vending machines by region	**2016**	**2017**	**2017**
The Netherlands	35,679	33,444	32,556
United Kingdom	78,740	59,394	57,768
Europe (other)	129,792	129,359	127,329
Nordic countries	23,168	21,861	21,093
Total vending machines	**267,380**	**244,059**	**238,746**

Summary Historical Consolidated Financial Information of Argenta

Summary Consolidated Statement of Profit or Loss of Argenta

(in € million)	Argenta Year ended September 30, 2016	 2017
Revenue		
Revenue from sales and services	207.8	212.9
Other revenue	5.8	8.8
Total revenue	**213.6**	**221.7**
Operating costs		
Cost of raw material supplies and consumables	(61.1)	(62.1)
Cost of services	(43.5)	(51.5)
Personnel costs	(61.0)	(63.7)
Other operating income (expenses), net	(20.7)	(2.1)
Amortization and depreciation	(30.7)	(33.0)
Total operating costs	**(217.0)**	**(212.4)**
Operating profit	**(3.4)**	**9.3**
Financial income and expenses		
Financial income (expenses) net	(9.6)	(6.8)
Equity investees	0.1	0.0
Total financial income and expense	**(9.5)**	**(6.8)**
Profit (loss) before taxes	(12.9)	2.5
Income taxes	(2.3)	0.6
Net profit (loss) for the period	**(15.2)**	**3.1**
Net profit (loss) for the period attributable to owners of the parent	(15.2)	3.1
Net profit (loss) for the period attributable to non-controlling interest	0.0	0.0

Summary Consolidated Balance Sheet of Argenta

(in € million)	Argenta As of September 30, 2016	 2017
Non-current assets		
Property, plant and equipment	66.4	67.3
Goodwill	256.3	257.4
Other intangible assets	1.0	0.8
Customer list	42.1	36.7
Equity investees	0.5	1.8
Other non-current assets	0.8	0.8
Non-current financial assets	0.2	0.2
Deferred tax assets	3.6	3.4
Total non-current assets	**370.9**	**368.4**
Current assets		
Trade receivables	6.6	6.8
Inventories	12.2	12.5
Other current assets	7.9	5.1
Current financial assets	0.0	2.2
Cash and cash equivalents	12.7	12.2
Total current assets	**39.4**	**38.8**
Total assets	**410.3**	**407.2**
Shareholders' equity		
Net capital	1.3	1.3
Share premium reserve	0.1	0.1
Other reserves	106.4	108.5
Retained earnings	1.8	(13.4)
Net profit (loss) for the period	(15.2)	3.1

Total shareholders' equity attributable to the owners of the parent	**94.4**	**99.6**
Non-controlling interest	**1.0**	**1.0**
Total shareholders' equity	**95.4**	**100.6**
Non-current liabilities		
Non-current financial liabilities	195.4	5.0
Other non-current liability	10.5	2.6
Deferred tax liabilities	15.7	13.6
Liabilities for employees' benefits	6.3	5.9
Provisions	0.9	0.4
Total non-current liabilities	**228.8**	**27.5**
Current liabilities		
Current financial liabilities	22.7	210.8
Trade payables	39.8	47.8
Other current liabilities	23.0	20.4
Tax liabilities	0.6	0.1
Total current liabilities	**86.1**	**279.1**
Total liabilities	**314.9**	**306.6**
Total shareholder's equity and liabilities	**410.3**	**407.2**

Summary of Consolidated Cash Flow of Argenta

	Argenta	
	Year ended September 30,	
(in € million)	**2016**	**2017**
Net Cash generated from operating activities	36.9	27.8
Net cash used in investing activities	(57.9)	(29.4)
Net cash generated from financing activities	25.0	1.1
Cash and cash equivalents at the end of the period[(1)]	**12.7**	**12.2**

(1) Reflects additional impact of exchange gains or losses on cash and cash equivalents.

Other Financial Data and Operating Information of Argenta

	Argenta	
	Year ended September 30,	
(in € million)	**2016**	**2017**
Argenta Adjusted EBITDA[(1)]	47.1	47.2
Argenta Adjusted EBITDA Margin[(2)]	22.1%	21.3%
Net capital expenditures[(3)]	19.3	21.4

(1) We define Argenta Adjusted EBITDA as profit (loss) of the Argenta Group before taxes and depreciation and amortization and impairment expense adjusted further as set forth in the table below. We believe that Argenta Adjusted EBITDA is useful to investors in evaluating the operating performance of Argenta. Argenta Adjusted EBITDA is a Non-GAAP measure and is not a performance indicator recognized under IFRS. Non-GAAP Measures are not necessarily comparable to the performance figures published by other companies. You should exercise caution in comparing Argenta Adjusted EBITDA as reported by Argenta to Non-GAAP measures of other companies. The following table is a reconciliation of profit (loss) before income tax of Argenta to Argenta Adjusted EBITDA for the periods presented:

	Argenta	
	Year ended September 30,	
(in € million)	**2016**	**2017**
Operating profit	(3.4)	9.3
Amortization and depreciation and impairment expense	30.7	33.0
	27.3	**42.3**
Restructuring costs	0.9	1.6
Project expenses	(0.3)	1.9
Other	19.2	0.1
Run-rate adjustments	—	1.3
Argenta Adjusted EBITDA	**47.1**	**47.2**

(a) This item represents restructuring and redundancy costs relating to headcount reductions and efficiency programs.

(b) For the year ended September 30, 2016, this item relates to an income of €0.3 million incurred in connection with the refund of due diligence fees incurred in connection with a potential acquisition. For the year ended September 30, 2017, this item relates to a project expenses of €1.9 million incurred in connection with commitment fees incurred for a potential refinancing of the senior debt of the Argenta Group.

(c) For the years ended September 30, 2016 and 2017, this item relates to an antitrust fine of €19.6 million incurred in the year ended September 30, 2016. See "*Argenta's Business—Legal Proceedings*."

(d) This item represents the annualized run-rate savings in connection with headcount reductions as part of a restructuring program completed by Argenta during the year ended September 30, 2017.

(2) Argenta Adjusted EBITDA margin for a given period represents Argenta Adjusted EBITDA for that period divided by revenue for that period.

(3) Net capital expenditures consist of capital expenditures, less the book value of total disposals (which include old vending machines sold every year).

	Argenta	
	Year ended September 30,	
(in € million)	**2016**	**2017**
Additions to vending equipment	16.0	19.0
Additions to vehicles	3.1	1.6
Additions to freehold land and buildings	0.4	0.4
Additions to other equipment	0.0	0.7
Total additions to either intangible assets	0.1	0.1
Capital expenditures	**19.6**	**21.8**
Less		
Total disposals of vending equipment	(0.3)	(0.4)
Net capital expenditures	**19.3**	**21.4**

SELECTA'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Reporting Segments

Geographic Areas

We report our results of operations by region at the level of each segment. These four regions consist of the following:

- *France* includes operating entities in France;
- *Region West* includes operating entities in the UK, Ireland, the Netherlands and Belgium;
- *Region Central* includes operating entities in Switzerland, Germany, Spain, Austria, Czech Republic, Slovakia and Hungary until September 30, 2015. As of October 1, 2015, operating entities in Czech Republic, Slovakia and Hungary were classified as held for sale and excluded from this segment. These operating entities were sold in January 2016; and
- *Region North* includes operation entities in Sweden, Finland, Estonia, Latvia, Lithuania, Denmark and Norway. As of October 1, 2016, operating entities in Estonia, Latvia, and Lithuania were classified as held for sale and excluded from this segment. These operating entities were sold in March 2017. In addition, as of September 30, 2017, certain of our assets in Finland are classified as held for sale.

In addition to the segments identified above, the Issuer reports separately on its Headquarters (HQ), which includes corporate center functions in Switzerland.

Key Factors Affecting Results of Operations and Financial Condition

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

General Economic Conditions, Consumer Spending and Consumer Preferences

Demand for our vending machines and vending products is affected by general economic conditions and consumer spending. Changes in general economic conditions directly impact consumer spending as well as the investment levels of our clients in non-essential services, such as vending machines and services. For the year ended September 30, 2017, we derived 61% of our revenue from privately placed points of sale, which includes the OCS end-market. As vending machines in such privately placed points of sale are generally located in companies and office environments and similar locations, macroeconomic factors such as GDP and employment levels, among others, affect the number of items sold through these machines. For example, reductions in workforce levels or hours worked during recessionary periods (including the effects of reduced overtime, layoffs and increased reliance on part-time versus full-time workers) means that our vending machines in companies and office environments are available to fewer consumers and/or consumers with less purchasing power. On the other hand, economic growth may have a positive impact on our ability to generate new business if companies invest in non-essential services, such as the decision to contract for the placement of a vending machine on their premises. Variations in consumer spending or consumer purchasing power can also affect revenue generated from our vending machines in public locations, but our public vending operations are in general less impacted by macroeconomic conditions than our private vending operations.

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

Seasonality

Our vends of certain products have historically been affected by seasonal variation during the year. Many of our vending machines include cold drinks, which have historically generated increased sales during the summer months. Coffee sales generally exhibit less variation, but can also be affected by seasonal factors, especially for our vending machines inside offices or in other private locations, where sales are lower during holiday times. In addition, severe weather can influence consumer traffic patterns in high-traffic areas such as gas stations, train and subway stations and airports. If, for example, transportation services are closed due to heavy snow or rain, our vending machines in those locations may be accessible by significantly fewer consumers and vends lost on a particular business day typically cannot be recouped in the future.

Capital Expenditures

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

Based on a machine park and other properties net asset value (at cost) of €362.0 million as of September 30, 2017 (including Pelican Rouge), we estimate that we will require capital expenditures of approximately €100.0 million per year on vending machines to support a 2% yearly growth of recurrent revenue in addition to capital expenditure for vehicles, IT and other equipment. We further estimate we will require approximately €7.0 million of initial capital expenditure to support each additional per cent of revenue growth. Our estimates with respect to such future capital expenditure requirements may vary based on changes in our product, concept and segment mix.

As our capital expenditure requirements vary from year to year based on different capital intensity in different business segments, specific reinvestment requirements in relation to new business, levels of capital expenditure funded through new machines versus refurbished machines and specific initiatives to further develop telemetry and cashless payment technologies, among other factors, we cannot assure you that our level of capital expenditure will not increase significantly in the future.

Clients

We believe that we have stable relationships with our clients, some of which are longstanding clients. In addition, our client base is highly fragmented, which limits our dependence on any single client. For the year ended September 30, 2017, our top ten clients accounted for approximately 10% of the Combined Group's *pro forma* revenue and our largest client by revenue accounted for approximately 2% of the Combined Group's *pro forma* revenue. Nevertheless, the gain or loss of significant clients affects our results of operations.

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

Vending Machine Density and Concept and Product Mix

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

Our revenue and margins are also driven by our mix of private and public vending services. Because the margins on our products may vary, changes in the mix of our product sales have a direct impact on our total revenue and profitability. Private vending is our largest vending concept by revenue and is primarily driven by sales of coffee and other hot beverages. Private vending margins vary based on the type of vending machines located in a particular area as well as the extent to which a client agrees to subsidize the cost of vending products for its employees, or alternatively wants to get a refund on it. Consumers generally consume more products and beverages when the cost is subsidized by their employers, leading to larger volumes of vends and higher margins. Public vending margins vary primarily based on the combination of the volume of vends and the price points for the products sold, which depend on the locations of the vending machines and the number of other locations in close proximity to our vending machines which sell the same or similar products, as well as the level of vending rent paid to the client. OCS margins are primarily driven by the sales of coffee and the level of maintenance services. Therefore, the combination of location, machine density, product mix, prices and contributions paid to the client are among the key factors which determine profitability of our vending machines.

Prices of Vending Stock and Procurement Initiatives

Prices of certain commodities, such as green bean coffee, cocoa and sugar, affect our cost of materials. Among other things, for our private label coffee brands, we estimate we require approximately 2,700 tons of arabica green bean coffee and approximately 1,000 tons of robusta green bean coffee to regularly stock our hot drinks vending machines or supply our clients with coffee beans. Overall, Selecta historically purchases more than 7,000 tons, half of which is for our Miofino brand. Prices for green bean coffee have fluctuated significantly in recent years. For example, the price of arabica coffee increased considerably from November 2013 to April 2014 and, alternatively, prices ranged from U.S.$2.30 per pound in October 2011 to U.S.$1.30 per pound in October 2017 (based on the ICE 'C' New York index). In order to manage risks from fluctuations in commodities prices, we secure the green bean requirements for our private label coffee for periods of up to six months by instructing the relevant supplier to source the required green beans to cover certain production lots at a specific price. With certain strategic suppliers, we enter into longer-term agreements with agreed price adjustment mechanisms that reflect developments in commodity prices.

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

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

To evaluate cost savings and synergies that potentially can be realized as a result of the Pelican Rouge Acquisition and the Argenta Acquisition, we have worked with consultants and advisors, including experienced industry professionals, to examine the profile of our combined businesses and operations. The synergies following the Pelican Rouge Acquisition and the Argenta Acquisition that we hope to capture primarily fall into two categories: logistics and footprint optimizations and consolidation of procurement and selling, general and administrative costs across the entire organization. The integration process will require changes to our purchasing practices to improve margins, while also implementing our own systems and best practices and adjusting our combined organizational structure and management footprint to maximize synergies. In order to supervise this integration process, we have created an integration office at the group level led by a dedicated project manager with extensive experience in integrations and operational turnaround reporting to the Executive Chairman of the Group and supported by our senior management team and dedicated specialists. In total, we expect we will realize estimated run-rate cost synergies of approximately €45.0 million and €7.5 million from the Pelican Rouge Acquisition and the Argenta Acquisition, respectively, within the next three years. We believe that the actions taken in each year to implement these cost synergies will have an estimated run-rate EBITDA impact of approximately €17.5 million for the year ended September 30, 2018, and approximately €35.0 million for the year ended September 30, 2019. See "*Summary Selected Consolidated Pro Forma and Historical Financial and Other Information—Pro Forma Consolidated Combined Group Financial Information for the Year Ended September 30, 2017—Pro Forma Other Financial Information and Operating Data of the Combined Group.*"

Synergies in connection with the Pelican Rouge Acquisition represent estimated annualized run-rate cost synergies that includes:

- Operating cost savings of approximately €18.0 million. We intend to achieve these savings by (i) combining operations in areas with a lower number of vending machines to reduce the number of employees required to maintain and refill these machines, (ii) implementing Selecta's refiller planning program, which is based on actual sales of each vending machine rather than a theoretical model, (iii) increase the use of telemetry for vending machines in France, Spain and the United Kingdom to optimize headcount, (iv) headcount reductions following an assessment of the productivity of our technicians and through the integration of corporate, IT and other central functions and (v) footprint optimization by concentrating warehouses in the countries where both Selecta and Pelican Rouge operate.

- Procurement savings of approximately €17.0 million. We intend to achieve these savings by (i) obtaining better prices on ingredients through in-sourcing of private label coffee from Pelican Rouge's roaster facility and international tender of raw materials used across the countries in which we operate, such as sugar, (ii) harmonizing prices of products we purchase for our vending machines (such as snack or cold drinks) by leveraging our scale and negotiating prices through strategic initiatives at the Group level, (iii) savings on disposables, such as cups for our vending machines, and packaging, (iv) streamlining purchases of spare parts for our vending machines and (v) indirect cost savings on our fleet, IT, marketing and warehouses.

- Selling, general and administrative cost savings of approximately €10.0 million. We intend to achieve these savings by (i) headcount reductions by integrating management teams in countries where both Selecta and Pelican Rouge operate and re-sizing our sales force, (ii) reducing employee benefit expenses, such as cars, travel or mobile phones, in connection with headcount reductions and (iii) integrating headquarters in each country where both Selecta and Pelican Rouge operate.

Synergies in connection with the Argenta Acquisition represents €7.5 million of estimated annualized run-rate cost synergies that includes (i) procurement savings from the enforcement of better purchasing conditions in Italy and the utilization of Pelican Rouge's roasting facility, (ii) savings in connection with headcount reductions; (iii) cost savings by leveraging data from telemetry technology already in place in the Argenta Group's vending machines and (iv) savings on headcount reductions in R&D department of the Combined Group by leveraging Argenta's R&D expertise.

We estimate we will incur approximately €43.6 million in costs and capital expenditures to implement synergies from the Pelican Rouge Acquisition and the Argenta Acquisition, including total estimated severance costs of approximately €22.5 million, one-time estimated integration costs of approximately €12.1 million and approximately €9.0 million of estimated integration and implementation capital expenditures.

Although it is our objective to reach the levels of projected synergies reflected above, no assurance can be given that such levels will be achieved in the time frame indicated or at all or that additional unanticipated costs will not arise. We currently estimate the majority of the cost to achieve the anticipated synergies to be personnel reduction of approximately 700 FTEs and related costs that may be required under the laws of various of the countries where we operate, which we expect to incur over the course of the next three years. As part of our reorganization plan, we will be required to negotiate severance payments with worker representatives (labor unions) for FTEs being made redundant pursuant to a collective dismissal procedure provided under applicable regulations in various of the countries where we operate. While we fully intend to observe the relevant legal procedures and requirements and to negotiate in good faith, if we cannot reach agreement on severance payments with such worker representatives or the employees, they may choose to bring administrative or judicial challenges, which could delay the achievement of our synergies.

Our synergy estimates are based on a number of assumptions made in reliance on the information available to us and our judgments based on such information. The assumptions used in estimating synergies are inherently uncertain and are subject to significant business, economic and competitive risks and uncertainties that could cause our actual results to differ materially from those contained in the synergy benefit estimates.

Factors Affecting Comparability of Our Financial Statements

Pelican Rouge Acquisition and Disposals

On September 7, 2017, we completed the Pelican Rouge Acquisition. As a result, the audited consolidated financial information of the Issuer as of and for the year ended September 30, 2017, includes the operations of Pelican Rouge from September 7, 2017, to September 30, 2017. Therefore, the comparability of the Issuer's financial statements as of and for the year ended September 30, 2017, with the financial statements of the Issuer as of and for the year ended September 30, 2016, is significantly limited.

Selecta Disposals

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

We disposed of our operating entities in Czech Republic, Slovakia and Hungary in January 2016. In addition, we disposed of our operations in three Baltic countries (Lithuania, Latvia and Estonia) in March 2017.

Description of Key Income Statement Items

Revenue

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

Materials and Consumables Used

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

Employee Benefits Expense

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

Depreciation, Amortization and Impairment Expense

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

Other Operating Expenses

Other operating expenses primarily consist of vending rent and other rent, maintenance, administration expense and travel and representation expenses.

Finance Costs and Finance Income

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

Income Taxes

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

Results of Operations

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

	Issuer		
(in € million)	**2015**	**2016**	**2017**
Revenue	**725.6**	**736.4**	**761.4**
Materials and consumables used	(224.7)	(231.1)	(244.0)
Employee benefits expense	(230.5)	(234.1)	(228.6)
Depreciation, amortization and impairment expense	(88.2)	(92.0)	(93.2)
Other operating expenses	(180.9)	(206.2)	(230.4)
Other operating income	13.3	19.6	21.8
Gain on the disposal of subsidiaries	—	5.9	3.6
Profit/(Loss) before finance results net and income tax	**14.6**	**(1.4)**	**(9.5)**
Finance costs	(52.3)	(85.8)	(103.7)
Finance income	0.1	4.4	7.5
Loss before income tax	**(37.6)**	**(82.9)**	**(105.7)**
Income taxes	(1.3)	5.1	4.0
Net loss for the period, attributable to equity holders of the parent	**(38.8)**	**(77.8)**	**(101.7)**

Discussion and Analysis of Selecta's Results of Operations

Comparison of the Year Ended September 30, 2016 to the Year Ended September 30, 2017

	Year ended September 30,		
(in € million)	**2016**	**2017**	**Change in %**
Revenue	**736.4**	**761.4**	**3.4%**
Materials and consumables used	(231.1)	(244.0)	5.6%
Employee benefits expense	(234.1)	(228.6)	(2.3)%
Depreciations, amortization and impairment expense	(92.0)	(93.2)	1.3%
Other operating expenses	(206.2)	(230.4)	11.7%
Other operating income	19.6	21.8	11.2%
Gain on the disposal of subsidiaries	5.9	3.9	(39.0)%
Profit/(Loss) before finance results net and income tax	**1.4**	**(9.5)**	**576.6%**
Finance costs	(85.8)	(103.7)	20.9%
Finance income	4.4	7.5	70.5%
Loss before income tax	**(82.9)**	**(105.7)**	**27.6%**
Income taxes	5.1	4.0	(21.6)%
Net loss for the period, attributable to equity holders of the parent	**(77.8)**	**(101.7)**	**30.7%**

Revenue

Revenue increased by €25.0 million, or 3.4%, from €736.4 million for the year ended September 30, 2016 to €761.4 million for the year ended September 30, 2017. This increase was primarily due to the Pelican Rouge Acquisition, which contributed €36.6 million to our revenue from September 7, 2017, to September 30, 2017. Without giving effect to the Pelican Rouge Acquisition and the disposal of our Baltics operations in 2016 (€13.3 million), revenue would have increased by €1.7 million, or 0.2%. At constant currency rate, and without giving effect to the Pelican Rouge Acquisition and the disposal of our Baltics operations in 2016, revenue would have increased by 1.6%.

The table below shows our total sales by region for the years ended September 30, 2016 and 2017, respectively:

(in € million)	Year ended September 30, 2016	Year ended September 30, 2017	Change in %
Central	304.2	318.5	4.7%
North	140.0	129.2	(7.7)%
France	184.3	191.6	3.9%
West	107.9	122.3	13.3%
Headquarters	0.0	(0.1)	—
Total revenue	**736.4**	**761.4**	**3.4%**

Revenue in our Central region increased by €14.3 million, or 4.7%, from €304.2 million for the year ended September 30, 2016 to €318.5 million for the year ended September 30, 2017. This increase was primarily due to the effects of the Pelican Rouge Acquisition in Spain, and an increase of 21.5% in Germany compared to the previous year as a result of the increased sales from the Deutsche Bahn contract, and trade sales from Shell gas stations. This increase was partially offset by a decrease in private sales in Switzerland where new business gains were below expectation. Sales in the Swiss public segment, however, grew slightly due to the upgrades implemented in approximately 2,500 machines, which were fitted with telemetry, cashless payment options, and brighter new displays.

Revenue in our North region decreased by €10.8 million, or 7.7%, from €140.0 million for the year ended September 30, 2016, to €129.2 million for the year ended September 30, 2017. This decrease was primarily due to the disposal of our operations in the Baltic countries, which had a revenue of €13.3 million in 2016. This decrease was partially offset by the positive performance of our Starbucks on-the-go machines in gas stations in Denmark.

Revenue in our France region increased by €7.3 million, or 3.9%, from €184.3 million for the year ended September 30, 2016, to €191.6 million for the year ended September 30, 2017. This increase was primarily due to an increase in sales from vending machines in public spaces, specifically train stations. This growth was partially offset by a decline in the private sales due to the removal of low-performing machines from the machine park.

Revenue in our West region increased by €14.4 million, or 13.3%, from €107.9 million for the year ended September 30, 2016, to €122.3 million for the year ended September 30, 2017. This increase was primarily due to the added revenue as a result of the Pelican Rouge Acquisition. Constant sales growth throughout the year at gas stations in the Netherlands also contributed to this growth, while decreased private sales in the UK offset this growth.

Materials and Consumables Used

Expenses for materials and consumables used increased by €12.9 million, or 5.6%, from €231.1 million for the year ended September 30, 2016 to €244.0 million for the year ended September 30, 2017. This increase was primarily due to the Pelican Rouge Acquisition, which contributed €15.7 million to our material and consumables used from September 7, 2017, to September 30, 2017. Without giving effect to the Pelican Rouge Acquisition, expenses for materials and consumables would have decreased by €2.8 million, or 1.2%, as a result of the disposal of Selecta's operations in three Baltic countries completed on March 14, 2017, which accounted for €6.2 million of this expense in the previous year.

Employee Benefits Expense

Employee benefits expense decreased by €5.5 million, or 2.3%, from €234.1 million for the year ended September 30, 2016, to €228.6 million for the year ended September 30, 2017. This decrease was primarily due to a reduction in the number of full-time employees in all four regions (other than Germany in the Central region), which contributed to employee expense savings. Full-time employee reductions were implemented for both field-force and administrative staff, notably IT as a consequence of the outsourcing of the IT infrastructure. The Pelican Rouge Acquisition contributed €12.6 million of employee benefit expense from September 7, 2017, to September 30, 2017, and Selecta's operations in the Baltics countries accounted €1.8 million for the year ended September 30, 2016. Without giving effect to the Pelican Rouge Acquisition and the Baltics disposal, employee benefit expense decreased by 7.0%.

Depreciation, Amortization and Impairment Expense

Depreciation, amortization and impairment expense increased by €1.2 million, or 1.3%, from €92.0 million for the year ended September 30, 2016, to €93.2 million for the year ended September 30, 2017. This increase was primarily due to the Pelican Rouge Acquisition, which contributed €4.1 million to our depreciation, amortization, and impairment expense from September 7, 2017, to September 30, 2017. Without giving effect to the Pelican Rouge Acquisition and the Baltics disposal, depreciation, amortization, and impairment expense would have decreased by €2.9 million, or 3.1%, primarily as a result of a reduction to the machine park, compared to the previous year.

Other Operating Expenses

Other operating expenses increased by €24.2 million, or 11.7%, from €206.2 million for the year ended September 30, 2016, to €230.4 million for the year ended September 30, 2017. This increase was primarily due to the Pelican Rouge Acquisition and integration related advisory costs. In addition, IT outsourcing and ERP development expenses contributed €8.1 million to our other operating expenses. Additionally, vending rents also increased by €3.4 million to €88.9 million for the financial year ended September 30, 2017 due to an increase in public sales. Vending rents, as a percentage of public revenue, decreased by 3.3 points.

Finance Costs

Finance costs increased by €17.9 million, or 20.9%, from €85.8 million for the year ended September 30, 2016 to €103.7 million for the year ended September 30, 2017. This increase was primarily due to a €4.9 million increase in non-cash interest payment on shareholder loans, €9.0 million of financing transaction costs directly attributable to the Pelican Rouge Acquisition, and foreign exchange losses.

Finance Income

Finance income increased by €3.1 million, or 70.5%, from €4.4 million for the year ended September 30, 2016, to €7.5 million for the year ended September 30, 2017. This increase was primarily due to a change in fair value of derivative financial instruments.

Income Taxes

Income taxes decreased by €1.1 million, or 21.6%, from €5.1 million for the year ended September 30, 2016 to €4.0 million for the year ended September 30, 2017. This decrease was related to the merger of Selecta headquarters in Switzerland.

Comparison of the Year Ended September 30, 2015 to the Year Ended September 30, 2016

	Year ended September 30,		
(in € million)	**2016**	**2017**	**Change in %**
Revenue	725.6	736.4	1.5%
Materials and consumables used	(224.7)	(231.1)	2.8%
Employee benefits expense	(230.5)	(234.1)	1.6%
Depreciations, amortization and impairment expense	(88.2)	(92.0)	4.3%
Other operating expenses	(180.9)	(206.2)	14.0%
Other operating income	13.3	19.6	47.4%
Gain on the disposal of subsidiaries	—	5.9	—
Profit/(Loss) before finance results net and income tax	**14.6**	**(1.4)**	**(109.6)%**
Finance costs	(52.3)	(85.8)	64.1%
Finance income	0.1	4.4	64.1%
Loss before income tax	**(37.6)**	**(82.9)**	**120.5%**
Income taxes	(1.3)	5.1	(492.3)%
Net loss for the period, attributable to equity holders of the parent	**(38.8)**	**(77.8)**	**100.5%**

Revenue

Revenue increased by €10.8 million, or 1.5%, from €725.6 million for the year ended September 30, 2015, which includes revenue of €13.5 million from our operations in Czech Republic, Slovakia and Bulgaria, which we disposed of in 2016, to €736.4 million for the year ended September 30, 2016. The table below shows our total sales by region for the years ended September 30, 2015 and 2016, respectively:

	Year ended September 30,		
(in € million)	**2016**	**2017**	**Change in %**
Central	311.2	304.2	(2.2)%
North	127.4	140.0	9.9%
France	184.7	184.3	(0.2)%
West	102.2	107.9	5.6%
Headquarters	0.1	0.0	—
Total revenue	**725.6**	**736.4**	**1.5%**

Revenue in our Central region decreased by €7.0 million, or 2.2%, from €311.2 million for the year ended September 30, 2015, to €304.2 million for the year ended September 30, 2016. This decrease was primarily due to the disposal of our operations in Czech Republic, Slovakia and Hungary, which together in the previous year contributed €13.5 million to revenue. This decrease was partially offset by sales growth in Germany due to new installations in Deutsche Bahn and Fraport and sales growth in Spain.

Revenue in our North region increased by €12.6 million, or 9.9%, from €127.4 million for the year ended September 30, 2015, to €140.0 million for the year ended September 30, 2016. This increase was primarily due to the performance of our new Starbucks on-the-go machines in gas stations in Denmark.

Revenue in our France region decreased by €0.4 million, or 0.2%, from €184.7 million for the year ended September 30, 2015, to €184.3 million for the year ended September 30, 2016. This decrease was primarily due to a decrease of €1.7 million in our trade and other sales to third parties over the period. This decrease was partially offset by sales growth of 0.7% in our France region in our two main business segments "public and private vending" due to installations of new "Move" vending machine in France and new business installations in private vending.

Revenue in our West region increased by €5.7 million, or 5.6%, from €102.2 million for the year ended September 30, 2015, to €107.9 million for the year ended September 30, 2016. This increase was primarily due to sales growth following the roll out of our Starbucks on-the-go concept in Euro Garages in the UK and in Shell gas stations in the Netherlands.

Materials and Consumables Used

Expenses for materials and consumables used increased by €6.4 million, or 2.8%, from €224.7 million for the year ended September 30, 2015 to €231.1 million for the year ended September 30, 2016, as a result of increased sales over that period.

Employee Benefits Expense

Employee benefits expense increased by €3.6 million, or 1.6%, from €230.5 million for the year ended September 30, 2015 to €234.1 million for the year ended September 30, 2016. This increase was primarily due to restructuring costs in connection with headcount reductions following our efficiency initiatives and SG&A savings program.

Depreciation, Amortization and Impairment Expense

Depreciation, amortization and impairment expense increased by €3.8 million, or 4.3%, from €88.2 million for the year ended September 30, 2015 to €92.0 million for the year ended September 30, 2016. This increase was primarily due to higher investments in new business installations.

Other Operating Expenses

Other operating expenses increased by €25.3 million, or 14.0%, from €180.9 million for the year ended September 30, 2015 to €206.2 million for the year ended September 30, 2016. This increase was primarily due to higher vending rents (€18.1 million) and higher consulting expenses (€1.1 million).

Finance Costs

Finance costs increased by €33.5 million, or 64.1%, from €52.3 million for the year ended September 30, 2015 to €85.8 million for the year ended September 30, 2016. This increase was primarily due to €4.9 million of costs due to a change in ownership following the acquisition by KKR Sponsor, an increase of €5.0 million on non-cash interest payments, and foreign exchange losses.

Finance Income

Finance income increased by €4.3 million from €0.1 million in the year ended September 30, 2015 to €4.4 million for the year ended September 30, 2016.

Income Taxes

Income taxes decreased by €6.4 million from an expense of €1.3 million for the year ended September 30, 2015 to a credit of €5.1 million for the year ended September 30, 2016. This increase was primarily due to deferred income tax.

Liquidity and Capital Resources

Our principal sources of funds have been cash generated from our operating activities and borrowings under the Existing Senior Facility Agreement. Our principal uses of cash are to fund debt service obligations, working capital and capital expenditures. As of September 30, 2017, we had cash and cash equivalents of €134.8 million.

Our principal source of liquidity on an ongoing basis is expected to be our operating cash flows. Our ability to generate cash depends on our future operating performance, which, in turn, depends to some extent on general economic, financial, industry and other factors, many of which are beyond our control.

In addition, we will have access to the Revolving Credit Facility to service our working capital and general corporate needs. The continued availability of the Revolving Credit Facility is dependent upon certain conditions, including ongoing compliance with a maintenance covenant tested quarterly.

Although we believe that our expected cash flows from operations, together with available borrowings under the Revolving Credit Facility, will be adequate to meet our anticipated liquidity and debt service needs, we cannot assure you that our business will generate sufficient cash flows from operating activities or that future debt financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs.

Cash Movements in Working Capital

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

	Year ended September 30,		
(in € million)	**2015**	**2016**	**2017**
(Increase)/Decrease in inventories	(0.2)	0.5	(1.1)
(Increase)/Decrease in trade receivables	(1.5)	(2.3)	(4.0)
(Increase)/Decrease in other current assets	2.7	0.6	(1.4)
(Increase)/Decrease in trade payables	10.3	1.4	9.7
(Increase)/Decrease in other liabilities	2.6	4.9	22.9
Cash movements in working capital	**13.9**	**5.1**	**26.1**

Cash inflow from movements in working capital amounted to €26.1 million for the year ended September 30, 2017, and was primarily driven by other liabilities, higher accruals due to transaction and integration costs as a result of the Pelican Rouge Acquisition. Cash inflow from movements in working capital amounted to €5.1 million for the year ended September 30, 2016, and was primarily attributable to a lower level of payables in relation to investing activities in the period. Cash inflow from movements in working capital amounted to €13.9 million for the year ended September 30, 2015, and was primarily attributable to a higher level of payables related to investments as reflected in the growth in revenue in the subsequent year.

Cash Flows

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

	Year ended September 30,		
(in € million)	**2015**	**2016**	**2017**
Net cash generated from operating activities	108.5	80.2	99.9
Net cash used in investing activities	(84.1)	(45.7)	(133.7)
Net cash used in financing activities	(34.3)	0.0	107.2
Net (decrease/increase in cash and cash equivalents	**(9.9)**	**34.5**	**73.4**
Cash and cash equivalents at the beginning of the period	50.8	36.2	66.9
Exchange gains/(losses) on cash and cash equivalents	(4.7)	(3.8)	(4.7)
Cash at bank in the books of Finland classified as held for sales	—	—	(0.9)
Cash and cash equivalents at the end of the period	**36.2**	**66.9**	**134.8**

Cash Flows from Operating Activities

Comparison of the Years Ended September 30, 2016 and 2017

Net cash flows from operating activities increased by €19.7 million, or 24.6%, from €80.2 million for the year ended September 30, 2016 to €99.9 million for the year ended September 30, 2017. This increase was primarily due to lower employee expenses and overall operating expense, excluding the Pelican Rouge integration costs.

Comparison of the Years Ended September 30, 2015 and 2016

Net cash flows from operating activities decreased by €28.3 million, or 26.1%, from €108.5 million for the year ended September 30, 2015 to €80.2 million for the year ended September 30, 2016. This decrease was primarily due to higher costs, lower profit (loss) before income tax, and a lower level of payables relating to investing activities.

Cash Flows from Investing Activities

Comparison of the Years Ended September 30, 2016 and 2017

Net cash flows used in investing activities increased from €45.7 million for the year ended September 30, 2016 to €133.7 million for the year ended September 30, 2017. This increase was primarily due to the cash consideration of €119.2 million paid for the acquisition of Pelican Rouge, partially offset by cash acquired from Pelican Rouge.

Comparison of the Years Ended September 30, 2015 and 2016

Net cash flows used in investing activities decreased by €38.4 million, or 45.7%, from €84.1 million for the year ended September 30, 2015 to €45.7 million for the year ended September 30, 2016. This decrease was primarily due to the capital intensity initiatives.

Cash Flows from Financing Activities

Comparison of the Years Ended September 30, 2016 and 2017

Net cash flows used in financing activities increased to €107.2 million in the year ended September 30, 2017 from nil for the year ended September 30, 2016. This increase was primarily due to a capital contribution by KKR Sponsor of €179.7 million to finance the acquisition of Pelican Rouge.

Comparison of the Years Ended September 30, 2015 and 2016

Net cash flows used in financing activities decreased by €34.3 million from €34.3 million for the year ended September 30, 2015 to nil for the year ended September 30, 2016. Net cash flows from financing activities were nil in 2016 as the interest and other financing costs paid (€ 45.1 million) were offset by the drawings made under our Existing Revolving Credit Facility (€28.4 million) and by the proceeds from a capital increase (€16.7 million).

Capital Expenditures

Our capital expenditures for the years ended September 30, 2015, 2016 and 2017 relate primarily to the acquisition of vending machines to be installed on our clients' premises. Our capital expenditures also related to the purchase of vehicles and other equipment, such as vending furniture, machine installations (particularly in public vending locations) and IT investments.

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

	Year ended September 30,		
(in € million)	**2015**	**2016**	**2017**
Additions to vending equipment	84.4	59.9	65.7
Additions to vehicles	0.9	2.1	3.2
Additions to freehold land and buildings	0.0	0.0	0.0
Additions to other equipment	2.4	3.3	2.9
Total additions to either intangible assets	8.1	9.3	5.1
Capital expenditures	**95.8**	**74.6**	**76.9**
Less			
Total disposals of vending equipment	(2.9)	(4.7)	(8.3)
Net capital expenditures	**92.9**	**69.9**	**68.6**

Capital expenditures for the year ended September 30, 2017 were €76.9 million, an increase of €2.3 million, or 3.1%, from €74.6 million for the year ended September 30, 2016. This increase was primarily attributable to growth in the business.

Capital expenditures for the year ended September 30, 2016 were €74.6 million, a decrease of €21.2 million, or 22.1%, from €95.8 million for the year ended September 30, 2015. This decrease was primarily attributable to capital expenditure optimizations and more thorough checks on local management formal processes, whereby Selecta requests local management to make investment case with a return within two years in order to receive the amount of capital expenditures requested.

Based on a machine park and other properties net asset value (at cost) of €362.0 million as of September 30, 2017 (including Pelican Rouge), we estimate that we will require capital expenditures of approximately €100.0 million per year on vending machines to support a 2% yearly growth of recurrent revenue in addition to capital expenditure for vehicles, IT and other equipment. We further estimate we will require approximately €7.0 million of initial capital expenditure to support each additional per cent of revenue growth. Our estimates with respect to such future capital expenditure requirements may vary based on changes in our product, concept and segment mix.

As our capital expenditure requirements vary from year to year based on different capital intensity in different business segments, specific reinvestment requirements in relation to new business, levels of capital expenditure funded through new machines versus refurbished machines and specific initiatives to develop telemetry and cashless payment technologies, among other factors, we cannot assure you that our level of capital expenditure will not increase significantly in the future.

Contractual Obligations

The following table summarizes certain categories of our contractual obligations and commitments (excluding factoring agreements) owed to third parties, by period, as of September 30, 2017 and on an as adjusted basis after giving effect to the Transactions:

(in € million)	**Less than 1 year**	**1.5 years**	**More than 5 years**	**Total**
Notes offered hereby	—	—	1,300.0	1,300.0
Revolving Credit Facility	—	—	—	—
Finance lease liabilities[(a)]	11.7	30.4	0.0	42.0
Total	**11.7**	**30.4**	**1,300.0**	**1,342.0**

(a) The finance lease liabilities relate primarily to motor vehicles and vending equipment.

Off-Balance Sheet Arrangements

Our off-balance sheet liabilities relate primarily to land, buildings and vehicles under various operating lease agreements. As of September 30, 2017, we recorded expense of €22.8 million for payments under operating lease agreements not recorded on our balance sheet and expenses in relation to property, plants, equipment and vehicles.

Except as described above, we are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources.

Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of business, we are exposed to a variety of market risks including credit risk, interest rate risk and liquidity risk. We monitor and manage these risks as a part of our overall risk management. The following section discusses the significant financial risks to which we are exposed. This discussion does not address other risks to which we are exposed in the ordinary course of business, such as operational risks.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Prior to the Transactions, our exposure to the risk of changes in market interest rates related primarily to our long-term debt obligations with floating rate interests.

The Revolving Credit Facility will bear interest at variable rates. While we may enter into hedging agreements in the future, we may also elect not to do so or the terms on which we hedge may not be satisfactory or may fail to adequately protect us from changes in market interest rates.

Credit Risk

Credit risk is the risk of financial loss resulting from counterparty failure to repay or service debt owed to us according to the contractual terms or obligations. We are exposed to credit risk on our trade receivables, non-current other financial assets and cash and cash equivalents.

Trade receivables are subject to credit limits and ongoing credit evaluations in all of our subsidiaries. Due to our large geographic presence and large base of clients, we are not exposed to material concentrations of credit risk on our trade receivables and have no significant exposure to credit risk with any single counterparty. In addition, due the nature of our operations, a significant portion of our revenue is received in cash.

We do not believe we are exposed to significant credit risk on our cash and cash equivalents as these are spread over several financial institutions in different countries.

Liquidity Risk

Liquidity risk is the risk of not being able to fulfill present or future obligations if we do not have sufficient funds available to meet such obligations at the time they become due. Liquidity risk arises mostly in relation to cash flows generated and used in working capital and from financing activities, particularly by servicing our debt, in terms of both interest and capital, and our payment obligations relating to our ordinary business activities. We manage liquidity risk by continuously monitoring our expected cash flows and working capital levels and ensuring that adequate borrowing facilities are maintained.

We have several thresholds 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 our Chief Financial Officer. The subsidiaries may also not hedge their foreign currency exposures without the approval of our Chief Financial Officer. Wherever possible, we require 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.

Foreign Currency Risk

Since each of our subsidiaries invoices its clients in the functional currency in which that subsidiary operates, and since the significant part of its cost base is also denominated in its functional currency, our exposure to currency risk is not significant.

Translation exposure arises from the consolidation of operations whose functional currency is not the euro in our financial statements which are presented in euro. Previously, in order to minimize our exposure to translation risk, we had established the borrowings and related interest payments in the four main currencies in which we operate, namely EUR, CHF, GBP and SEK, in order to effect a natural hedge between our income and interest expenses. The Euro Notes and the Revolving Credit Facility will be denominated in euro, and changes in foreign exchange rates will therefore give rise to foreign exchange exposure. While we may enter into hedging agreements in the future, we may also elect not to do so or the terms on which we hedge may not be satisfactory or may fail to adequately protect us from changes in foreign exchange rates.

Commodity Risk

We are 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. We periodically assess the economic impact of hedging the coffee prices but consider the hedging cost too high to make hedging financially attractive. However whilst we do not enter into hedging instruments with respect to coffee prices, coffee volumes are committed with suppliers between one and six months in advance depending on current green bean coffee prices and expectations of future price development.

Critical Accounting Policies

Our Consolidated Financial Statements and the accompanying notes contain information that is pertinent to the discussion and analysis of our results of operations and financial condition set forth above. The preparation of our Consolidated Financial Statements and Interim Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in future periods are summarized below. For a more detailed description of our significant accounting policies, see note 3 of our Consolidated Financial Statements.

Goodwill and Intangible Assets with Indefinite Useful Lives

The cash-generating unit to which goodwill is allocated and 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 and intangible assets with indefinite useful lives 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.

Client Contracts

Intangible assets resulting from the acquisition of client contracts in a business combination have a finite useful life and are amortized over the determined life of 15 years. We actively monitor retention rates on client contracts and consider other relevant factors which may provide an indication of impairment.

Employee Benefits

The present value of the pension obligations depends on a variety of factors that are estimated annually by independent actuaries using a number of assumptions, including the discount rate to be applied to determine the present value of defined benefit obligations. In determining the appropriate discount rate, we consider the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Deferred Income Tax Assets

Deferred income tax assets on unused tax losses carried forward are recognized to the extent it is probable that there will be future taxable profits against which the losses can be offset. The assessment of recoverability of the recognized deferred income tax assets is based on assumptions regarding future profits and is derived from the latest budgets and business plans of the Group.

Provisions

Provisions are recognized 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. The amount recognized as a provision is based on management's best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions for warranties are ordinarily determined by product line and are based on statistics including the likelihood of a breakdown occurring and the average cost of repair or replacement.

Sales Estimates

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 and 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 clients are recorded as accrued income and uncollected cash in points-of-sale.

Inventories

Food and beverage inventories which have passed their sell by date are fully provided against. Similarly, where the level of food and beverage inventories held exceeds the sales expected to be achieved before the sell by date, a provision is made for the excess inventory held. Provisions for vending equipment in inventory are recorded against vending machines in inventory according to the age of the machine. Provisions for spare parts held in inventory are calculated according to the inventory turnover ratio.

PELICAN ROUGE'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Segment Information

Pelican Rouge reports its total sales by region based of the location of the operation. The four regions where Pelican Rouge operates have historically not been reported on as Pelican Rouge's segments and are not reporting segments under IFRS. These regions consist of the following:

- *The Netherlands* includes operating entities in the Netherlands;
- *United Kingdom* includes operating entities in the UK and Ireland;
- *Europe (other)* includes operating entities in Belgium, France and Spain. For the year ended March 31, 2016, operating entities in Germany, Sweden and Denmark are also included in this region; and
- *Nordic Countries* includes operating entities in Finland and Norway.

Key Factors Affecting Results of Operations and Financial Condition

Pelican Rouge's results of operations are impacted by several factors, including factors that influence the vending industry as a whole. Such factors primarily include the general economic conditions, consumer spending and consumer preferences, the level of capital expenditures, the vending machines density and product mix and the prices of vending stock. For a description of these factors, see the corresponding discussion of key factors influencing the Group at "*Selecta's Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Condition*."

Set forth below is a description of the other key factors that affected Pelican Rouge's results of operations during the periods presented.

Factors Affecting Results of Pelican Rouge's Roasting Operations

Pelican Rouge operates a roasting facility in Dordrecht, the Netherlands, from which it supplies the Pelican Rouge Group and third parties with coffee. For the year ended March 31, 2017, Pelican Rouge's roasting operations accounted for 9.0% of Pelican Rouge's revenue. Pelican Rouge sells coffee to businesses, such as restaurants, coffee shops and vending machines operators, and, for a limited portion of sales, directly to consumers. Pelican Rouge's roasting operations have primarily focused on the roasting, blending, packaging and sale of private label coffee, including of the coffee brand Pelican Rouge. The results of Pelican Rouge roasting operations are primarily affected by the level of marketing and pricing competition from existing or new competitors in the coffee industry, Pelican Rouge's ability to retain existing customers and attract new customers for its coffee and fluctuations in the selling prices of Pelican Rouge-branded coffee. In addition, investments required to maintain or repair Pelican Rouge's roasting facility have a material impact on Pelican Rouge's capital expenditures.

Pelican Rouge purchases coffee from dealers located primarily in the European Union. The dealers supply Pelican Rouge with coffee beans from many countries, including Colombia, Mexico, Kenya, Indonesia, Brazil, Vietnam and Uganda. The supply and price of coffee beans are subject to volatility and are influenced by numerous factors which are beyond Pelican Rouge's control. However, because Pelican Rouge purchases coffee from a number of countries, price fluctuations in one country generally have not had a material impact on the price Pelican Rouge pays for coffee. In addition, because Pelican Rouge generally has been able to pass coffee price increases through to customers, increased prices of coffee generally result in increased net sales.

Third Party Services

In addition to vending services for the private and public end-markets, Pelican Rouge services the hospitality professionals, including hotels, restaurants and cafeterias, or HoReCa, end-market, and provides maintenance and technical support services to third parties for their automated vending machines. Historically, revenues from services to third parties have generated higher margins than revenues from vending services or sales of coffee.

Acquisitions

External growth through acquisitions has contributed to the overall growth of Pelican Rouge's business. During the year ended March 31, 2015, Pelican Rouge acquired Maas International businesses in Belgium, Luxembourg, Ireland and later, in the United Kingdom. During the year ended March 31, 2016, Pelican Rouge acquired vending operations from Sodexo in Belgium. These acquisitions have impacted and will continue to impact Pelican Rouge's results, and limit the comparability of Pelican Rouge's results from period to period.

Rebranding

In 2014, Autobar Group changed its name to Pelican Rouge to refocus the business on its coffee operations and relocated to Dordrecht, the Netherlands. The coffee brand Pelican Rouge (Roode Pelikaan) was originally founded in 1863 in Antwerp. The year ended March 31, 2016, was the first full financial year for the rebranded Pelican Rouge business.

Strategic and Operational Initiatives

After Pelican Rouge experienced declines in the United Kingdom and France in the year ended March 31, 2016 due to margin erosion, poor cost control and loss of several major contracts, various strategic and operational initiatives were implemented to optimize headcount, improve stability and control and to focus on targeted opportunities to grow revenues and optimize capital expenditure. These initiatives included a significant change in the composition of the Supervisory Board, roll out of a new ERP system across certain regions and implementation of performance reviews with a consulting firm focusing on operational excellence in vending. The combination of these initiatives has begun to have an impact on our operating and financial performance and we expect will prepare us well going forward to realize benefits from expected cost synergies.

Explanation of Key Line Items

Revenue

Revenue means revenue from Pelican Rouge's publicly accessible points of sale, privately placed points of sale and from trade sales of machines and products as well as revenue from the rendering of technical services and rental income from machines placed at client sites under a rental contract and rental of advertising space. Pelican Rouge recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities. Pelican Rouge bases its estimate of return on historical results, taking into account the type of customer, the type of transaction, and the specifics of each arrangement.

Cost of Materials

Cost of materials primarily relates to Pelican Rouge's cost of ingredients and products used to fill its vending machines, including coffee beans, or for trade sales, spare parts used in servicing its vending machines and the cost of vending machines sold as trade business, adjusted for rebates and discounts.

Employee Benefits Expenses

Employee benefits expenses consist of wages and salaries as well as social security costs and post-employment benefits under defined contributions and benefit plans, plus other personnel expenses.

Depreciation, Amortization and Impairment Charges

Depreciation, amortization and impairment charges relate to depreciation of property, plant and equipment, which Pelican Rouge initially recognizes at cost and depreciates using a straight-line method over their estimated useful lives, and amortization of intangible assets as well as impairment of tangible and intangible assets.

Other Operating Expenses

Other operating expenses primarily consist of vending rent and other rent, maintenance, administration expense and travel and representation expenses.

Finance Costs and Finance Income

Financial costs consist of interest on bank loans, finance lease expense and other interest expense as well as changes in the fair value of derivative financial instruments and net foreign exchanges gains or losses.

Finance income consists of gains generated on foreign exchange transactions, interest on cash deposits and fair value gains on derivative financial instruments.

Income Taxes

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

Results of Operations

The following table sets forth the consolidated statement of profit or loss of Pelican Rouge for the periods indicated.

	Year ended March 31,		Six months ended September 30,	
(in € million)	**2016**	**2017**	**2016**	**2017**
Revenue	672.7	584.9	287.8	276.9
Other income	5.2	3.7	3.8	3.7
Total revenue	**677.9**	**588.6**	**291.6**	**280.6**
Cost of materials	(306.1)	(259.0)	(130.0)	(129.5)
Employee benefits expenses	(194.2)	(175.2)	(88.9)	(85.0)
Depreciation, amortization and impairment charges	(372.0)	(82.7)	(28.5)	(24.2)
Other operating expenses	(99.2)	(106.1)	(47.0)	(37.8)
Operating profit	**(293.5)**	**(34.3)**	**(2.7)**	**4.2**
Finance income	0.0	0.0	0.0	0.0
Finance costs	(67.0)	(59.4)	(27.7)	(34.9)
Finance costs-net	**(67.0)**	**(59.4)**	**(27.7)**	**(34.9)**
Profit (loss) before income tax	**(360.5)**	**(93.7)**	**(30.5)**	**(30.8)**
Income tax	1.1	12.2	—	(2.2)
Profit (loss) after tax	**(359.3)**	**(81.5)**	**(30.5)**	**(33.0)**

Discussion and Analysis of Pelican Rouge's Results of Operations

Comparison of the Six Months Ended September 30, 2016 to the Six Months Ended September 30, 2017

	Six months ended September 30,		
(in € million)	**2016**	**2017**	**Change in %**
Revenue	287.8	276.9	(3.8)%
Other income	3.8	3.7	(2.6)%
Total revenue	**291.6**	**280.6**	**(3.8)%**
Cost of materials	(130.0)	(129.5)	0.4%
Employee benefits expenses	(88.9)	(85.0)	4.4%
Depreciation, amortization and impairment charges	(28.5)	(24.2)	15.1%
Other operating expenses	(47.0)	(37.8)	19.6%
Operating profit	**(2.7)**	**4.2**	
Finance income	0.0	0.0	
Finance costs	(27.7)	(34.9)	26.0%
Finance costs-net	**(27.7)**	**(34.9)**	**26.0%**
Profit (loss) before income tax	**(30.4)**	**(30.7)**	**(1.0)%**
Income tax	—	(2.2)	
Profit (loss) after tax	**(30.4)**	**(32.9)**	**(8.2)%**

Revenue

Revenue decreased by €10.9 million, or 3.8%, from €287.8 million for the six months ended September 30, 2016 to €276.9 million for the six months ended September 30, 2017. The table below shows the total revenue of Pelican Rouge by region based on the location of the operation for the six months ended September 30, 2016 and 2017, respectively:

	Six months ended September 30,		
(in € million)	**2016**	**2017**	**Change in %**
The Netherlands	65.2	66.8	2.5%
United Kingdom	66.4	61.8	(6.9)%

Europe (other)	135.9	127.2	(6.4)%
Nordic countries	20.3	21.1	3.9%
Total Revenue	**287.8**	**276.9**	**(3.8)%**

Revenue in the Netherlands increased by €1.6 million, or 2.5%, from €65.2 million for the six months ended September 30, 2016, to €66.8 million for the six months ended September 30, 2017. This increase was primarily due to an increase in volumes sold by Pelican Rouge's roaster facility in the Netherlands.

Revenue in the United Kingdom decreased by €4.6 million, or 6.9%, from €66.4 million for the six months ended September 30, 2016, to €61.8 million for the six months ended September 30, 2017. This decrease was primarily due to foreign exchange rate losses of €4.9 million for the six months ended September 30, 2017. Without giving effect to foreign exchange rate losses, revenue in the United Kingdom and Ireland increased by €0.2 million primarily due to a sale of vending machines for €4.3 million, which was partially offset by loss of customers in the banking and automotive sectors for €2.6 million and a decrease in average sales per machine per day leading to a decline of €1.2 million of revenue.

Revenue in Europe (other) decreased by €8.7 million, or 6.4%, from €135.9 million for the six months ended September 30, 2016, to €127.2 million for the six months ended September 30, 2017. This decrease was primarily due to a €5.2 million decrease in revenue in France, due to loss of certain HoReCa customers and a decrease in revenue from operating vending machines by €2.3 million and revenue from ingredients sales decreased by €1.1 million. Moreover, revenue decreased by €1.0 million in Spain and by €1.9 million in Belgium.

Revenue in Nordic countries increased by €0.8 million, or 3.9%, from €20.3 million for the six months ended September 30, 2016, to €21.1 million for the six months ended September 30, 2017. This increase was primarily due to higher sales of ingredients and of vending machines in Norway.

Cost of Materials

Cost of materials decreased by €0.5 million, or 0.4%, from €130.0 million for the six months ended September 30, 2016 to €129.5 million for the six months ended September 30, 2017. This decrease was primarily due to fluctuations in commodity prices, particularly coffee beans.

Employee Benefits Expenses

Employee benefits expenses decreased by €3.9 million, or 4.4%, from €88.9 million for the six months ended September 30, 2016 to €85.0 million for the six months ended September 30, 2017. This decrease was primarily due to lower salaries and wages following a reduction in average number of employees in the United Kingdom and in France.

Depreciation, Amortization and Impairment Charges

Depreciation, amortization and impairment charges decreased by €4.3 million, or 15.1%, from €28.5 million for the six months ended September 30, 2016, to €24.2 million for the six months ended September 30, 2017. This decrease was primarily due to a decrease of 9.1% in the number of vending machines during this period.

Other Operating Expenses

Other operating expenses decreased by €9.2 million, or 19.6%, from €47.0 million for the six months ended September 30, 2016, to €37.8 million for the six months ended September 30, 2017. This decrease was primarily due to lower exceptional costs (€4.2 million), lower maintenance costs (€1.7 million) and lower professional services costs (€1.1 million) for the six months ended September 30, 2017.

Finance Income

Finance income remained stable at €0.0 million for the six months ended September 30, 2016 and 2017.

Finance Costs

Finance costs increased by €7.2 million, or 26.0%, from €27.7 million for the six months ended September 30, 2016, to €34.9 million for the six months ended September 30, 2017. This increase was primarily due to an increase in borrowings for the six months ended September 30, 2017.

Income Tax

Income tax decreased by €2.2 million from €0.0 million for the six months ended September 30, 2016, to a credit of €2.2 million for the six months ended September 30, 2017. This increase was primarily due to changes in employee benefit assets and obligations.

Comparison of the Year Ended March 31, 2016 to the Year Ended March 31, 2017

(in € million)	Year ended March 31, 2016	Year ended March 31, 2017	Change in %
Revenue	672.7	584.9	(13.1)%
Other income	5.2	3.7	(29.1)%
Total revenue	**677.9**	**588.6**	**(13.2)%**
Cost of materials	(306.1)	(259.0)	(15.4)%
Employee benefits expenses	(194.2)	(175.2)	(9.8)%
Depreciation, amortization and impairment charges	(372.0)	(82.7)	(77.8)%
Other operating expenses	(99.2)	(106.1)	7.0%
Operating profit	**(293.5)**	**(34.3)**	**(88.3)%**
Finance income	0.0	0.0	—
Finance costs	(67.0)	(59.4)	(11.3)%
Finance costs-net	**(67.0)**	**(59.4)**	**(11.3)%**
Profit (loss) before income tax	**(360.5)**	**(93.7)**	**(74.0)%**
Income tax	1.1	12.2	—
Profit (loss) after tax	**(359.3)**	**(81.5)**	**(77.3)%**

Revenue

Revenue decreased by €87.8 million, or 13.1%, from €672.7 million for the year ended March 31, 2016 to €584.9 million for the year ended March 31, 2017. The table below shows the total revenue of Pelican Rouge by region based on the location of the operation for the year ended March 31, 2016 and 2017, respectively:

(in € million)	Year ended March 31, 2016	Year ended March 31, 2017	Change in %
The Netherlands	139.7	137.6	(1.5)%
United Kingdom	195.0	152.4	(21.8)%
Europe (other)	294.6	249.9	(15.2)%
Nordic countries	43.3	44.9	3.8%
Total Revenue	**672.7**	**584.9**	**(13.1)%**

Revenue in the Netherlands decreased by €2.1 million, or 1.5%, from €139.7 million for the year ended March 31, 2016, to €137.6 million for the year ended March 31, 2017. This decrease was primarily due to a decrease of €1.1 million in revenue from Pelican Rouge's roaster facility due to lower volumes sold to its largest customer.

Revenue in the United Kingdom decreased by €42.6 million, or 21.8%, from €195.0 million for the year ended March 31, 2016, to €152.4 million for the year ended March 31, 2017. This decrease was primarily due to full year impact of loss of contracts in the United Kingdom to certain in-house caterers and, to a lesser extent, to lower revenue from sales of vending machines mainly during the first six month of the financial year.

Revenue in Europe (other) decreased by €44.7 million, or 15.2%, from €294.6 million for the year ended March 31, 2016, to €249.9 million for the year ended March 31, 2017. This decrease was primarily due to a decrease in revenue of €15.5 million in France due to the loss of two significant clients. This decrease was partially offset by an increase in revenue in Belgium of €4.5 million due to an increase in operating vending of €3.7 million.

Revenue in the Nordic countries increased by €1.6 million, or 3.8%, from €43.3 million for the year ended March 31, 2016, to €44.9 million for the year ended March 31, 2017. This increase was primarily due to an increase in sales of vending machines of €1.0 million and in sales of ingredient of €0.4 million in Norway.

Cost of Materials

Cost of materials decreased by €47.1 million, or 15.4%, from €306.1 million for the year ended March 31, 2016 to €259.0 million for the year ended March 31, 2017. This decrease was primarily due to lower sales for the year ended March 31, 2017. However, Pelican Rouge's gross margins increased from 54.5% for the year ended March 31, 2016, to 55.7% for the year ended March 31, 2017.

Employee Benefits Expenses

Employee benefits expenses decreased by €19.0 million, or 9.8%, from €194.2 million for the year ended March 31, 2016, to €175.2 million for the year ended March 31, 2017. This decrease was primarily due to €8.3 million of employee benefits expenses incurred by business units that were sold during the year ended March 31, 2016, and, to a lesser extent, to headcount reductions in the Pelican Rouge Group, including through restructuring plans in France and Spain, with a decrease in total employee numbers from an average of 4,704 for the year ended March 31, 2016, to 4,495 for the year ended March 31, 2017.

Depreciation, Amortization and Impairment Charges

Depreciation, amortization and impairment charges decreased by €289.3 million, or 77.8%, from €372.0 million for the year ended March 31, 2016, to €82.7 million for the year ended March 31, 2017. This decrease was primarily due to a reduction in impairment charges of €218.7 million. Pelican Rouge's management's assessment of the carrying value of its assets resulted in impairments totaling €250.1 million for the year ended March 31, 2016. Goodwill totaling €194.6 million was impaired in Belgium, Finland and in Pelican Rouge's roaster and Custompack operations. In addition, the level of required impairments made to tangible fixed assets in France and in the United Kingdom was in excess of the carrying value of goodwill held as of March 31, 2016, which resulted in impairments made to tangible fixed assets of €55.5 million in these countries. As a result of these impairments to tangible fixed assets, depreciation on tangible fixed assets decreased by €21.0 million for the year ended March 31, 2017.

Other Operating Expenses

Other operating expenses increased by €6.9 million, or 7.0%, from €99.2 million for the year ended March 31, 2016 to €106.1 million for the year ended March 31, 2017. This increase was due to an increase in transaction costs related to the acquisition of Pelican Rouge by Selecta. This increase was partly offset by a decrease in operating expenses other than transaction costs.

Finance Income

Finance income remained stable at €0.0 million for the years ended March 31, 2016 and 2017.

Finance Costs

Finance costs decreased by €7.6 million, or 11.3%, from €67.0 million for the year ended March 31, 2016, to €59.4 million for the year ended March 31, 2017. This decrease was primarily due to the capitalization of a shareholder loan in March 2016. Pelican Rouge incurred €10.9 million of interest in connection with this shareholder loan for the year ended March 31, 2016.

Income Tax

Income tax increased by €11.1 million from a tax benefit of €1.1 million for the year ended March 31, 2016, to a benefit of €12.2 million for the year ended March 31, 2017. This increase was primarily due to a decrease in deferred tax liabilities of €9.0 million due to the legally enforceable right to offset deferred tax liabilities with deferred tax assets.

Liquidity and Capital Resources

Pelican Rouge's principal sources of funds have been cash generated from its operating activities and, following the Issue Date, borrowings under the New Revolving Credit Facilities. Pelican Rouge's principal uses of cash are to fund working capital and capital expenditures. As of September 30, 2017, Pelican Rouge had cash and cash equivalents of €38.9 million.

Working Capital

The table below sets forth a summary of the adjustments for changes in operating assets and liabilities in Pelican Rouge's consolidated statement of cash flow for the periods indicated, not reflecting movements in cash:

(in € million)	Year ended March 31, 2016	Year ended March 31, 2017	Six months ended September 30, 2016	Six months ended September 30, 2017
(Increase)/Decrease in inventories	10.5	(2.2)	(5.8)	1.9
(Increase)/Decrease in trade and other receivables	(17.0)	12.5	2.3	11.0
(Increase)/Decrease in trade and other payables (excluding short-term borrowings)	(29.1)	15.6	2.5	(8.9)
Working capital changes	**(35.6)**	**25.8**	**(1.0)**	**4.0**

(1) This item represents adjustments for changes in operating assets and liabilities derived from Pelican Rouge's consolidated statements of cash flow.

Working capital changes amounted to €4.0 million for the six months ended September 30, 2017, compared to €(1.0) million for the six months ended September 30, 2016.

Working capital changes amounted to €25.8 million for the year ended March 31, 2017, compared to €(35.6) million for the year ended March 31, 2016.

Cash Flows

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

(in € million)	Year ended March 31, 2016	Year ended March 31, 2017	Six months ended September 30, 2016	Six months ended September 30, 2017
Net cash generated from operating activities	8.1	23.8	8.4	24.1
Net cash used in investing activities	(51.7)	(41.6)	(18.9)	(18.6)
Net cash used in financing activities	30.3	26.6	29.8	(10.5)
Net (decrease)/increase in cash and cash equivalents	**(13.2)**	**8.9**	**19.3**	**(5.0)**
Cash and cash equivalents at the beginning of the period	50.1	36.2	36.2	44.3
Exchange gains/(losses) on cash and cash equivalents	(0.6)	(0.8)	(0.8)	(0.4)
Cash and cash equivalents at the end of the period	**36.2**	**44.3**	**54.7**	**38.9**

Cash Flows from Operating Activities

Comparison of the Six Months Ended September 30, 2016 and 2017

Net cash flows from operating activities increased by €15.7 million, from €8.4 million for the six months ended September 30, 2016, to €24.1 million for the six months ended September 30, 2017. This increase was primarily due to a €13.4 million reduction in net interest payments for the six months ended September 30, 2017, compared to the six months ended September 30, 2016, due to the repayment of Pelican Rouge's previous senior facility agreement.

Comparison of the Years Ended March 31, 2016 and 2017

Net cash flows from operating activities increased by €15.7 million from €8.1 million for the year ended March 31, 2016 to €23.8 million for the year ended March 31, 2017. This increase was primarily due to the increase in Pelican Rouge's trade payables during the final quarter of the year ended March 31, 2015, in connection with an increase in days payable outstanding. Days payable outstanding returned to ordinary levels in August 2015 and trade payables decreased. There was no comparable fluctuation in days payable outstanding during the final quarter of the year ended March 31, 2016, and therefore no similar working capital outflow for the year ended March 31, 2017.

Cash Flows from Investing Activities

Comparison of the Six Months Ended September 30, 2016 and 2017

Net cash flows used in investing activities decreased by €0.3 million, or 1.8%, from a cash outflow of €18.9 million for the six months ended September 30, 2016 to a cash outflow of €18.6 million for the six months ended September 30, 2017. This increase was primarily due to lower capital expenditures during the six months ended September 30, 2017.

Comparison of the Years Ended March 31, 2016 and 2017

Net cash flows used in investing activities decreased by €10.1 million, or 19.5%, from a cash outflow of €51.7 million for the year ended March 31, 2016 to a cash outflow of €41.6 million for the year ended March 31, 2017. This increase was primarily due to lower investments in the vending machines park during the year ended March 31, 2017, and a minor decrease in capital expenditures through the relocation of certain unprofitable vending machines. See "*—Capital Expenditures*." During the year ended March 31, 2017, the Pelican Rouge Group also disposed of a warehouse in Belgium for €1.9 million.

Cash Flows from Financing Activities

Comparison of the Six Months Ended September 30, 2016 and 2017

Net cash flows used in financing activities decreased by €40.3 million from a cash inflow of €29.8 million for the six months ended September 30, 2016, to a cash outflow of €10.5 million for the six months ended September 30, 2017. This decrease was primarily due to net drawings of €30.0 million under Pelican Rouge's previous revolving credit facility in the six months ended September 30, 2016.

Comparison of the Years Ended March 31, 2016 and 2017

Net cash flows from financing activities decreased by €3.7 million, or 12.3%, from a cash inflow of €30.3 million for the year ended March 31, 2016, to a cash inflow of €26.6 million for the year ended March 31, 2017. This decrease was primarily due to reduced movements on short-term borrowing facilities.

Capital Expenditures

Pelican Rouge's capital expenditures for the six months ended September 30, 2016 and 2017 and the years ended March 31, 2016 and 2017 relate primarily to the acquisition of vending machines to be installed on its clients' premises. Pelican Rouge's capital expenditures also related to the purchase of vehicles and other equipment, such as vending furniture, machine installations (particularly in public vending locations) and IT investments.

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

	Pelican Rouge				
	Year ended March 31,		Six Months ended September 30,		Twelve months ended September 30,
(in € million)	2016	2017	2016	2017	2017
Additions to vending equipment	45.7	39.4	18.4	17.7	38.7
Additions to vehicles	-	-	-	-	-
Additions to freehold land and buildings	0.1	0.4	0.2	0.0	0.2
Additions to other equipment	12.7	6.7	3.6	3.4	6.5
Total additions to other intangible assets	-	0.4	0.3	0.0	0.1
Capital expenditures	**58.5**	**46.9**	**22.5**	**21.1**	**45.5**
Less					
Total disposals of operating assets	(6.4)	(4.9)	(3.5)	(2.5)	(3.9)
Net capital expenditure	**52.1**	**42.0**	**19.0**	**18.6**	**41.6**

Capital expenditures for the six months ended September 30, 2017, amounted to €21.1 million, a decrease of €1.4 million, or 5.8%, from €22.5 million for the six months ended September 30, 2016. This decrease was primarily attributable to lower spending in Belgium due to the acquisition of operations of Sodexo on May 1, 2016, which required the replacement of many of the machines.

Capital expenditures for the year ended March 31, 2017, amounted to €46.9 million, a decrease of €11.6 million, or 19.8%, from €58.5 million for the year ended March 31, 2016. This decrease was primarily due to lower spending on vending machines in France and on the vending machines park. For on-going capital expenditure requirements, see "*Selecta's Management's Discussion and Analysis of Financial Conditions and Results of Operations—Capital Expenditures*."

Contractual Obligations

The following table summarizes certain categories of Pelican Rouge's contractual obligations and commitments owed to third parties, by period, as of September 30, 2017, and on an as adjusted basis after giving effect to the Transactions:

	Less than 1 year	1-5 years	More than 5 years	Total
(in € million)				
Finance lease liabilities[(a)]	2.1	4.2	0.0	6.3

(a) The finance lease liabilities relate primarily to motor vehicles and vending equipment.

Off-Balance Sheet Arrangements

Pelican Rouge's off-balance sheet liabilities relate primarily to land, buildings and vehicles under various operating lease agreements. As of September 30, 2017, Pelican Rouge had expenses of €49.4 million for payments under operating lease agreements not recorded on its balance sheet and expenses in relation to property, plants, equipment and vehicles.

Except as described above, Pelican Rouge is not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on its financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources.

Critical Accounting Policies

The Consolidated Financial Statements of Pelican Rouge and the accompanying notes contain information that is pertinent to the discussion and analysis of its results of operations and financial condition set forth above. The preparation of the Pelican Rouge Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in future periods are summarized below. For a more detailed description of Pelican Rouge's significant accounting policies, see note 1 of the Pelican Rouge Audited Financial Statements.

Impairment of Non-Current Assets

The Pelican Rouge Group determines whether property, plant and equipment are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the relevant cash-generating unit (CGU). Recoverable amount is the higher of fair value less costs to sell and value in use. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters.

Estimated Impairment of Goodwill

The Pelican Rouge Group tests annually whether goodwill has suffered any impairment. There coverable amounts of cash-generating units have been determined based on value-in-use calculations. Sensitivity analysis is included.

Employee Benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Pelican Rouge Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Pelican Rouge Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 21 in the Pelican Rouge Audited Financial Statements.

In the process of applying the Pelican Rouge Group's accounting policies management has made the following judgements that have a significant effect on the amounts recognized in the consolidated financial statements (apart from those involving estimates, which are dealt with above).

Recognition of Provisions

The Pelican Rouge Group is subject to a number of matters which could lead to an outflow of economic benefits. In making an assessment as to whether such matters require either provision or disclosure, management is required to consider, amongst other factors, whether a constructive obligation exists at the balance sheet date and whether the resulting risk of an outflow of economic benefits is probable (requiring a provision), less than probable but more than remote (requiring disclosure) or remote (requiring neither provision nor disclosure). Further details of amounts for which either provision or disclosure was deemed to be required are given in note 22 in the Pelican Rouge Audited Financial Statements.

Inventories

Inventories include perishable products which require the Pelican Rouge 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 provisions to be recorded. Such provisions are therefore calculated with reference to the level of inventories held, average sales, and expiry dates. Provisions for spare parts held in inventory are calculated according to the inventory turnover ratio.

Leases

The lease classification, the economic useful life of the assets and residual value of the assets at the end of the contract date require judgement. Changes in the estimated economic useful life and residual value of the assets could impact the classification of the lease.

Sales Estimates

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 and 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.

ARGENTA'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Key Factors Affecting Results of Operations and Financial Condition

Argenta's results of operations are impacted by several factors, including factors that influence the vending industry as a whole. Such factors primarily include the general economic conditions, consumer spending and consumer preferences, the level of capital expenditures, the vending machines density and product mix and the prices of vending stock. For a description of these factors, see the corresponding discussion of key factors influencing Selecta at "*Selecta's Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Condition*."

Set forth below is a description of the other key factors that affected Argenta's results of operations during the periods presented.

Italian Market and Clients

Italy's vending market is very fragmented, with the top eight players accounting for less than 30% of the market share. Argenta's client base consists mostly of medium and small clients, with the ten largest clients accounting for approximately 9.0% of Argenta's revenue for the year ended September 30, 2017. Argenta serves a broad range of clients, from industrial to services companies, hospitals and schools. Argenta benefits from a high average public vending client retention rate based on revenue, of approximately 97% for the year ended September 30, 2017. Nevertheless, the gain or loss of significant clients affects Argenta's results of operations, and net client growth and retention rates can be impacted by many factors, including factors that are not under the control of Argenta.

Acquisitions and Divestitures

External growth through acquisitions has contributed to the overall growth of Argenta's business. In 2016, the Argenta Group acquired Somed, an Italian automatic vending machines business operating in the south of Italy, and a minority stake in Tramezzino.it, a food delivery company owning the Foodie's brand, which helped Argenta to expand into food retail and to implement its micro market concept. In 2017, the Argenta Group divested its Nespresso business in connection with a contract termination and subsequently acquired the CAMST vending business. These acquisitions and divestitures have impacted and will continue to impact Argenta's results, and limit the comparability of Argenta's results from period to period.

Explanation of Key Line Items

Revenue

Revenue from sales and service means revenue from Argenta's public points of sale, private points of sale, bars and sales of parts and products. Other revenue includes listing fees, marketing sales and other contingencies.

Materials and Consumables Used

Materials and consumables used primarily relates to our cost of materials, which mainly consists of ingredients, products and accessories used to fill our vending machines, adjusted from discounts from suppliers.

Employee Benefits Expense

Employee benefits expense consists of wages and salaries as well as social security costs and post-employment benefits under defined contributions and benefit plans, subcontracted labor, incentives and redundancy costs and personnel related costs, such as canteen service and uniforms.

Depreciation, Amortization and Impairment Expense

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

Other Operating Expenses

Other operating expenses primarily consist of vending and other rent, logistics, spare parts, maintenance and utilities, building rentals, consultancies, vehicle costs, cash counting, general and administration expenses and marketing, travel and representation expenses.

Finance Costs and Finance Income

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

Income Taxes

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

Results of Operations

The following table sets forth the consolidated statement of profit or loss of the Argenta Group for the periods indicated.

	Year ended September 30,	
(in € million)	**2016**	**2017**
Revenue		
Revenue from sales and services	207.8	212.9
Other revenue	5.8	8.8
Total revenue	**213.6**	**221.7**
Operating costs		
Cost of raw material supplies and consumables	(61.1)	(62.1)
Cost of services	(43.5)	(51.5)
Personnel costs	(61.0)	(63.7)
Other operating income (expenses), net	(20.7)	(2.1)
Amortization and depreciation	(30.7)	(33.0)
Total operating costs	**(217.0)**	**(212.4)**
Operating profit	**(3.4)**	**9.3**
Financial income and expenses		
Financial income (expenses), net	(9.6)	(6.8)
Equity investees	0.1	0.0
Total financial income and expense	**(9.5)**	**6.8**
Profit (loss) before taxes	**(12.9)**	**2.5**
Income taxes	(2.3)	0.6
Net profit (loss) for the period	**(15.2)**	**3.1**

Discussion and Analysis of the Argenta Group's Results of Operations

Comparison of the Year Ended September 30, 2016 to the Year Ended September 30, 2017

	Year ended September 30,		
(in € million)	**2016**	**2017**	**Change in %**
Revenue			
Revenue from sales and services	207.8	212.9	2.5%
Other revenue	5.8	8.8	51.7%
Total revenue	**213.6**	**221.7**	**3.8%**
Operating costs			
Cost of raw material supplies and consumables	(61.1)	(62.1)	1.6%
Cost of services	(43.5)	(51.5)	18.4%
Personnel costs	(61.0)	(63.7)	4.4%
Other operating income (expenses), net	(20.7)	(2.1)	(89.9)
Amortization and depreciation	(30.7)	(33.0)	7.5%
Total operating costs	**(217.0)**	**(212.4)**	**(2.1)**
Operating profit	**(3.4)**	**9.3**	**373.5**

(in € million)	Year ended September 30, 2016	2017	Change in %
Financial income and expenses			
Financial income (expenses) net	(9.6)	(6.8)	(29.2)
Equity investees	0.1	0.0	(100.0)
Total financial income and (expense)	**(9.5)**	**(6.8)**	**(28.4)**
Profit (loss) before taxes	**(12.9)**	**2.5**	**119.4%**
Income taxes	(2.3)	0.6	126.1%
Net profit (loss) for the period	**(15.2)**	**3.1**	**120.4**

Revenue

Revenue increased by €8.1 million, or 3.8%, from €213.6 million for the year ended September 30, 2016, to €221.7 million for the year ended September 30, 2017. This increase was primarily due to an increase of 2.5% in revenue from sales and services, primarily due to an increase in the size of the vending machines park of the Argenta Group following the acquisitions completed in 2016, and an increase of 51.7% in other revenue, primarily due to increase in advertising revenue and, to a lesser extent, to a €1.3 million positive price adjustment in 2017 following the outcome of a dispute related to the acquisition of Spunto by the Argenta Group in 2014.

Cost of Raw Material Supplies and Consumables

Cost of raw material supplies and consumables increased by €1.0 million, or 1.6%, from €61.1 million for the year ended September 30, 2016, to €62.1 million for the year ended September 30, 2017. This increase was primarily due to volume increase in connection with the increase in revenue over the same period.

Cost of Services

Cost of services increased by €8.0 million, or 18.4%, from €43.5 million for the year ended September 30, 2016, to €51.5 million for the year ended September 30, 2017. This increase was primarily due to an increase in rental fees and consulting fees in connection with acquisitions of CAMST and Tramezzino and financing projects.

Personnel Costs

Personnel costs increased by €2.7 million, or 4.4%, from €61.0 million for the year ended September 30, 2016, to €63.7 million for the year ended September 30, 2017. This increase was primarily due to volume and footprint increase as a result of an acquisition completed in 2016, an increase in minimum wage following a renegotiation of national collective bargaining agreements in Italy and from restructuring costs.

Other Operating Income (Expenses), Net

Other operating expenses decreased by €18.6 million, or 89.9%, from €20.7 million for the year ended September 30, 2016 to €2.1 million for the year ended September 30, 2017. This decrease was primarily due to an antitrust fine of €19.6 million incurred in 2016. See "*Argenta's Business—Legal Proceedings*."

Amortization and Depreciation

Amortization and depreciation increased by €2.3 million, or 7.5%, from €30.7 million for the year ended September 30, 2016, to €33.0 million for the year ended September 30, 2017. This increase was primarily due to an increase in the size of the vending machines park of the Argenta Group following the acquisitions completed in 2016.

Financial Income (Expenses), Net

Financial expenses, net, decreased by €2.7 million, or 28.4%, from €9.5 million for the year ended September 30, 2016, to €6.8 million for the year ended September 30, 2017. This decrease was primarily due to the net gain of €2.8 million on the disposal of a portion of Argenta's OCS business in 2017.

Income Taxes

Income taxes decreased by €2.9 million, or 126.1%, from an expense of €2.3 million for the year ended September 30, 2016 to a credit of €0.6 million for the year ended September 30, 2017. This decrease was primarily due to higher deduction of financial interests in 2017 compared to 2016.

Net Profit (Loss) for the Period

Net profit amounted to €3.1 million for the year ended September 30, 2017, an increase of €18.3 million from a net loss of €15.2 million for the year ended September 30, 2016. This increase was primarily due to the antitrust fine of €19.6 million incurred in the year ended September 30, 2016. See "*Argenta's Business—Legal Proceedings*."

Liquidity and Capital Resources

The Argenta Group's principal sources of funds are cash generated from our operating activities and, prior to the Issue Date, borrowings under the Existing Argenta Senior Facilities Agreement. Argenta's principal uses of cash are to fund debt service obligations, working capital and capital expenditures. As of September 30, 2017, Argenta had cash and cash equivalents of €12.2 million. Argenta's principal source of liquidity is expected to be its operating cash flows and, following the Issue Date, the New Revolving Credit Facility.

Cash Movements in Working Capital

The table below sets forth a summary of cash movements in Argenta's working capital for the periods indicated, derived from Argenta's consolidated cash flow statements and excluding the effects of acquisition and exchange differences on consolidation:

	Year ended September 30,	
(in € million)	**2016**	**2017**
(Increase)/Decrease in inventories	0.0	(0.3)
(Increase)/Decrease in trade receivables	(0.9)	(0.9)
(Increase)/Decrease in other current assets	0.5	2.9
Increase/(Decrease) in trade payables	3.0	8.0
Increase/(Decrease) in other liabilities	19.2	(16.6)
Cash movements in working capital	**21.8**	**(6.9)**

Cash outflow from movements in working capital amounted to €6.9 million for the year ended September 30, 2017, compared to an inflow of €21.8 million for the year ended September 30, 2016. The cash movements in working capital for the years ended September 30, 2016 and September 30, 2017, was primarily due to an increase in other liabilities of €19.2 million due to the antitrust fine of €19.6 million incurred in 2016 and the subsequent decrease in other liabilities in 2017 primarily due to payments on that antitrust fine. See "*Argenta's Business—Legal Proceedings*."

Cash Flows

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

	Year ended September 30,	
(in € million)	**2016**	**2017**
Net cash generated from operating activities	36.9	27.8
Net cash used in investing activities	(57.9)	(29.4)
Net cash generated from financing activities	25.0	1.1
Net (decrease)/increase in cash and cash equivalents	**4.0**	**(0.5)**
Cash and cash equivalents at the beginning of the period	8.7	12.7
Cash and cash equivalents at the end of the period	**12.7**	**12.2**

Cash Flows from Operating Activities

Comparison of the Years Ended September 30, 2016 and 2017

Net cash flows from operating activities decreased by €9.1 million, or 24.7 %, from €36.9 million for the year ended September 30, 2016, to €27.8 million for the year ended September 30, 2017. This decrease was primarily due to the cash outflows from the accounting impact of €7.9 million for the year ended September 30, 2017, of the antitrust fine of €19.6 million incurred in the year ended September 30, 2016. See "*Argenta's Business—Legal Proceedings.*"

Cash Flows from Investing Activities

Comparison of the Years Ended September 30, 2016 and 2017

Net cash flows used in investing activities decreased by €28.5 million, or 49.2%, from a cash outflow of €57.9 million for the year ended September 30, 2016, to a cash outflow of €29.4 million for the year ended September 30, 2017. This decrease was primarily due to investments in intangibles, primarily due to a lower number of acquisitions in 2017 compared to 2016.

Cash Flows from Financing Activities

Comparison of the Years Ended September 30, 2016 and 2017

Net cash flows from financing activities decreased by €23.9 million, or 95.6%, from €25.0 million for the year ended September 30, 2016, to €1.1 million for the year ended September 30, 2017. This decrease was primarily due to lower financing for acquisitions in 2017 compared to 2016.

Capital Expenditures

The Argenta Group capital expenditures for the years ended September 30, 2016 and 2017 relate primarily to the acquisition of vending machines and payment systems to install Argenta Group's vending machines on its clients' premises. The Argenta Group capital expenditures also related to the purchase of vehicles and other equipment, such as vending furniture, machine reconditioning and installations and IT investments.

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

	Year ended September 30,	
(in € million)	**2016**	**2017**
Additions to vending equipment	16.0	19.0
Additions to vehicles	3.1	1.6
Additions to freehold hold and buildings	0.4	0.4
Additions to other equipment	0.0	0.7
Total additions to either intangible assets	0.1	0.1
Capital expenditures	**19.6**	**21.8**
Less		
Total disposals of vending equipment	(0.3)	(0.4)
Net capital expenditures	**19.3**	**21.4**

Capital expenditures for the year ended September 30, 2017, were €21.8 million, an increase of €2.2 million, or 11.2%, from €19.6 million for the year ended September 30, 2016. This increase was primarily attributable to lower purchases of vehicles in 2016.

Based on the current machine park aging and typology, we estimate that the Argenta Group will require maintenance capital expenditures of approximately €20 million per year in vending machines, vehicle and other equipment to support its current level of revenue.

Contractual Obligations

The following table summarizes certain categories of Argenta's contractual obligations and commitments owed to third parties, as of September 30, 2017, after giving effect to the Transactions:

(in € million)	Less than 1 year	1-5 years	More than 5 years	Total
Finance lease liabilities[(a)]	(3.0)	(3.6)	-	(6.6)
Other financial loans[(b)]	(7.9)	(1.3)	-	(9.2)
Total	**(10.9)**	**(5.0)**	**-**	**(15.9)**

(a) The finance lease liabilities relate primarily to motor vehicles and vending equipment.

(b) The finance loans relate primarily to certain bank loans of Somed, incurred prior to its acquisition by Argenta.

Off-Balance Sheet Arrangements

Argenta's off-balance sheet liabilities relate primarily to land, buildings and vehicles under various operating lease agreements. As of September 30, 2016, Argenta recorded expenses of €2.0 million for payments related to building rental and €0.5 million for vehicles operating lease.

Quantitative and Qualitative Disclosures About Market Risk

Market Risk

The market risk generates from the probability of a change in the future cash flows fair value of a financial instrument, following any changes in the market prices. In the consolidated financial statements as of and for the year ended September 30, 2017, market risk shows as interest risk.

Financial Risk Generated from Interest Rate Fluctuations

Potential interest rate fluctuations could significantly impact the increase or decrease of financing costs. The Argenta Group's management policy is to ensure themselves against significant interest rate fluctuations only related to contracts which last more than 18 months.

The Argenta Group's policy aims to give certainty to the financial expense related to the long-term needs. Financial operations, which differ from leasing and factoring services and last more than 18 months, are concluded by using a fixed interest rate at least for the half of the bank borrowing's value. When the operations are at first set at a variable rate, IRS (Interest Rate Swap) is adopted.

In order to face interest rate fluctuations, the Argenta Group enters into derivative contracts that hedge against interest rate fluctuations, which expired during the financial year.

Concerning the accounting procedure of these contracts, Argenta Group adopted the hedge accounting method as requested by IAS 39—Financial Instruments: Recognition and Measurement.

Critical Accounting Policies

Impairment of Non-Financial Assets

The Argenta Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Argenta Group estimates the asset's recoverable amount. 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Argenta Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared for the only Argenta Group's CGU identified. This budget and forecast calculation generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year.

Pension Funds and Other Post-Employment Benefits

Post-employment benefits substantially include the Argenta Group's severance pay funds. Law no. 296 of December 27, 2006 "Finanziaria 2007" introduced significant changes in regards to the post-employment benefit plan mandatory according to the Italian regulation. Until December 31, 2006, the employee severance indemnity, was included in the post-employment benefit plans of the "defined benefit plans" type and was assessed in accordance with IAS 19 using the projected unit credit method carried out by independent actuaries. This calculation consists in estimating the amount of benefit that an employee will receive on the presumed termination date of the employment relationship using demographic assumptions and financial assumptions. Determined amount is then discounted and re-proportioned on the basis of the actual seniority compared to the total seniority and represents a reasonable estimate of the benefits that each employee has the right to, in respect of his employment agreement.

In summary, following the reform on supplementary pensions, for the TFR accrued before 2007, Argenta Group carried out an actuarial valuation without further including the component relating to future salary increases. The part accrued subsequently was instead recorded according to the methods referable to defined contribution plans. Since 2013, Argenta Group has applied the revised version of IAS 19 Employee Benefits.

Provisions for Risks and Charges

Provisions are recognized when Argenta Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When Argenta Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Inventories

Inventories are measured at the lower of cost, determined using the weighted average method and including ancillary charges net of discounts paid by suppliers to Argenta Group, and the net realizable value. The cost of inventories includes the transfer, from the other components of the comprehensive income statement, of the profits and losses deriving from qualified transactions to hedge cash flows relating to the purchase of raw materials. The net estimated realizable value consists of the normal estimated sales price in the normal course of business, minus the estimated costs of completion and the estimated costs to realize the sale.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, Argenta Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When Argenta Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognized in the statement of profit or loss.

Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Argenta Group is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Argenta Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

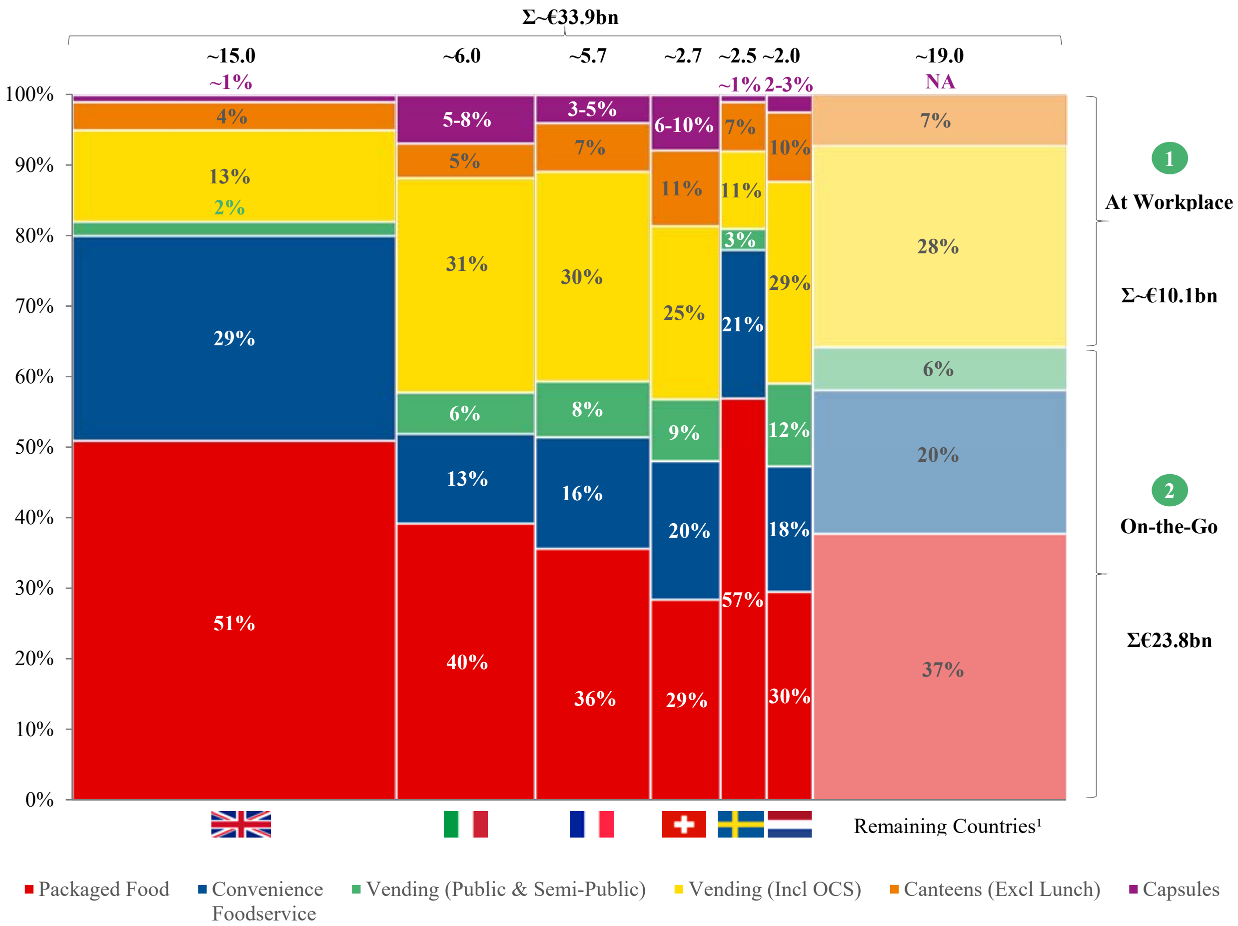
INDUSTRY

The European Convenience Food & Beverage ("F&B") Market

Definition and Overview of Core Vending and Addressable Markets

While the Combined Group operates within 16 countries across Europe, the industry study has been focused on six key countries for the Combined Group, which are the UK, Italy, France, Switzerland, Sweden and the Netherlands (the "Focus Countries") and which together contribute the majority of the Combined Group's gross revenue.

The Combined Group operates within the vending market (the "Core Vending Market"), which can be categorized into two main segments, "Workplace" (includes private vending and OCS) and "On-the-Go" (includes public and semi-public vending), and has a market size of approximately €15 billion in the EU in 2016, of which approximately €8.5 billion in the Focus Countries (excluding the HoReCa end-markets). Through the continued development and expansion of new concepts, such as micro markets, the Combined Group is intending to expand further into the broader addressable convenience market (the "Addressable Market"), which spans the Core Vending Market, as well as the broader convenience market with other retail formats (e.g. street stalls, kiosks and convenience stores), and has a market size of approximately €52.9 billion in the EU in 2016, of which approximately €33.9 billion is in the Focus Countries. The Addressable Market can also be categorized into the two segments of "Workplace" and "On-the-Go," but excluding the HoReCa end-market. Within the Addressable Market, in addition to vending, the Workplace segment includes canteens and the On-the-Go segment includes convenience foodservice and packaged foods.



Source: EVA; Euromonitor; Expert Interviews; OC&C Analysis

The Workplace segment in the Core Vending Market accounted for approximately 80% (by value) of the Core Vending Market in the Focus Countries in 2016. This segment includes vending machines located in private businesses and is comprised of (i) fully operated vending machines offering hot drinks and impulse items (cold drinks and snacks) (i.e. private vending) and (ii) coffee machines (often table-top) operated (cleaned and refilled) by the employer located in private businesses (i.e. OCS).

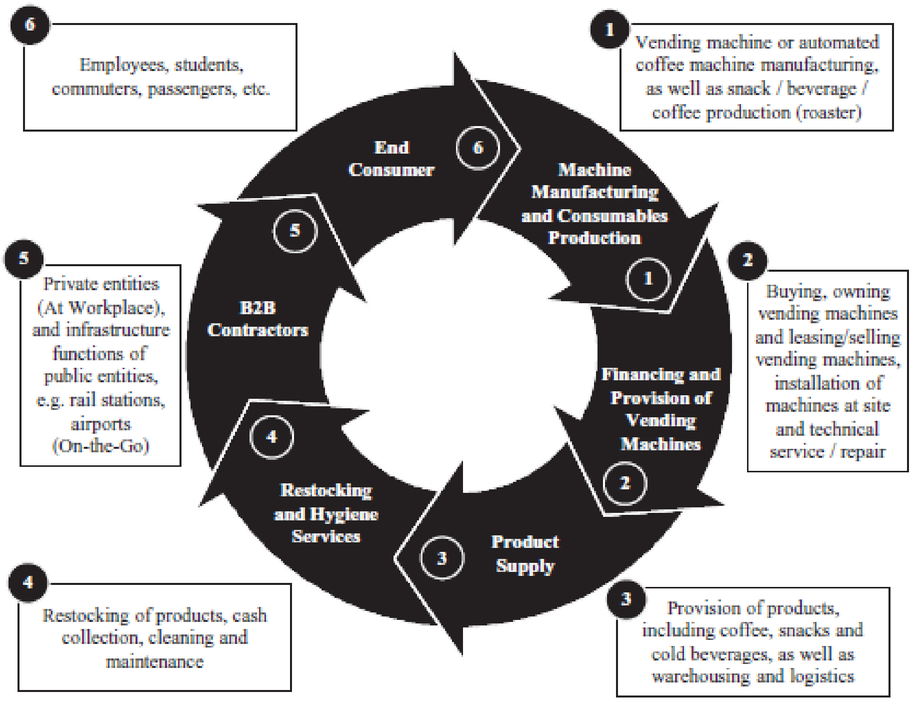
The Workplace segment in the Addressable Market accounted for approximately 30% (by value) of the Addressable Market in the Focus Countries in 2016. This segment is comprised of, in addition to vending machines, canteens and B2B capsules, whereby cafeterias include hot drinks and snacks, but exclude warm lunches, and B2B capsules include machines and capsules provided by the employer (although B2B capsules have not been considered in this section due to lack of market data).

The On-the-Go segment in the Core Vending Market accounted for approximately 20% (by value) of the Core Vending Market in the Focus Countries in 2016. This segment includes the sale of hot drinks and impulse items at public locations (e.g. train stations, petrol stations) and semi-public locations (e.g. hospitals, universities).

The On-the-Go segment in the Addressable Market accounted for approximately 70% (by value) of the Addressable Market in the Focus Countries in 2016. This segment is comprised of, in addition to vending machines, convenience foodservice and packaged food retailing. Convenience foodservice includes products prepared for take-away/ready-to-eat, hot drinks (especially coffee), as well as value-add drinks sold in street stalls, kiosks and specialized coffee shops. Packaged food retailing includes packaged food, confectionary items, snacks and soft drinks sold in convenience stores and forecourt retailers.

Overview of the Vending Value Chain

Vending operators distribute food and drink products to consumers through their vending machines. While consumers consume the products provided by vending machines, the Combined Group and its key competitors contract primarily with the facility management functions of private entities (e.g. offices, factories) and infrastructure functions of public entities (e.g. rail stations, airports). Through contractual agreements, clients compensate the Combined Group, and its competitors, for providing a full or partial service vending concept. The value chain for the vending machine industry includes several key participants and areas:



The Combined Group's offering spans coffee sourcing/roasting, financing / provision of vending machines, product supply and restocking and hygiene services.

Overview of Main Vending Business Models

Business models can be differentiated depending on the level of services provided. Additionally, some vending machine operators offer the sale of ingredients (such as coffee beans, ground coffee, milk (powder) and sugar), machines and machine parts as well as technical services. The provided level of service typically varies with machine density which determines profitability levels. The Workplace segment with larger companies (with more than 250 employees) typically provides for large scale full-service contracts. Self-operated machines are typically prevalent in smaller companies (with less than 250 employees) in the Workplace—OCS segment, as well as at petrol stations in the On-the-Go Segment that are too remote to be fully operated by a vending machine operator. The detailed overview of business models is as follows:

Full Service Model	The vending machine operator owns/leases and is responsible for the procurement and placement of machines, stocking and restocking of items in machines and ongoing maintenance of machines.
Partial Service/OCS Model	The vending machine operator pays a rent (e.g. based on sold cups, or a flat fee) to the B2B contractor. End consumers typically pay for convenience F&B at the vending machine, with sales directly collected from the vending machine operator on a consumption basis.
Supply/Technical Model	The vending machine operator provides the machine and ingredients and receives a monthly fee/rent, with clients responsible for cleaning and refilling the machines themselves. Operators sell machines (both replacements and to new customers) and ingredients to clients without any service element and offer technical service contracts for machines.

The Combined Group operates across all three types of business models described above with a focus on full service model.

Vending services are typically provided to private, public and semi-public clients. Private clients generally operate within private or relatively restricted locations such as offices and factories. Public clients have properties which are generally located in more widely accessible locations such as railway stations and airports. Machines are also provided to clients in semi-public locations such as universities, schools, health clubs and hospitals.

The Combined Group focuses on three types of machines:

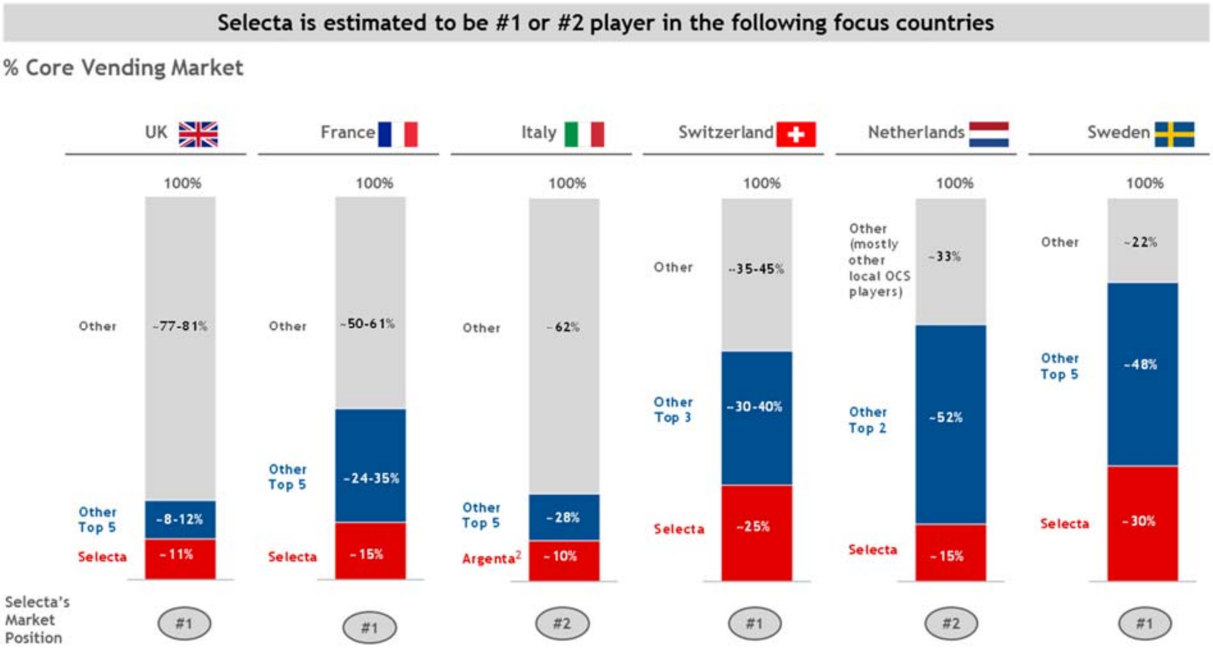
(i) hot beverages (coffee, hot chocolate, tea) free standing machines and table top machines;
(ii) closed front cold beverages (cans and bottles); and (iii) glass front (snacks, cold drinks, some fresh foods and non-food products).

While all of these products are available through several other distribution channels (e.g. supermarkets, coffee shops), vending machines offer a value proposition focused around convenience for both consumers and clients at locations where other distribution channels might not be available. Specifically, vending machines provide consumers with “24/7” access to products at particularly convenient points of sale in private, public and semi-public locations. Furthermore, the Combined Group operates a micro-market which may provide it with an additional route to market.

Vending operators such as the Combined Group typically earn revenues from their clients via long term contracts which provide a high degree of revenue visibility due to stable consumption patterns. The term of each contact varies, but private contracts are typically for three to five years, while public contracts are typically for five to ten years. Vending operators generate revenues based on their specific business models and the range of services offered. Illustratively, a vending machine provider operating within a private setting with a full service vending business model would earn revenues from the sale of products with prices agreed at the outset of the contract and adjusted based on a mechanism such as a price index. Operators generally also generate fixed service/maintenance fees from their public and private clients. Volume-based rebates are typically agreed with larger multi-site clients. Vending machines in private settings operate either on a free vend or pay vend basis. On a free vend basis, the client subsidizes the cost for consumers and users do not need to make payments at the vending machines. Alternatively, on a pay vend basis, consumers purchase items using coins or a form of cashless payment system without any subsidization from the client. Products are sold in public settings on a pay vend basis and providers are typically free to set and adapt product selling prices, but a provider would typically have to pay a rental fee to the client for occupying the client’s premises.

Competitive Landscape

The Combined Group faces competition from other traditional vending machine operators, contract caterers, fast-moving consumer goods ("FMCG"), capsule, coffee bar as well as coffee towers companies and providers of alternative formats. According to OC&C analysis, the Combined Group will have a #1 or #2 market position in the Core Vending Market in each of the Focus Countries following the Argenta Acquisition. The following chart demonstrates the Combined Group's market position in the Focus Countries:



An overview of key Addressable Market players can be characterized into the following groups:

Traditional Vending Machine Operators

The Combined Group's current main competitors are traditional vending machine operators. The European vending operator market is largely mature and is characterized by a diverse range of industry participants including both specialists and generalists. The industry is fragmented with few players of international scale and a long tail of small players, indicating the relatively low barriers to entry and high barriers to scale. Vending machine operators offer their services across Workplace and On-the-Go segments. In the Workplace segment, they focus on larger businesses (blue and white collar) with high throughput and multiple vending machines at one location given the high density required for efficiency in refilling. In the On-the-Go segment, vending machine operators offer convenience products at locations where footfall for labor-intensive formats is too low, retail space is insufficient, or opening hours limit other formats. Vending machine operators also offer premium products at a price advantage (such as the Selecta-Starbucks partnership).

Given the high density required to operate vending machines profitably, the vending machine market has relatively high barriers to scale. There is a limited set of players comparable to the Combined Group in terms of product width and multi-regional presence. Regional specialists are competitive locally, but have a limited ability to serve national clients (e.g. petrol stations, public train stations) or offer a full product range. We believe that the domestic vending machine generalists typically do not have the capability to compete on a national or international levels (e.g. through partnerships across multiple countries). Key competitors in the Focus Countries include Jobmeal, IVS and Daltys.

Contract Caterers

Contract caterers offer a one-stop service at a cost advantage, with machines typically being operated by a client's own canteen staff. Some players have started to set up own vending arms (e.g. Compass in the UK) in order to compete against vending machine players upon contract renewal. However, complex vending machine operation typically requires trained technicians, whereas the credibility of caterers is increasingly being questioned, e.g. in terms of refilling fresh food and of costs and expenses. Key competitors include Compass in the UK, Aramark in Belgium and Germany and Elior in Spain.

FMCG Capsule and OCS Players

FMCG capsule players are well known to consumers from “at home” consumption. The machines offered require little to no service and are finding increasing applicability in small office or public location settings, such as train stations. Given capsule players typically provide the machine free of charge certain throughput is required for profitability. Key competitors include Nespresso and JDE.

Coffee Towers

Coffee towers, particularly relevant in the UK, are operated by coffee shop chains, such as Costa, who leverage existing brand awareness to generate additional revenue in less attractive locations. Although maintenance and replenishment is provided by dedicated staff of tower providers, competitive pressures on traditional vending machine players is limited to city / urban areas. One of the key competitors is Costa Express in the United Kingdom.

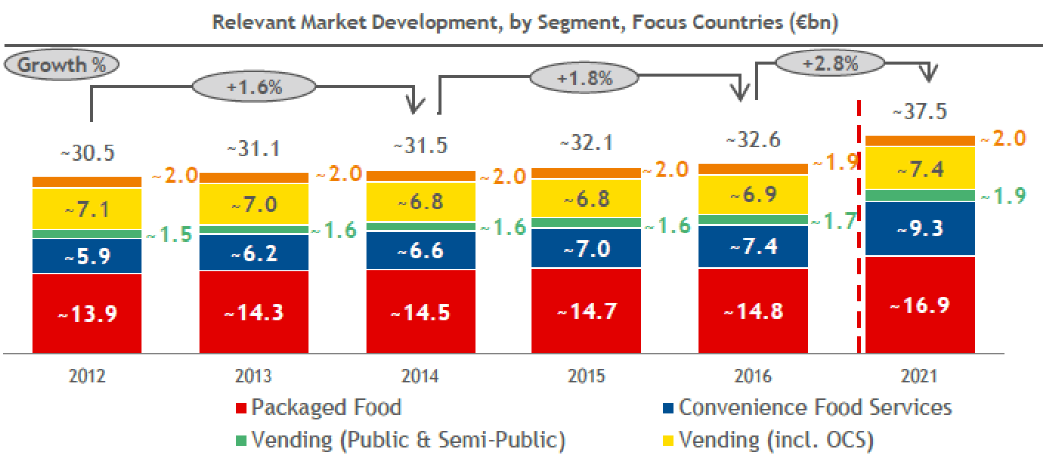
Other Formats

Other formats span a wide range of assortments, including healthy/fresh options. These formats typically require high footfall to be profitable and compensate for high rents. Compared to these formats, vending machine operators can maintain better proximity to consumers, in particular during short changing times (e.g. train station platforms). Key competitors include Tesco Express, REWE to Go, 7 Eleven and Relay.

Industry Drivers and Trends

The Core Vending Market in the Focus Countries, valued at approximately €8.5 billion, has been approximately flat over the period 2012-2016 (declining at approximately 1% CAGR during 2012-2014 and growing at approximately 1% CAGR during 2014-2016). This was due to growth in the On-the-Go segment, which grew at a CAGR of 1.8% over 2012-2014 and 1.6% over 2014-2016 being offset by decline in the Workplace segment in the period 2012-2014. While the Workplace segment declined at a CAGR of 1.9% over 2012-2014, it regained some strength and grew at a CAGR of 0.5% between 2014-2016.

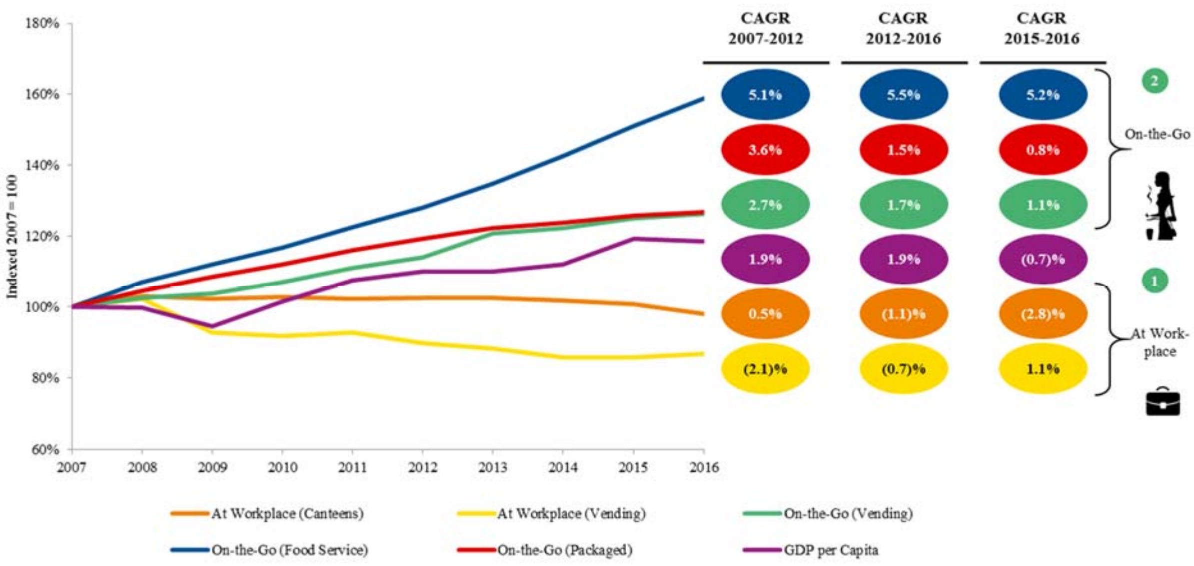
Addressable Market Share in Focus Countries 2012-2021 (€bn)



Source: Euromonitor; Eurostat; OC&C analysis

The Addressable Market in the Focus Countries, valued at approximately €33.9 billion, has grown steadily at a CAGR of approximately 2% over 2012-2016 (1.6% over 2012-2014 and 1.8% over 2014-2016), primarily driven by On-the-Go segment, which grew at a CAGR of 2.9% over 2012-2014 and 2.5% over 2014-2016. Despite declining at a CAGR of 1.5% over 2012-2014, the Workplace segment remained flat between 2014-2016. Going forward, we expect the addressable market in the Focus Countries to grow at a CAGR of approximately 2.8% over 2016-2021, with both Workplace and On-the-Go segments growing at a CAGR of 1.5% and 3.3%, respectively, over the same time period, on the back of a macroeconomic recovery.

Relevant Market Development, by Segment, Focus Countries, 2007-2016

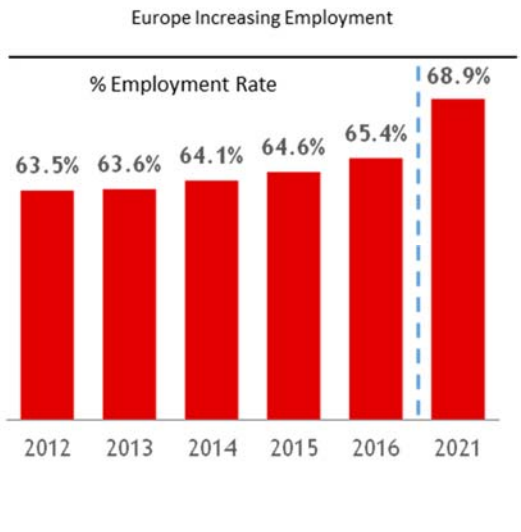


Source: BMI; Economist Intelligence Unit; EVA; Euromonitor; Trade interviews; Mintel; OC&C analysis

We believe that the key drivers and trends impacting market growth in both the Core Vending Market and the broader Addressable Market include:

Macroeconomic Factors:

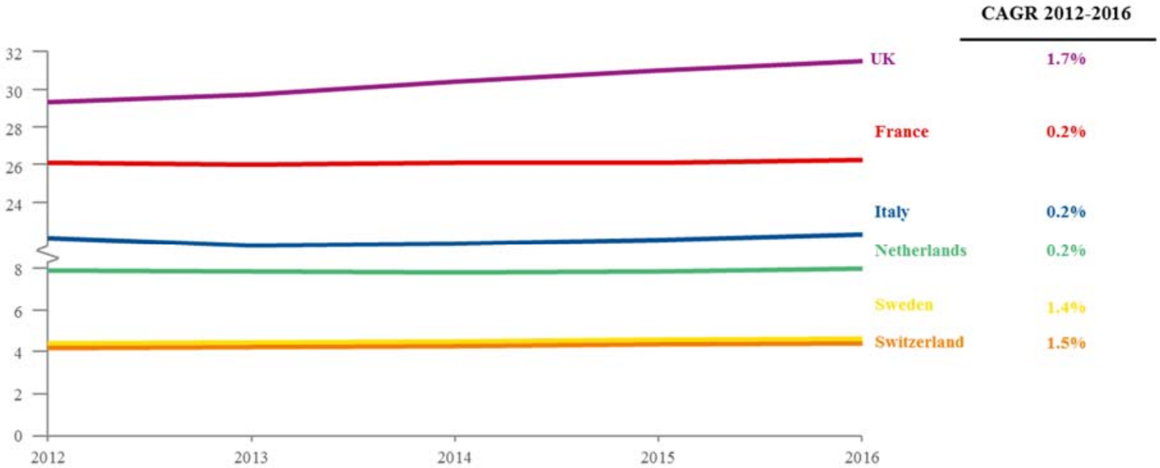
- *GDP*: After several years of muted development, a favorable GDP per capita outlook and increasing out-of-home eating expenditures are expected to underpin future market growth. For example, according to the OC&C analysis, GDP per capita is expected to increase at a CAGR of 3.0% and 3.2% in the Netherlands and the UK, respectively, over 2016-2021, with out-of-home eating expenditure per capita growing at a CAGR of 3.2% and 3.4% over the same time period, respectively. Favorable economic development is expected to positively benefit the demand for convenience as well as for premium offerings, providing support for the On-the-Go segment in particular.



Source: Euromonitor; Eurostat; OC&C analysis

- *Workforce*: The Workplace segment is supported by growth in employment statistics, with all of the Focus Countries seeing an increase in total workforce numbers. Specifically, according to the OC&C analysis, total workforce is expected to grow at a CAGR of 1.6% in Sweden, 0.5% in the UK and 1.0% in the Netherlands over 2016-2021.

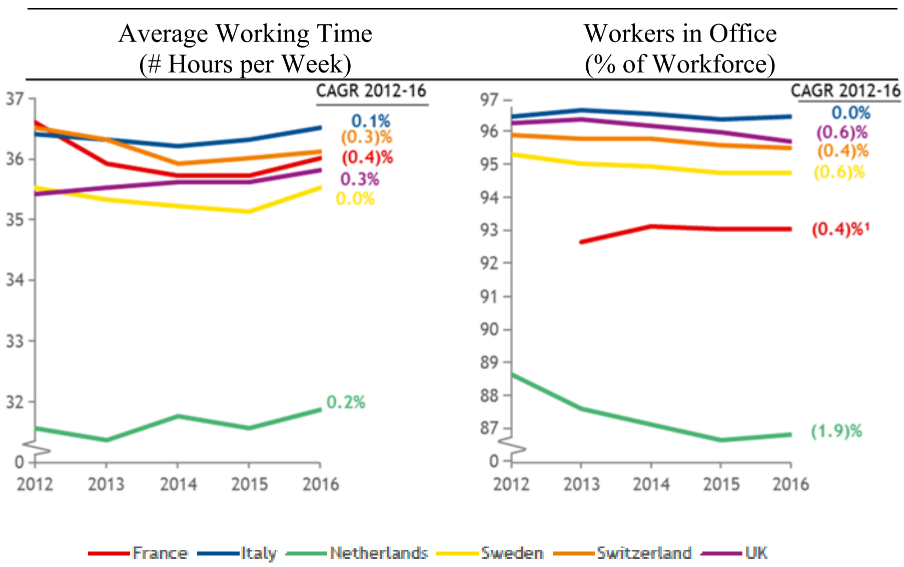
Population Employed (in millions)



Source: Euromonitor; Eurostat; OC&C analysis

In most countries, other than Italy and Sweden, average working hours are slightly increasing. However, there is a slight increase in home office usage across all countries.

Workforce Trends, Focus Countries, 2012-16

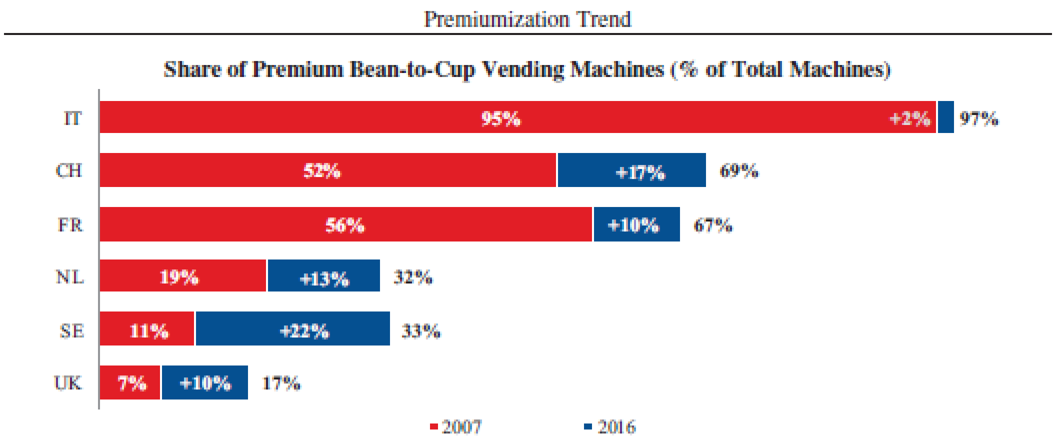


Consumption Preferences:

- *Rising prevalence of a "coffee lifestyle":* Increasing coffee drinking culture (also in countries with predominant tea history, e.g. UK) is driving On-the-Go segment growth.

- *Growing premiumization:* Furthermore, the premiumization trend (especially in coffee), in combination with a trend to customized products are driving the average price level. Thus, increasing prices per vend and rising share of *premium* coffee machines underline the premiumization trend and consumers' willingness to pay for it despite the availability of free alternatives at work.

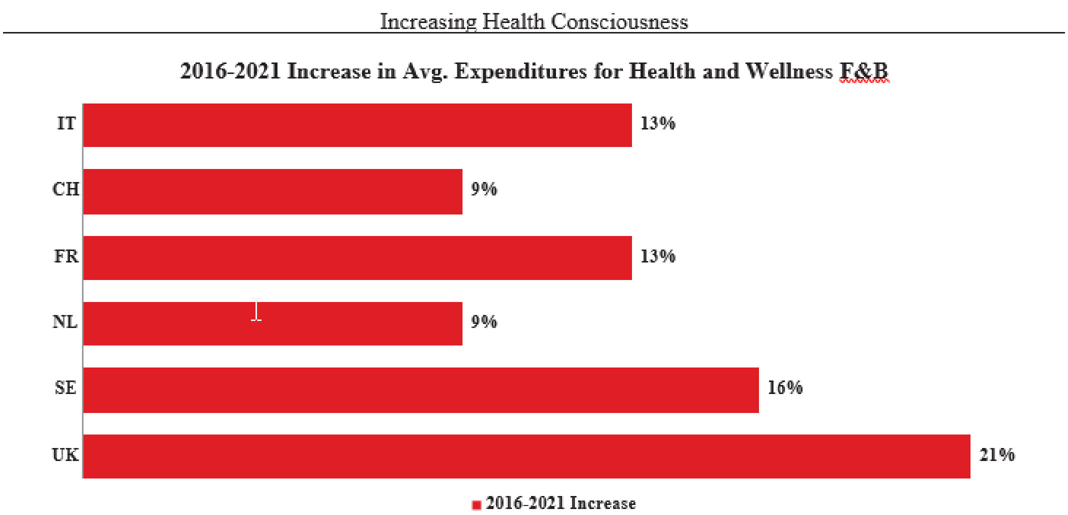
Share of Premium Bean-to-Cup Vending Machines (% of Total Machines)



Source: Euromonitor, OC&C analysis

- *Health consciousness:* Increasing health consciousness of consumers is driving the upscale and premium *convenience* market, with categories such as cold drinks and snacks benefiting from consumers' willingness to pay premium prices for healthier options. The Addressable Market is expected to benefit from a growing demand for healthy food and drinks, with the average expenditures for health and wellness F&B in Sweden, Switzerland, UK, Netherlands, France and Italy increasing by 16%, 9%, 21%, 9%, 13% and 17%, respectively, from 2016 to 2021.

2016-2021 Increase in Avg. Expenditures for Health and Wellness F&B

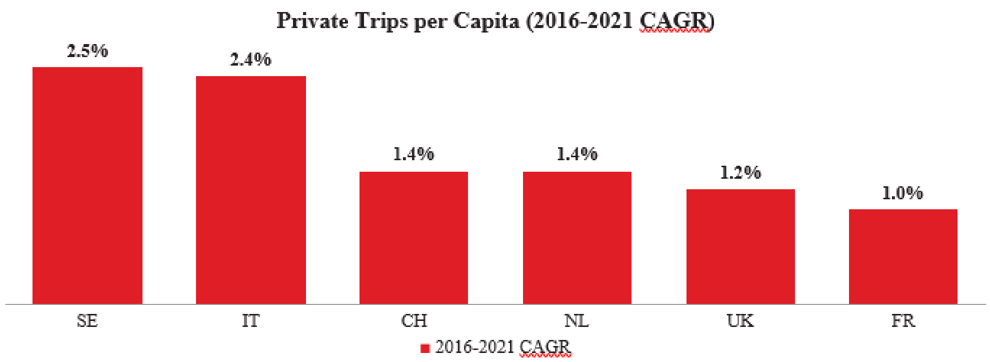


Source: Euromonitor, OC&C analysis

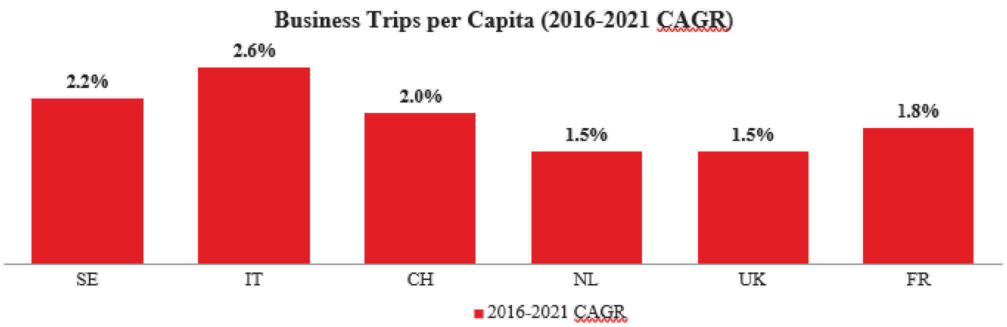
Channel / Format: The inherent nature of vending machine format drives consumer demand, which is increasingly characterized by mobility preferences, convenience and bargain hunting:

- *Mobility and convenience:* Due to overall mobility trends (rise in number of business and leisure commuters), consumers spend more time (and money) on-the-go and prefer formats that offer desired products and quality fast (e.g. no queues, easy payment options) The rise in private trips per capita for leisure purposes is leading to increased number of encounters with vending machines and stores selling convenience products at public locations, increasing the demand for on-the-go convenience products. Across all product categories and countries, surveys indicate that consumers at On-the-Go vending machines value the quick transaction nature and convenient location of vending machines vis-à-vis other retailing formats.

Increasing Commuting/Traveling Time



Source: Euromonitor, OC&C analysis



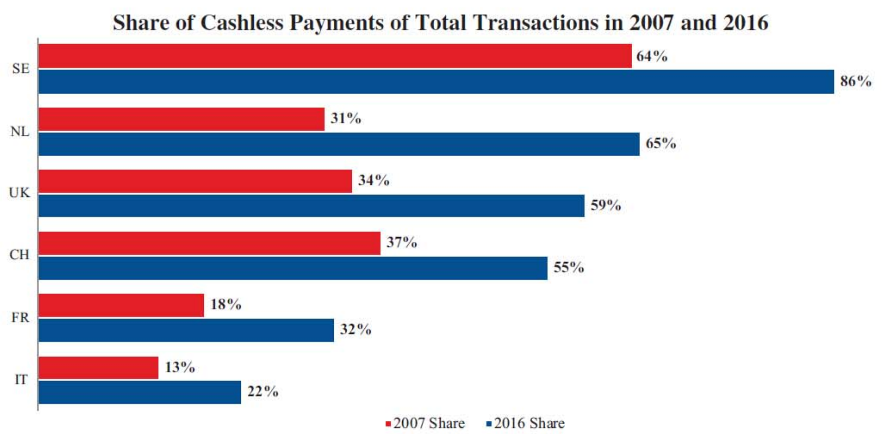
Source: Euromonitor, OC&C analysis

Bargain hunting: The increasing level of bargain hunting makes vending machines a viable alternative to other (retail) formats,

Continued Rollout of Innovative Technologies: The introduction of cashless payments, telemetry and special features is positively impacting the sales of vending machines:

- *Cashless*: The ongoing trend toward cashless payment is expected to drive further growth in both On-the-Go and Workplace segments, catering to consumers' need of "service speed" and convenience. The share of cashless payments has grown across Europe, with the highest percentage increase seen in Sweden, where the share of cashless payments as percentage of transactions increased from 64% to 86% over 2007-2016. Similar increase in penetration rates is expected across Europe further boosting in the Combined Group's addressable market.

Rise in Cashless Payment



Source: Euromonitor, OC&C analysis

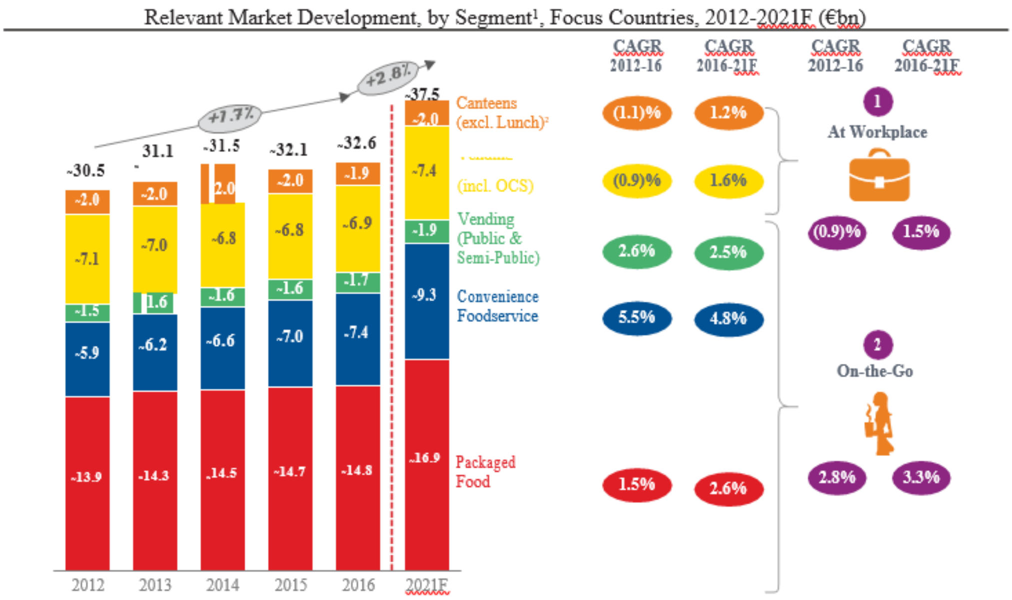
- *Telemetry:* Another technological trend positively impacting vending machine sales is telemetry, which aids the availability of high quality assortment (freshness of products, healthier options), catering to the needs of the consumers, and helps avoid stock-outs.

In addition, other technological advancements such as touchscreen technology are expected to further boost vending machine sales through attractive product presentation.

- *Regulation*: The industry is also impacted by developments in regional, national and EU-wide regulation, for example with regards to the display of ingredients, technical specifications of machines, ability to operate in certain locations, recycling and waste disposal to name a few. It is our belief that larger operators such as the Combined Group are better positioned to understand, influence and react to such changes than smaller regional operators.

The chart below summarizes the market developments in each segment for each of the Focus Countries for the period from 2012 through 2016, as well as the projected growth from 2016 through 2021:

Relevant Market Development, by Segment[1], Focus Countries, 2012-2021F (€bn)

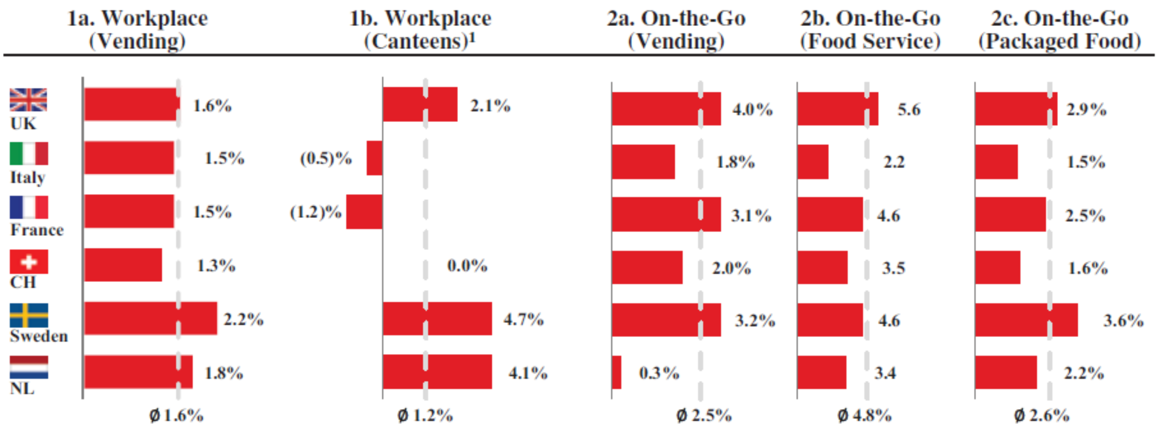


Source: EVA; Euromonitor; Expert Interviews; OC&C analysis

1 Excl. B2C / B2B capsules segment.

2 Includes only value-add drinks

The chart below further summarizes the projected growth in each segment for each of the Focus Countries for the period from 2016 through 2021:



1 *Includes only value-add drinks.*

Source: Euromonitor; OC&C forecasting; OC&C analysis

SELECTA'S BUSINESS (INCLUDING PELICAN ROUGE)

Our History

Since our founding in Switzerland in 1957, we have grown both organically as well as through acquisitions. Following our first acquisition in Switzerland in 1959, we expanded into Germany in 1986, Sweden and France in 1990, Austria, Slovakia and the Baltic countries in 1995, Belgium in 1997, Spain in 1998, the United Kingdom and Ireland in 2001 and the Netherlands in 2004.

In 1985, we were acquired by the Valora Group, and, in 1997, we listed on the Swiss Stock Exchange before de-listing in 2001. In 2001, we were acquired by the Compass Group before becoming part of Allianz Capital Partners through its acquisition of our business in 2007. We were acquired by KKR Sponsor in 2015. In September 2017, we acquired Pelican Rouge, previously known as Autobar Group Ltd, a company incorporated in London in 1925, which engages in roasting and blending, packaging, and vending of coffee in the United Kingdom and internationally. In 2014, Autobar Group changed its name to Pelican Rouge and relocated to Dordrecht, the Netherlands. The coffee brand Pelican Rouge (*Roode Pelikaan*) was originally founded in 1863 in Antwerp.

In September 2017, TopCo entered into the Argenta Acquisition Agreement to acquire the Argenta Group. For more information on Argenta, see "*Argenta's Business*."

Our Business

Overview

As of September 30, 2017, we owned and operated a network of approximately 370,000 active vending machines (including technical services and provision of ingredients) to a broad and diverse base of clients. Our operations span across the value chain of the self-service and convenience markets. We purchase vending machines for our clients, install them at their premises and manage the sourcing and stocking of the food and beverages on behalf of our clients. We provide quality coffee brands and convenient food and beverage concepts. We also offer cleaning, maintenance and technical support services, which can be customized to individual clients' preferences. In addition to our self-service and vending services operations, we sell vending machines, vending machine parts and products independently of vending service arrangements. We operate our vending machine network under the "Selecta" and "Pelican Rouge" brands, which we believe enjoy strong brand recognition in many of the markets in which we operate and stands for quality and innovation.

Our Products

We provide clients with quality coffee and a variety of convenience food and beverage products, including hot drinks, snacks, cold beverages, and filtered water, through a variety of table-top or free-standing vending machines and water coolers. We also sell coffee from our roasting facility, HoReCa products, and vending machines directly to clients or third-parties independently of any vending services arrangements.

Vending Machines

<u>Hot Drinks</u>

We offer a variety of table top and free-standing hot drink vending machines, and bean-to-cup, drip coffee, and professional espresso machines. These machines serve a wide variety of coffee and coffee specialty drinks as well as freshly brewed tea, hot chocolate and soups. In 2009, we introduced our private label coffee blends under the Miofino brand to complement our range of hot drink vending machines. Our Miofino coffee offering includes mild, mellow and bold blends as well as decaffeinated and organic and fair trade-certified blends, including instant, whole bean and roast and ground options. Specific Miofino coffee blend availability varies according to country.

Table top machines are primarily targeted at the private vending segment, such as offices, restaurants, and cafés, but are also frequently located in certain specific public locations such as gas stations. Free-standing machines, in contrast, are primarily suited for public locations in high-traffic areas such as airports and train and subway stations. We offer table top and free-standing models on either free vend basis, where the client covers the cost of the products and users do not need to pay at the vending machine, or pay vend basis, where consumers purchase items using coins or a form of cashless payment systems. See "—*Payment Options*."

We also provide a range of premium hot drink vending machines. These machines are distinguished by the ability to vend bean-to-cup coffee with fresh milk instead of milk powder or lactose powder and include:

- our Starbucks on-the-go machines for public spaces, which we introduced in 2013. These machines feature premium coffee vending machines manufactured by Franke that include space for two types of coffee beans, offer a wide variety of coffee specialty drinks and allow users to choose from three drink sizes depending on the beverage selection. Additionally, flexible payment options are available and each machine can be configured with a payment module. As of September 30, 2017, we had over 1,500 Starbucks concepts, increasing from 645 machines in 2015 and 1,167 machines in 2016, in 12 countries, mostly in the on-the-go division, operating on clients' premises; and

- our range of Lavazza vending machines, which we introduced in 2017, for private and public clients. Lavazza machines can be ordered for an array of spaces from small or large offices, to gas stations and major public transportation hubs. As of September 30, 2017, we operated over 7,000 machines selling Lavazza coffee across 12 countries. Our range of Lavazza vending machines can be combined with our full ranges of vending services. In April 2017, we launched our telesales of Lavazza coffee capsules for table-top machines. See "*—Our Services—Vending Services.*"

In addition to our Starbucks, Lavazza and Miofino concepts, since the completion of the Pelican Rouge Acquisition in September 2017, we have begun integrating the Pelican Rouge brand into our selection of premium hot drinks machines offering. See "*—Roasted Coffee and Other Hot Beverages*."

Our wide selection of hot drink vending machines also allows clients to select the right machine for their needs based on additional factors, such as cup capacity and the number of available drink selections. For example, our Ferrara coffee vending machine has capacity for 100 cups per day, can vend a variety of coffee specialties, in addition to freshly brewed tea and hot chocolate. It also features an integrated color touch screen that allows users to select and customize their drinks by adding sugar or increasing or decreasing the strength of drinks to taste. In addition, nutritional and allergy information is available via the touch screen to help consumers make informed choices.

Snacks and Cold Drinks

We offer a range of free-standing vending machines for snacks, cold drinks, or a combination of the two. Each machine can be configured as a free vend or pay vend machine, with pay vend machines being accompanied by a choice of various cashless payment systems.

Our snack, cold drinks and combination vending machines are primarily differentiated by their product capacity. For example, each of our Santa Fe touch and Santa Fe XL vending machine models are equipped to vend snacks, confectionary items, cans, bottles and tetra packs, and their flexible layouts allow for easy reconfiguration to accommodate changes in product choice or layout. Through the electronic shelf labels and the touchscreen of the Santa Fe Touch, we can ensure accurate and up-to-date price, allergy, and nutrition information is provided to the consumers. We generally offer clients a standard assortment of brand name and top sellers snacks and beverages, but the product mix can also be tailored to the client's needs to reflect, for example, particular regional tastes in snack foods or drinks as well as locally-sourced items.

Our newest glass-fronted cold drinks vending machines, such as the St. Tropez, include a modern cooling system which concentrates the air flow at the front of the shelves in order to provide the next drinks to be vended at the optimum temperature, and ensures a shake-free delivery at an ergonomic height. They also feature an integrated robotic lift, which delivers the selected drink to the carousel within ten seconds, and use energy-saving LED lights. These vending machines can be programmed to automatically switch off the illumination or reduce the chiller outside of working hours.

In addition, our vending machines typically feature separators, which can be easily removed for cleaning and separate access to payment systems.

Payment Options

Our pay vend machines allow for a range of payment options from traditional cash payments with coins to cashless and mobile payment technologies. These include employee cash cards and keys, bank cards and credit cards, corporate cashless payment systems and mobile phone payments. Cash card and key options are relatively common among our vending machines located in offices or other private points of sale due to the ability to set different prices for different consumers, such as company personnel and visitors. As the growth in the use of alternative payment methods accelerates, credit card and mobile phone payment options are more frequently included in our vending machines located at publicly accessible points of sale. We have also started to add alternative payment methods to our paid vend machines in semi-public and private sites. Cashless payment options help to support sales from vending machines and enable higher average spend of consumers than cash transactions. As of September 30, 2017 approximately 15% of our paid vend machines were equipped with cashless payment modules.

Certain of our private vending clients make our vending machines available to their employees on a free vend or partially subsidized basis. This is particularly true for office coffee vending machines and is more common among our clients in Northern European and Scandinavian countries.

Vending Machine Upgrades

As part of our strategy to improve our offering and deliver the best self-service and convenience solutions to our clients and end-consumers, between January and September 2017 we upgraded approximately 2,500 of our public machines in Switzerland with a new appearance, including more eye-catching lights. Approximately 1,600 of these machines are also equipped with additional cashless payment options. See "—*Payment Options*." As of September 30, 2017, excluding Pelican Rouge, Selecta had approximately 13,600 cashless devices and approximately 14,600 telemetry devices, primarily located in public locations.

Roasted Coffee and Other Hot Beverages

We operate a roasting facility in Dordrecht, the Netherlands, from which we supply the Group and third parties with ingredients for coffee vending machines. As of September 30, 2017, 45% of the coffee produced by the roasting facility was distributed within the Group, while the remaining 55% was sold to third parties such as Serves Coffee Co., and other international clients. While the primary focus of the facility is roasted coffee, it also produces instant coffee products.

Our Pelican Rouge brand coffee offering includes whole bean, ground, and instant coffees, in addition to capsules fitted for specialty coffee makers. Within the capsule, whole bean, and instant coffee categories, clients may choose among a wide selection of arabica or robusta, and caffeinated or decaf roasts of varying strengths, some of which are certified organic. The typical clients for these products include hotels, restaurants, and cafés.

Water Coolers

Our water coolers are primarily suited for offices and other private settings. Our water coolers use tap water with integrated filtration systems to control water quality, allow the water temperature to be adjusted and, depending on the type of cooler, offer multiple water dispensing options—unchilled, medium chilled or chilled still water and medium or highly carbonated soda water. Additionally, flavor concentrates can be installed inside the water cooler unit to provide flavored water.

HoReCa

HoReCa are products offered historically by Pelican Rouge and targeted at hospitality professionals. HoReCa products are fully automatic, table top dispensers suitable for high use environments that provide a wide variety of hot drinks, such as espressos, cappuccinos, hot chocolates and teas. These products have a distinctive and refined aesthetic appeal, which is a key factor in this segment. Our line of HoReCa products and services are differentiated on cup capacity and efficiency, multi-beverage optionality and flexibility, allowing our clients to select a model that is ideally suited to their particular environment and the taste and preferences of their consumers.

Sales of Machines and Products

We also sell vending machines and vending machine parts and products to clients and third parties, including other vending machine operators, separately and independent of vending service arrangements. Certain clients contract with us for the supply of vending products to stock existing machines on their premises. Revenue generated from such sales is accounted for as trade sales of machines and products. For the year ended September 30, 2017, revenue from trade sales of machines and products amounted to €51.7 million, or 6.8% of our total revenue.

Our Services

In conjunction with our range of vending machines for our workplace and on-the-go end-markets, we offer three categories of services to meet our clients' vending solution needs. For the year ended September 30, 2017, we had an average of 163.8 serviced machines per technician, compared to 161.4 serviced machines per technician for the year ended September 30, 2016.

Full Service Package

Our full vending service is our most comprehensive vending services package. It includes installation of vending machines, regular filling and cleaning of vending machines, as well as cash collection and technical maintenance. In addition, daily or weekly visits ensure that our clients' vending machines are well-maintained, functioning properly and frequently stocked with fresh products, including new product introductions. Under our full vending services package, we pay a vending rent to our client, based on sold cups or on a flat fee, and we collect directly sales from the vending machine.

Partial Service Package/OCS

Our partial vending service concept primarily targets smaller office environments. Under this package, we provide the machines and the ingredients to the client in exchange for a monthly fee or vending rent. The client is responsible for cleaning and refilling the machine. We primarily offer our partial vending services package to address the OCS end-market.

Supply/Technical Services

We also sell vending machines to clients and third parties without any vending services. However, we offer our technical support services under separate contracts negotiated with the client, and these can be combined with our other vending services to meet the clients' specific needs.

Our End-Markets

Our self-service business serves consumers in the following end-markets:

- *The workplace end-market*, which is comprised of (i) the private vending end-market, consisting of vending machines placed and serviced in various private locations, such as large corporate clients, in various businesses and industries and including in corporate offices, manufacturing and logistics sites, and (ii) the OCS end-market, which is comprised of table-top coffee machines rented out to corporate clients for office use along with the provision of technical services and coffee and related supplies for the machine. This OCS is targeted primarily at small and medium-sized enterprises.

- *The on-the-go end-market*, which is comprised of vending machines placed and serviced in semi-public areas, or public areas following a successful bidding process with relevant government authorities to place our machines in a given location. The types of public locations include train stations, airports and gas stations. The types of semi-public locations include hospitals, universities and entertainment venues. The bidding process by which we obtain our public contracts is long and contentious, and subject to many local laws and ordinances. These contracts, however, are very lucrative to our business as these public spaces experience high foot traffic during all hours in the day, including late nights when most other food and beverage stores are closed for business. For example, we were able to grow our revenues in Germany as a result of a public contract with Deutsche Bahn to place vending machines throughout rail stations in the West and South of Germany. Although the number of Selecta vending machines used for the public end-market only represents 10.5% of our machines as of September 30, 2017, it accounts for 27.8% of our revenue for the financial year ended September 30, 2017 (excluding Pelican Rouge).

- *The other end-markets*, which are comprised of sales of vending machines, including HoReCa machines, and products, including coffee roasted in our roasting facility, the provision of technical and hygienic support to clients, and Custompack (a specialist manufacturer, which produces individual portion products, including sugar sticks, ketchup packets, and in-cup beverages).

Our Geographic Markets

As of September 30, 2017, the Group had combined operations in 15 countries across northern and central Europe. For operational, management and financial reporting purposes, we divide our operations into the following four geographic segments:

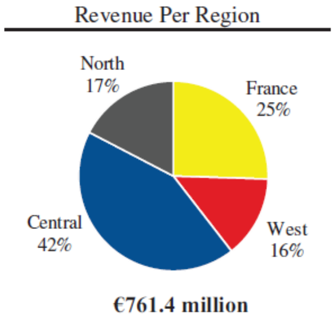
- *Central*: Austria, Germany, Switzerland, Luxembourg, Lichtenstein and Spain;

- *France*;

- *North*: Denmark, Finland, Norway and Sweden; and

- *West*: Belgium, Ireland, the Netherlands and the UK.

The following map provides information about the countries in which we operate and our revenue per region for the year ended September 30, 2017:



Competition and Market Position

The European self-service market is characterized by fragmentation and intense competition on a local level. We are one of the very few vending machine service providers operating on a pan-European level. We are the leading vending machine operator in Belgium, France, Spain, Switzerland, Sweden and the United Kingdom and among the leading vending machine operators in Germany and the Netherlands based on revenue. We compete with strong regional players in Europe such as Jobmeal, Kaffeepartner, Dallmayr, IVS and Daltys, among others, and with Nespresso and JDE and other OCS providers, in our private vending and OCS market segments. In addition, we compete against a large number of small players which operate a few vending machines on a local or regional basis. See "*Industry*."

Clients and Consumers

Clients

We serve a diverse client base ranging from small businesses and industries, large corporate clients, and public entities for our self-service business, to hotels, cafés, and large coffee companies for our coffee roasting business. We broadly segregate our clients into Workplace and On-the-Go clients. Typical Workplace clients include various businesses and industries, from offices, manufacturing and logistics sites, while typical On-the-Go clients include airports, train and subway stations and gas stations. We aim to further penetrate our client base while increasing our focus on clients such as gas stations, universities and hospitals and strengthening our ties with facility management companies to further expand our client base. For example, we have recently won or upgraded contracts with Avia Finance (a petrol company), ENI France (an oil and gas company), Welcome Break UK (a motorway services operator), Euro Garages UK (a fuel provider), Cap Gemini (a professional services provider and business consulting), Fitness 24/7 Nordic (a fitness chain) and Randstad (a human resources services provider). For the year ended September 30, 2017, our top ten clients accounted for approximately 10% of the Combined Group's *pro forma* revenue for that period, and no single client accounted for more than approximately 2% of the Combined Group's *pro forma* revenue for that period.

For public clients and, to a very limited extent, large private clients, we generally pay vending fees, or vending rent, to place our vending machines on their premises. Vending rent arrangements include fixed or variable fees (based on a percentage of revenue from vends) as well as a combination of the two. They are based on a number of factors, including tender specifications for public bids, competitive pressure, contract length, offers by competitors, expected revenue, locations and the demographics of the relevant locations. Our extended experience in the vending machine operator industry provides us with insight to help determine competitive yet prudent vending rent levels.

In addition to originating new client business, our sales teams coordinate and monitor the renewal of client contracts and the public tenders in which we participate. In our private vending operations (including our OCS services), typical client contract terms range from three to five years. Our contracts with public clients are frequently longer, typically ranging from five to ten years. Our client contracts typically provide us with the exclusive right to install and operate vending machines on our client's premises, although certain contracts with public clients do not include such exclusivity rights. Our client contracts generally automatically renew for a period of one or two years at the end of the initial term in the absence of notice of termination. The notice period for termination of client contracts is typically three or six months for each contracting party. In the event of a breach of contract that has not been remedied within one month from the provision of notice of the breach, our client contracts commonly allow for termination by the non-breaching party at any time.

We believe our reputation for quality products, innovation and client service has enabled us to form strong and lasting client relationships across a broad range of our client base. We believe this is also evident in our overall average client retention rate, which we estimate was approximately 95%, 95% and 94% for each of the years ended September 30, 2015, 2016 and 2017 based on the revenue of Selecta (excluding Pelican Rouge). The following table presents information related to our top ten clients for the year ended September 30, 2017:

#	Segment	Customer	Country	Length of Client Relationship (Years)	FY17 Revenue (€m)	% of FY17 Revenue	Contract Expiration Year
1	Public	Customer 1		18	28.7	1.9%	2024
2	Public	Customer 2		48	18.1	1.2%	2022
3	Public	Customer 3		7	16.2	1.1%	2021
4	Public	Customer 4		13	15.3	1.1%	2018
5	Technical Service	Customer 5		12	15.6	0.9%	2018
6	Public	Customer 5		2	12.3	0.8%	2020
7	Public	Customer 7		7	11.9	0.8%	2021
8	Public	Customer 8		23	11.3	0.7%	2019
9	Roaster	Customer 9		7	11.2	0.7%	2019
10	Private	Customer 10		16	9.3	0.6%	2018

Consumers

Food and beverages available from our coffee and vending machines are purchased by individuals who consume such items during breaks, as in-between meals in their offices, at recreational or educational facilities, in hospitals, schools, government buildings, while on-the-go on public transportation, at airports or at highway service or gas stations. As a result, we devote significant resources to the user experience and specifically to maintaining our vending machines and keeping them well-stocked with international brand-name and local products that appeal to a variety of demographics and palettes.

Procurement

Our Group procurement department is responsible for contracting various products and stock, including machines, coffee, sugar, cups, stirrers and other ancillary products. Certain other items, such as confectionary products and vending machine spare parts, and the organization of logistics related to such items generally remain the responsibility of our local procurement capabilities at the country level.

Product Suppliers

We purchase our supplies and stock from a number of suppliers, including from private label suppliers as well as brand name producers such as Coca-Cola, Danone, Kraft Foods, Lavazza, Mars, MasterFoods, Mendelez, Nestlé, Pepsi, WMF, Sielaff, Wurlitzer, UnitedCoffee, Starbucks and Tate & Lyle. We purchase the green coffee beans used for our coffee roasting business from Mercon Europe SL, Supremo SA, Ecom Agroindustrial Corp. Ltd., Bernard Rothfos GmbH and Coffeeteam SA, and most volume is sourced from Brazil, Vietnam and Colombia. We choose our suppliers carefully and value maintaining a broad supplier base. For significant portions of our purchasing volumes, we generally enter into framework agreements with our suppliers pursuant to which products and materials, quality standards, terms and prices are specified. Such framework agreements typically have terms of three years.

Vending Machine Suppliers

We purchase and lease our vending machines from 13 key suppliers, including Franke for our premium hot drink machines, WMF for coffee machines, N&W for our mainstream hot drink machines, Crane MS for our combination public machines and Borg & Overström for our water coolers. We purchase or lease a variety of different models of vending machines depending on, among others, the market, concept, product volumes, and the client's requirements.

Sales, Marketing and Client Service

Our sales and marketing activities are largely organized on a decentralized basis. While Group best practices, branding and sales and marketing concepts are developed centrally at our office in Cham, Switzerland, the implementation of such practices and concepts is conducted at the country level. Similarly, the organization of our sales and marketing teams varies by country. In some countries, particularly the smaller countries in which we operate, the head functions in sales and marketing are combined in one role. In larger countries, we typically have distinct sales and marketing directors responsible for the respective activities, including setting the budgets and oversight of small teams of sales and marketing representatives focused on our clients and services in that country. In connection with the integration of the Combined Group, we have started to develop strategic initiatives to assess our sales capability and better incentivize good performing sales teams in order to increase sales efficiency.

We continually aim to provide efficient and effective client care. Our business operates with the support of service call centers in each country, which accept inbound calls for vending machine malfunctions and maintenance issues, and sales call centers, which place outbound calls to generate sales of our OCS and vending machine products and services. Our relevant call centers' telephone numbers are displayed on all of our machines, allowing clients or consumers to directly get in touch with us for a quick resolution of any maintenance or other technical issues. In addition, inbound calls received by clients can be directed to technicians to help clients troubleshoot or resolve technical issues in order to avoid the need for, and time and expense associated with, a site visit.

Information Technology

Our IT operations have historically been primarily performed on a decentralized basis. In particular, IT functions related to matters such as procurement, tracking and logistics have largely been managed at the country level, supported by four teams of IT personnel located in Switzerland, Spain, the Netherlands, France and the United Kingdom.

We continue to invest in our IT systems in order to maintain and enhance our overall business processes. We use IT solutions in nearly all phases of our operations, from procuring vending machines, spare parts and products to monitoring operational processes and tracking logistics and maintenance of our vending machines. Telemetry devices provide real-time sale information from our machines to remote data collection points. We can then use this data to improve our product selection for each machine and our over-all business strategy based on major trends. We also incur lower service costs by collecting such data as we avoid unnecessary trips to already well-stocked machines. As of September 30, 2017, excluding Pelican Rouge, approximately 14,600 of Selecta's machines were connected with telemetry devices.

We undertook a detailed assessment of our IT infrastructure, systems and applications and have implemented currently in the process of implementing an enhanced IT architecture with a more centralized focus, in particular with respect to our IT infrastructure and core applications. We recently outsourced our IT infrastructure and network of former Selecta entities, while keeping IT infrastructure of Pelican Rouge entities.

Real Estate and Equipment

We conduct our operations primarily through vending machines that we own. We own or lease a combination of warehouses and regional and branch offices in many of the countries in which we operate. Additionally, we own our coffee roasting plant in the Netherlands. Our properties are typically leased for fixed terms of between five and 20 years. In general, our lease agreements can be terminated at our option prior to the maturity date, in certain cases with a penalty. We believe that our properties meet our present needs and that they are sufficiently maintained and suitable for their intended use.

With respect to other fixed assets, we owned and operated approximately 370,000 active vending machines as of September 30, 2017, and a fleet of vehicles dedicated to restocking our vending machines. Depending on the country, we either purchase or lease our vehicles through finance or operating leases. We believe our equipment is in good condition and suitable for our operations and their intended use.

We depreciate our free-standing hot drink machines over a period of six years (table top machines over a period of four years) and snack and cold drink machines over a period of eight years. However, we are generally able to utilize our vending machines beyond such useful lives. We continually refurbish and upgrade some of our vending machines to extend their useful life. For example, public vending machines can be refurbished two times to triple their useful life. Machines that are not refurbished and redeployed are either sold or scrapped.

Employees

The following table shows the average number of Selecta's full-time equivalent employees by region, including a break-down of merchandizers and technicians, for the periods indicated.

	Issuer	
	As of September 30,	
	2016	2017
Number of Employees (Full-Time Equivalents) by Region		
Central		
Full-time equivalents	1,522	1,528
thereof merchandizers	858	846
thereof technicians	317	320
North		
Full-time equivalents	628	610
thereof merchandizers	346	339
thereof technicians	118	119
France		
Full-time equivalents	1,130	1,073
thereof merchandizers	709	683
thereof technicians	218	197
West		
Full-time equivalents	770	717
thereof merchandizers	445	418
thereof technicians	158	154
Headquarters		
Full-time equivalents	65	53
thereof merchandizers	0	0
thereof technicians	12	4
Total		
Full-time equivalents	4,115	3,980
thereof merchandizers	2,358	2,286
thereof technicians	823	793

The following table shows the number of full-time equivalent employees of Pelican Rouge by region, as of the dates indicated:

	As of March 31,		As of September 30,
	2016	2017	2017
Number of Employees by Region			
The Netherlands	694	671	642
United Kingdom	1,368	1,266	1,250
Europe (other)	2,233	2,254	2,243
Nordic countries	252	254	249
Total	**4,546**	**4,445**	**4,385**

Benefits

We operate various pension and retirement schemes in accordance with local conditions and practices in the countries in which we operate. We have defined contribution plans in place for certain employees in Sweden, France and the United Kingdom and defined benefit plans for certain employees in Switzerland, France, Germany and Spain. These pension plans provide for the payment of retirement and certain survivor benefits. Benefits payable under these plans are determined on the basis of any employee's length of service, earnings and position. Under the defined benefit plans, employees are entitled to retirement benefits equal to a percentage of their accumulated savings in the plan on reaching a locally defined retirement age. For the year ended September 30, 2017, and without giving effect to the Pelican Rouge Acquisition and the Baltics disposal, our adjusted employee benefits expense decreased by 7.0% from the previous year.

Collective Bargaining Agreements

The countries in which we operate provide various protections and bargaining or other rights to employees. These employment rights may require us to expend greater time and costs in altering or amending employees' terms of employment or making staff reductions.

We have collective bargaining agreements in place with our employees in Finland, the Netherlands, Sweden and France. In Finland, Germany, the Netherlands, Norway, Spain and Sweden, we have works councils in place, which are representative bodies for our employees and through which we agree changes in conditions of employment, such as working hours, salary levels and benefits. We consider our relations with the works councils to be good.

In all other countries in which we operate, we are subject to applicable national or state legislation which, in many cases, establishes minimum salaries and benefits for certain types of jobs and apply to all companies employing individuals in these jobs. The terms of these agreements vary from country to country, but they generally address matters such as minimum wage, salary adjustments, working hours, breaks and vacation and are typically agreed for terms of up to several years.

Intellectual Property

We rely primarily on a combination of trademarks, trade names and license agreements to protect our intellectual property rights. Our primary trademarks include "Selecta," "Miofino," "fresh+fit," "fresh point" and "mySoup" as well as associated word-picture trademarks. We are also the holder of various national and European Community trademarks for our "Selecta" brand name in the markets in which we operate. Following the Pelican Rouge Acquisition, we increased our portfolio of material intellectual property rights with the trademarks relating to Pelican Rouge's various brands (e.g. "Pelican Rouge," "ICS"). This extensive trademark portfolio contains over 200 international, European and national registrations. Most of the trademarks are registered in the name of Selecta U.K. Limited and Pelican Rouge Group BV. With the exception of the "Selecta" and "Pelican Rouge" brand names, we do not believe that any individual item of our intellectual property portfolio is material to our business or the conduct of our business as a whole. To date, no third party has brought legal or administrative proceedings challenging the validity of our trademarks or trade names.

We cooperate with certain of our vending machine suppliers and manufacturers to participate in the development of new vending machine models and technologies. We hold certain intellectual property rights in connection with these vending machines developed or being developed.

Insurance

We maintain general liability, property, directors' and officers' and other insurance policies with coverage limits we consider consistent with industry practice. The terms of our client contracts typically provide that the client will ensure that the vending machines placed on its premises are insured against third party claims and carry certain insurance protection against damage or vandalism, whether as part of its general insurance policies or insured separately. Our other fixed assets, such as our office buildings, technical equipment used in distribution, restocking and vending machine refurbishment, information technology and office equipment, are protected by a bundled industrial insurance policy (damages from fire, catastrophes, theft, flood and severe weather) that includes a business interruption insurance when business interruption is caused by an insured property damage. We monitor our insurance policies to ensure that we remain in compliance with any conditions thereunder.

We consider our insurance coverage to be adequate both as to the nature of the risks covered and amounts insured for our business operations and review our coverage on a periodic basis. However, there can be no assurance that we will not suffer a loss or losses that are not covered by our insurance policies or that may be in excess of the amount of insurance coverage.

Regulation

The food and beverage industry is regulated by various European and national legislation and regulations covering food safety and hygiene, packaging, nutritional information, broader public health and diet concerns, and public tenders for placement of vending machines on public premises. As a vending machine operator, we are subject to the requirements of a number of EU and national regulations administered by the European Food Safety Authority and national government entities and agencies in the countries in which we operate. The primary EU regulations that relate to our business are EU Regulation 178/2002 and EU Regulation 852/2004. EU Regulation 178/2002 establishes the European Food Safety Authority as well as general principles and requirements of food law in the European Union and procedures in matters of food safety. This regulation is specified, *inter alia*, by EU Regulation 882/2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules. EU Regulation 852/2004 sets out general rules for food business operators on the hygiene of foodstuffs. Additional regulations include EU Regulation 853/2004, which regulates, among other things, the temperature settings of vending machines that stock products made from or containing animal products, such as meats and cheeses, and EU Regulation 1169/2011 on the provision of food information to consumers. As we do not manufacture our own vending machines or produce our own vending products, our daily operations of sourcing and stocking vending products and cleaning and providing technical maintenance and support on our vending machines are impacted by such regulations to a limited extent; however, we have to ensure that the vending machines are operated in compliance with applicable law. Moreover, as we continue to source a wide variety of our vending products in the countries in which the vending machines are located, our suppliers are primarily responsible for ensuring that their products meet applicable packaging, nutritional information and other requirements.

In the EU countries in which we operate, we have implemented Hazard Analysis and Critical Control Points ("HACCP") concepts and systems with regard to food hygiene and in accordance with the requirements of EU Regulation 852/2004 and applicable national legislation. Our employees in such countries are trained at least annually to comply with the HACCP procedures.

Environment and Sustainability

We are committed to operating our business while respecting the environment and other social considerations. Our past and present operations, including owned and leased real property, are subject to environmental laws, regulations and local permit requirements related to the discharge of materials into the environment, the handling and disposition of waste or otherwise relating to the protection of the environment. We believe that we are in compliance with all applicable environmental laws and regulations. We are also committed to reducing our carbon footprint through various measures, such as supplying vending machines that use modern technology to increase energy efficiency, disposing of our machines and equipment in accordance with the standards of the European Commission's Waste Electrical and Electronic Equipment Directive and developing automated route planning systems to reduce total driving distances. All of our Group's policies and business activities are consistent with the United Nations Global Compact. We also take a proactive approach with respect to a safe and healthy workplace through regular employee training and development, Group-wide employee satisfaction surveys and a Group-wide health and safety monitoring system.

We believe that promoting ethical business practices and setting sustainable development goals is integral to the way we do business. To this end, we aim to provide consumers with healthy products options from vending machines such as our Balanced Options program and Fresh and Fit concept, which includes products that meet specific nutritional criteria, and our tailored vending solutions with a variety of healthier products for schools, hospitals and leisure centers. Our Miofino brand coffee is available in eight certified blends, and we continue to strive to increase the amount of certified products in our vending machines.

Pelican Rouge Coffee Roasters operates a coffee roasting facility located in Dordrecht, the Netherlands. This facility qualifies as a type C facility under the applicable Dutch environmental laws given its considerable potential impact on the environment. Therefore, the facility requires an environmental operating permit (*omgevingsvergunning milieu*) to carry out its coffee roasting activities. In addition, the facility's operations are subject to general environmental rules as enumerated in the Dutch Activities Decree (*Activiteitenbesluit wet milieubeheer*). We aim to produce high quality coffee products while demonstrating respect for the environment. To that end, we have obtained several quality certificates demonstrating sound environment and quality management systems, in addition to certificates relating to coffee roasting products such as a BRC Global Standards Food certificate, a Sustainable Agriculture Network certificate, an UTZ Chain of Custody Standard certificate, and a Bio-certificate as required by EU law on organic production and labeling of organic products.

Legal Proceedings

We are party to various legal proceedings arising in the ordinary course of our business, such as disputes with our clients, suppliers and employees, and disputes regarding representations and warranties under agreement, for previous acquisitions and dispositions. In 2015, Seeberger GmbH ("Seeberger") acquired Pelican Rouge Coffee Solutions GmbH, from Acorn (Netherlands) 3 B.V. which is, a subsidiary of Pelican Rouge Group B.V. On September 4, 2017, Pelican Rouge Group B.V. received a claim from Seeberger for €2.5 million in damages. Seeberger's claim relates mainly to the following three points: (i) immediately after the sale of Pelican Rouge Coffee Solutions GmbH, two major clients were lost; (ii) Pelican Rouge Coffee Solutions GmbH had entered into client guarantee agreements prior to the sale which guaranteed free maintenance services to certain clients, and these guarantees had not been disclosed to Seeberger during the due diligence process; and (iii) Pelican Rouge Coffee Solutions GmbH had paid the incorrect amount of social security contribution, although no claims have been received from the tax authorities. Other than claims disclosed above, we are not currently involved in any material pending legal proceedings nor are we aware of any threatened material claims against us.

ARGENTA'S BUSINESS

History

Since its founding in Carpi, Modena, Italy in 1968, the Argenta Group has grown organically as well as through acquisitions. In 2006, the Argenta Group merged with Cafebon and became the second largest food and beverage vending operator in the Italian market. In 2008, Motion Equity Partners acquired the Argenta Group. In 2016, the Argenta Group expanded into southern Italy through the acquisition of Somed, and into the food retail business under the Foodie's brand and through exclusive agreements with 365 Retail Market with its micro market concept. On September 29, 2017, TopCo entered into the Argenta Acquisition Agreement to acquire all of the issued share capital of HGSC 3 S.A. Settembre 2007 S.p.A., the direct subsidiary of HGSC 3 S.A., holds 100% of the shares of Argenta. We expect the Argenta Acquisition to complete on or around the Issue Date.

Business

Overview

The Argenta Group is the second largest food and beverage vending operator in the Italian market with a market share of approximately 10% of automatic vending business. As of September 30, 2017, the Argenta Group owned and operated a network of approximately 110,000 active vending machines for a range of approximately 50,000 diverse clients, of which approximately 3,000 utilize both of Argenta Group's OCS and automatic vending machine services. The Argenta Group's business operations cover the full value chain of the vending services market. It installs vending machines at clients' premises on a free loan basis and directly manages the sourcing and stocking of the food and beverage, the collection of the cash from the machines, and the cleaning, maintenance, and technical support services at the client's premises. The vending machine network is operated under the "Argenta" brand, which enjoys strong brand recognition in Italy, with Argenta serving over two million consumptions per day.

Italian Non-Operated Vending Machine Market (€bn)

Source: OC&C Report, management estimates

Vending Machines and Services

Vending

<u>Hot Drinks</u>

The Argenta Group offers a variety of free-standing hot drink vending machines, which serve coffee and coffee specialty drinks as well as tea, hot chocolate and milk. Free-standing machines are primarily located in factories, offices, government institutions, schools and public locations such as airports. These machines operate on a pay-per-vend basis, where consumers purchase items using coins or a form of cashless payment system such as our mobile phone App or contactless credit or debit cards. See "—*Payment Options*."

The Argenta Group offers a variety of hot drinks beverages, of which the top product sold is shots of espresso. As of September 30, 2017, the Argenta Group had approximately 35,000 machines operating in the hot drinks segment.

Snacks, Cold Drinks and Non-Food Items

The Argenta Group offers a range of free-standing vending machines for snacks, cold drinks, or a combination of the two. Combination vending machines provide a variety of snacks, fresh foods, and cold beverages. Machines are exclusively configured on a pay-per-vend basis, with a choice of cash or cashless payment system such as our mobile phone App or contactless credit or debit cards.

The snack, cold drinks, and combination vending machines are primarily differentiated by their product capacity and features. For example, glass-fronted machines are used for snacks, food, and cold drinks, while other machines are used primarily for canned beverages or for ice cream or juice. Clients are generally offered a standard assortment of brand name snacks and beverages, but the product mix can also be tailored to the client's needs to reflect, for example, particular regional tastes in snack foods or drinks. As of September 30, 2017, the Argenta Group had approximately 36,000 machines operating in the cold drinks and mixed product segment.

The Argenta Group is also active in the personal care vending market. Currently, a number of machines, predominantly placed in public outdoor locations, sell items such as toothpaste, deodorant, tissues, and moist towelettes.

Portioned Machines

Office Coffee Service

OCS is a concept primarily targeted to smaller office environments. Under the dedicated OCS package, clients are provided with a table top coffee machine on a free loan basis, and must purchase coffee capsules for these machines from Argenta's dedicated call center; the coffee capsules are then delivered to the clients using third party delivery. Argenta also provides technical maintenance support for the machines at its central workshops. OCS clients handle the day-to-day machine filling and basic cleaning and care on their own. As of September 30, 2017, the Argenta Group had approximately 38,000 machines operating in the OCS segment.

Argenta operates a very small division under the OCS business unit that sells coffee capsules to private individuals. The business model is the same as that applied to small offices.

Micro Markets

The most recent addition to the Argenta Group business is micro markets, which are unmanned and unattended, self-service stores designed for the workplace in companies with over 100 employees. These micro markets provide a wide product range, including fresh products, coffee, water and other hot or cold beverages. The self-checkout system is available 24 hours a day with multiple cash or non-cash payment systems. Micro markets offer a greater variety of products than traditional vending machines, specifically fresh foods offering. Micro markets have also no limit on the size of the products offered and offer an improved consumer experience through the ability to touch products and read labels, and an all-in-one checkout process.

Payment Options

Argenta's pay vend machines allow for a range of payment options from traditional cash payments with coins to cashless and mobile payment technologies. These include employee keys, credit cards, corporate cashless payment systems and mobile phone payments, including the Argenta App. Most of Argenta's vending machines located in offices or other private points of sale are equipped with key options resulting in the ability to set different prices for different consumers, such as company personnel and visitors. Credit card and mobile phone payment options are increasingly included in vending machines. The Argenta App is designed to feature a variety of promos and a loyalty program to incentivize the repeated use of Argenta's vending machines.

Geographic Market

As of September 30, 2017, five regions in Italy accounted for 60% of the total Italian vending market: Lombardia, Lazio, Veneto, Emilia-Romagna, and Piemonte. The Argenta Group operates predominantly in these five regions, with 80% of its sales for the year ended September 30, 2017, derived from these five regions. In April 2016, the Argenta Group gained a foothold in southern Italy through the acquisition of Somed S.p.A and is intending to build client density in this area, in part through offering its products and services to existing clients with a branch in this region.

End-Markets

Argenta's vending business serves consumers in the following end-markets:

- Automatic vending market, which comprises hot drink, snacks, cold beverages, and personal care items sold in free-standing machines in public, semi-public and private spaces. As of September 30, 2017, automatic machines represent 65% of Argenta's total machines.

- Office Coffee Service (OCS) market, which comprises the Home Portioned services and table-top machines placed in small offices and the coffee capsules sold to accompany the coffee machines. As of September 30, 2017, OCS machines represent 35% of Argenta's total machines.

- Other, which comprises bars, micro markets and food retail stores.

Clients and Consumers

Clients

Argenta serves a wide range of clients, including: (i) small factories with 50 employees; (ii) law firms with around 30 employees; (iii) schools; (iv) municipal government offices; (v) mid-sized manufacturing businesses with around 300 employees; (vi) large banks with multi regional coverage; (vii) large corporations; (viii) large public hospitals; (ix) large government institutions; and (x) micro businesses or small or home offices with five to ten employees.

Consumers

Food and beverages available from Argenta's vending machines are purchased by individuals who consume such items during breaks, as in-between meals, at recreational or educational facilities, in hospitals, schools, government buildings, while on-the-go on public transportation, at airports or at highway service or gas stations. As a result, significant resources are devoted to the user experience and specifically to the maintenance of the vending machines and keeping them well-stocked with international brand-name and healthy products that are intended to appeal to a variety of demographics and consumers segments.

Procurement

Vending Machine and Payment Processing Suppliers

Argenta purchases its vending machines from a number of suppliers, including N&W, Fas, Lavazza and illy. Argenta owns all machines it places at its clients' premises. Free standing machines are purchased directly from N&W and Fas. At the beginning of each year, price and terms of these contracts can be renegotiated. Certain N&W machines are also purchased indirectly through Lavazza as they have specific technical functions, branding, and marketing support. In the past, Argenta has also purchased some machines from Nuova Bianchi.

In addition to purchasing its vending machines, Argenta also purchases its payment processing systems from Comestero, Payment, Crane and Sitael App). There are approximately 6,700 (excluding employee keys) cashless devices installed across the Argenta Group as of September 30, 2017 and 7,500 telemetry devices connected.

Product Suppliers

Argenta purchases its supplies and stock from a number of suppliers, including Lavazza, Coca Cola, Prontofoods, Caffè Mauro, Ferrero and Bibo. Argenta maintains a broad supplier base made of both large brands and smaller suppliers focused on healthy products. For significant portions of its product purchasing, framework agreements are typically entered into with suppliers pursuant to which products and materials, quality standards, terms and prices are specified. Such framework agreements and other contracts typically have terms of one year.

Centralized Layout Office analysis of rotations allows Argenta to manage products and stock keeping units ("SKU") selection. Although the SKUs are centrally prescribed, suppliers are required to supply branches directly to fulfill branch specific needs. Argenta has a dedicated purchase team in charge of relationship management and negotiations with all suppliers.

Sales, Marketing and Client Service

Argenta operates its business through ten regional branches, 27 logistic centers, and three refurbishment centers. The regional branches are local hubs with limited administrative functions such as field direction to manage local operations, logistics, service and cash collection. The logistic centers are local warehouses that provide goods to restocking staff on a daily basis. The centralized refurbishment centers provide technical services to refurbish previously used or malfunctioning vending machines. Machine malfunctions are addressed through a team of 180 technicians who travel daily to client sites.

Argenta's sales divisions are organized according to business units: (i) Corporate and small and medium enterprises ("SMEs") sales, which focus on private medium to large clients using both key account sales representatives as well as a diversified regional sales team. A special division has been created within this business unit to focus on very small clients; and (ii) public sales, which covers all public tenders, including health, government and non-profit tenders through a central dedicated team. All sales staff are Argenta employees.

Argenta has a dedicated Customer Relationship Management team which oversees the telephone and online support in addition to the social media accounts. The call center receives and manages inbound calls, while Argenta's dedicated email address is used to communicate with its client base and resolve technical issues through the use of recognition numbers given to each vending machine. The team also takes care of managing client interactions coming through Facebook, Twitter, or other forms of social media. The marketing team also oversees the social media management, in addition to external and internal communication in conjunction with HR.

Argenta has developed several dynamic product assortment and placement within the vending machines that change during the year and are applied to clients according to their industry, positioning, and seasonality. This project is managed through a dedicated team and with an internally-developed "planogram software" which monitors rotations and makes informed decisions on assortment.

Real Estate and Equipment

As of September 30, 2017, the Argenta Group owned seven properties and leased several others in Italy.

Employees

As of September 30, 2017, the Argenta Group employed 1,321 full-time equivalent employees in addition to 217 sub-contractors.

Collective Bargaining Agreements

Italy provides various protections and bargaining or other rights to employees. These employment rights may require expending greater time and costs in altering or amending employees' terms of employment or making staff reductions. Currently, Argenta has several collective bargaining agreements in place with its employees at various levels.

Intellectual Property

Argenta's material intellectual property rights are the trademarks relating to its various brands (e.g. "Gruppo Argenta," "Café Bon," "My Vending"). Argenta has also acquired the trademark portfolio of Somed, which contains several other national registrations. Most of the trademarks are registered in the name of Argenta.

Information Technology

The IT landscape and infrastructure are considered essential to the day to day operation of Argenta's business. The IT systems support and facilitate the continued use and development of various applications, information streams, and other services that are vital to the functioning of all business operations. This includes, among others, field service management, supply chain management, business sales, and finance. Argenta has a dedicated IT department, with the capability to assist Argenta on all software-related projects.

Insurance

Argenta maintains general liability, property, directors' and officers' and other insurance policies with coverage limits it considers consistent with industry practice. The insurance policies are monitored to ensure continued compliance with any conditions thereunder. Argenta considers the insurance coverage to be adequate both as to the nature of the risks covered and amounts insured for business operations and reviews its coverage on a periodic basis. However, there can be no assurance that loss or losses that are not covered by the insurance policies or that may be in excess of the amount of insurance coverage are not suffered.

Legal Proceedings

Argenta is party to various legal proceedings arising in the ordinary course of business, such as disputes with clients, suppliers and employees. On July 17, 2014, the Italian Competition Authority ("ICA") initiated proceedings against the Argenta Group pursuant to article 14 of Law n. 287/90 to assess an allegation against Argenta Group and eight other companies operating in the vending section for market sharing. On February 25, 2015, the ICA initiated proceedings against three additional companies and CONFIDA Associazione Italiana Distribuzione Automatica (the association representing the main companies of the Italian vending industry) and extended the investigation into further allegations for anti-competitive behavior in relation to certain private and public tenders for vending services. On June 14, 2016, the ICA issued its final decisions by which it held that the Argenta Group and all other parties to the proceeding (except for Gedac S.r.l.) had infringed art. 101 of the Treaty on the Functioning of the European Union. The ICA imposed on all parties fines at the maximum possible level provided under Law n. 287/90, consisting of 10% of the overall annual turnover of a company. The fine imposed on Argenta Group is equal to €19.7 million. On June 27, 2016, the ICA granted Argenta Group's request to pay the fine in 30 instalments of €0.7 million a month beginning on August 2016; these payments are not indemnified by the Argenta Acquisition Agreement. As of December 2017 17 installments out of 30 have been paid. Argenta Group has challenged the ICA's decision before the Regional Administrative Court of Lazio for the annulment of the decision and, in the alternative, for the annulment or reduction of the amount of the fine which had been imposed. On July 28, 2017, the Regional Administrative Court of Lazio rejected Argenta's appeal and confirmed the fine. On November 28, 2017, Argenta has filed an appeal before the Italian Council of State to obtain a reduction of the amount of the fine. Individuals or companies affected by the illegal conduct could rely on the ICA decision to bring civil damages actions against Argenta and the other addressees of the decision. Damages actions are subject to a limitation period of five years from the moment the damaging conduct stopped. In this case the damaging conduct could be deemed to have stopped, at the earliest, when the ICA opened the relevant investigation in July 2014. Therefore, in theory damages actions could still be filed at least until July 2019.