

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

*Condensed consolidated interim financial statements for the
6 months ended 31 March 2017 (unaudited)*

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Operating and financial review

Overview of the business

Selecta is the leading independent operator of vending machines in Europe by revenue, with operations in 15 countries across Europe and leading market shares in its key markets of Switzerland, Sweden and France. We operate a network of approximately 130'000 active snack and beverage vending machines on behalf of a broad and diverse client base. We offer a wide range of products in our vending machines, including hot and cold beverages and various snacks and confectionary items. Our clients include a large number of both private and public organizations. Our private vending services, which also include our office coffee services ("OCS"), are directed primarily at office environments but also include clients such as hospitals and universities. Our public vending machines are located in high traffic public locations, such as airports, train and subway stations and gas stations, where our longer term client contracts provide us with a steady stream of revenue. In addition to our public and private vending operations, we also generate revenue from trade sales of machines and products.

Our business model covers the full value chain of the vending services market. Our sales teams originate new contracts for the placement of vending machines on clients' premises, and we also bid for concessions pursuant to public tenders to place vending machines with public entities, such as airports and train and subway stations. We purchase vending machines for our clients, install them at their premises and manage the sourcing and stocking of the food and beverage vending products on behalf of our clients. We also provide cleaning, maintenance and technical support services, which can be customized based on individual client preferences. In addition to our vending and vending services operations, we also sell vending machines, vending machine parts and products separately and independent of vending service arrangements. We therefore generate revenue at each step of the vending services value chain, through a combination of fees from clients for providing, stocking and maintaining vending machines, through the products sold from our vending machines and from the sale of machines, ingredients and spare parts.

We operate our vending machine network primarily under the "Selecta" brand. We are the overall market leader by revenue in the European vending market, with an estimated market share of approximately 6% based on market size data from the European Vending Association for 2014 and our own estimates.

Presentation of financial information

The consolidated financial statements included in this report have been prepared in accordance with the International Financial Reporting Standards, as adopted by the International Accounting Standards Board ("IFRS").

In addition this report contains references to certain non IFRS measures and related ratios, including EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, third party debt, net debt, capital expenditures and free cash flow.

"EBITDA" represents earnings before interest, income tax, depreciation, amortization and impairment expense. "Adjusted EBITDA" represents earnings before interest, income tax, depreciation, amortization and impairment expense and one off items.

"EBITDA margin" is calculated as EBITDA divided by revenue whilst "Adjusted EBITDA margin" is calculated as Adjusted EBITDA divided by revenue.

"Overhead costs" represents as the sum of employee benefits expenses and other operating expenses.

"Net capital expenditure" represents the sum of additions to property, plant and equipment, and other intangible assets, less cash proceeds from disposals of property, plant and equipment and other intangible assets.

"Free cash flow" represents net cash generated from operating activities less net cash used in investing activities.

“Net debt” represents financial debt and finance leases less cash and cash equivalents at the end of period. Note that this is different to the IFRS definition of borrowings where the outstanding liabilities are reduced by the amount of the unamortised refinancing costs incurred.

All comparisons in this Operating and Financial Review are against the equivalent quarter for the prior year unless otherwise stated.

Operating review

Sales in the three months ended 31 March 2017 were 3.1% ahead of last year, with growth seen across the four regions. At constant foreign exchange rates¹ sales grew by 3.4% compared to prior year. Revenue grew on the back of the very strong performance of public and trade sales in Germany and in the Netherlands. At constant rates, this is the eighth consecutive quarter delivering sales growth.

The disposal of the three Baltic countries (Lithuania, Latvia and Estonia) was finalized with the effective transfer of control to BaltCap occurring on 14 March 2017.

In the operating review, the 2017 figures are excluding the three Baltic countries disposed, and are stated at actual foreign currency rate¹.

The key messages of the regional performance in the quarter are:

- In France sales in the quarter were 1.6% higher than in prior year, driven by public vending growth (+2.8%).
- Sales in West region were 1.0% above last year as a result of the strong revenue delivery in the Netherlands, in both public and trade segments. At constant foreign exchange rates¹ sales grew by 7.4% compared to prior year quarter.
- Sales in Central region were 5.3% above last year with both public growth and trade segment performance in Germany being the key drivers. At constant foreign exchange rates sales grew by 3.0% compared to prior year quarter.
- North region displayed a year on year sales growth of 1.9%, and of 3.6% at constant foreign exchange rates¹, mainly driven by Starbucks on the go sales in Denmark.

Adjusted EBITDA in the quarter was € 6.7 million higher than last year as a result of both strong sales growth and significant savings in personnel expenses.

¹ Constant foreign currency rates applied: CHF/EUR 1.09; SEK/EUR 9.62; GBP/EUR 0.86

Financial review¹

Financial summary

	3 months ended			Year to date		
	March 17 €m	March 16 €m	Change %	March 17 €m	March 16 €m	Change %
Revenue	179.7	174.3	3.1%	361.1	356.5	1.3%
Materials and consumables used	(57.0)	(56.9)	-0.1%	(114.1)	(112.1)	1.8%
Gross profit	122.7	117.4	4.6%	246.9	244.3	1.1%
<i>% margin</i>	<i>68.3%</i>	<i>67.3%</i>	<i>1.0 pts</i>	<i>68.4%</i>	<i>68.5%</i>	<i>-0.2 pts</i>
Employee benefits expense	(56.1)	(58.6)	-4.3%	(113.0)	(119.9)	-5.8%
Other operating expenses	(48.5)	(44.6)	8.8%	(91.8)	(89.1)	3.1%
EBITDA	18.1	14.2	27.7%	42.1	35.4	19.1%
<i>% margin</i>	<i>10.1%</i>	<i>8.1%</i>	<i>1.9 pts</i>	<i>11.7%</i>	<i>9.9%</i>	<i>1.7pts</i>
Adjustments	10.2	7.4	36.6%	12.2	13.4	-8.5%
Adjusted EBITDA	28.3	21.6	31.3%	54.4	48.8	11.5%
<i>% margin</i>	<i>15.8%</i>	<i>12.4%</i>	<i>3.4 pts</i>	<i>15.1%</i>	<i>13.7%</i>	<i>1.4 pts</i>
Depreciation & amortisation	(23.6)	(21.1)	11.9%	(45.1)	(42.6)	5.9%
<i>% revenue</i>	<i>-13.2%</i>	<i>-12.1%</i>	<i>-1.1 pts</i>	<i>-12.5%</i>	<i>-11.9%</i>	<i>-0.5 pts</i>

Revenue

Sales in the three months ended 31 March 2017 were 3.1% ahead of last year.

The following table sets out the revenue development by region in the 3 months ended 31 March 2017 and 2016.

	3 months ended			Year to date		
	March 17 €m	March 16 €m	Change %	March 17 €m	March 16 €m	Change %
France	43.1	42.4	1.6%	86.4	87.0	-0.6%
West	26.6	26.3	1.0%	52.6	55.4	-5.1%
Central	76.8	72.9	5.3%	156.8	150.0	4.5%
North	33.2	32.6	1.9%	65.3	64.1	1.9%
HQ and inter-company eliminations	0.0	0.0		(0.0)	(0.0)	
Group	179.7	174.3	3.1%	361.1	356.5	1.3%

France

Revenue increased by 1.6% in the 3 months ended 31 March 2017 to € 43.1 million compared to prior year (2016: € 42.4 million). This was driven by public vending sales, growing by 2.8% as a result of strong performance in the rail business line.

¹ All numbers in the financial review, unless stated otherwise, are at actual foreign currency rates and exclude disposed companies and impact of sales from disposed companies.
Companies disposed in the quarter are the following country organisations: Estonia, Lithuania and Latvia.
Constant foreign currency rates applied: CHF/EUR 1.09; SEK/EUR 9.62; GBP/EUR 0.86

West

Revenue of € 26.6 million in the 3 months ended 31 March 2017 was 1.0% higher than last year (2016: € 26.3 million), driven by the Starbucks on the go sales at Shell stations in the Netherlands. At constant foreign exchange rates¹ sales grew by 7.4% compared to prior year.

Central

Revenue of € 76.8 million in the 3 months ended 31 March 2017 was 5.3% higher than last year (2016: € 72.9 million), driven by the very significant growth in Germany from the rollover effects of Deutsche Bahn and Fraport developments, as well as from strong Shell trade sales in the quarter. Comparing sales using constant foreign exchange rates¹ sales grew by 3.0%, as a result of the strengthening of the Swiss Franc. Sales in Switzerland were up 0.4% at actual rates, but down by 2.7% at constant foreign exchange rate.

North

Revenue increased by 1.9% to € 33.2 million in the 3 months ended 31 March 2017 compared to prior year (2016: € 32.6 million), driven by Starbucks on the go sales in Q8 petrol stations in Denmark. Comparing sales using constant foreign exchange rates¹, sales grew by 3.6%, with Sweden growing by 0.8% at constant rates (down 1.7% at actual rates).

Gross profit

Gross profit increased by 4.6% to € 122.7 million in the 3 months ended 31 March 2017 compared to prior year (2016: € 117.4 million). Gross profit margin increased by 1 percentage point to 68.3% in the 3 months ended 31 March 2017 (2016: 67.3%). Excluding the € 0.5 million overstatement in costs of sales by France in prior year's second quarter, the gross profit margin was up by 0.7 percentage point.

Employee benefits expense

Employee benefits expense of € 56.1 million in the 3 months ended 31 March 2017 was € 2.5 million, or 4.3% lower than prior year (2016: € 58.6 million). At 31 March 2017 the Group had 4'076 FTE's, 239 less than at the end of March 2016.

Other operating expenses

Other operating expenses increased by € 3.9 million, or 8.8%, to € 48.5 million in the 3 months ended 31 March 2017 (2016: € 44.6 million) essentially due to the accrual of €6.8 million of advisory costs for the acquisition with Pelican Rouge.

Depreciation, amortisation and impairment expense

Depreciation, amortisation and impairment expense of € 23.6 million in the 3 months ended 31 March 2017 increased by € 2.5 million, or 11.9% compared to prior year (2016: € 21.1 million).

¹Constant foreign currency rates applied: CHF/EUR 1.09; SEK/EUR 9.62; GBP/EUR 0.86

Adjustments

Adjustments in respect of one off items were € 6.7 million in the 3 months ended 31 March 2017, € 0.8 million lower than in prior year (2016: € 7.5 million). The accounting gain on the sale of the Baltic countries amounted to €3.5 million, whereas the accrual for Pelican Rouge acquisition costs amounted to €7.1 million. Excluding these elements, adjustments in respect to one off items were €3.1 million in the 3 months ended 31 March 2017, nearly half of them relating to restructuring and redundancies.

Last year adjustments of €7.5 million mainly consisted of external consultants costs for projects focused on the Group's capital expenditure optimisation and cost savings initiatives as well as restructuring personnel expenses in France and the UK. Necessary one-time adjustments in France were included as well.

Adjusted EBITDA

Adjusted EBITDA increased by € 6.7 million, or 31.3%, in the 3 months ended 31 March 2017 to € 28.3 million compared to prior year (2016: € 21.6 million).

The following table sets out the adjusted EBITDA by region in the 3 months ended and year to date 31 March 2017 and 2016:

	3 months ended			Year to date		
	March 17 €m	March 16 €m	Change %	March 17 €m	March 16 €m	Change %
France	3.3	(0.6)		4.3	1.7	150.7%
West	2.8	2.0	44.4%	4.8	4.0	18.7%
Central	19.0	17.0	11.4%	39.3	36.4	7.7%
North	6.9	7.2	-4.0%	13.0	14.0	-7.0%
HQ	(3.7)	(3.9)	-6.5%	(7.1)	(7.5)	-5.5%
Group	28.3	21.6	31.3%	54.4	48.8	11.5%

France

Adjusted EBITDA of € 3.3 million in the 3 months ended 31 March 2017 was € 3.9 million above last year (2016: € -0.6 million). The variance includes an upside from gross profit and personnel expenses phasing adjustments of €1.5 million impacting prior year's second quarter. Excluding this effect, the increase of €2.4 million is driven by contracts renegotiations as well as by the personnel costs savings resulting from the restructuring plan implemented in the prior year.

West

Adjusted EBITDA of € 2.8 million in the 3 months ended 31 March 2017 was € 0.8 million, or 44.4%, above prior year (2016: € 2.0 million). At constant foreign exchange rates¹ adjusted EBITDA was € 1.0 million, or 54.2% above prior year. The improvement was mainly the result of savings in personnel expenses and high marketing contributions in both the UK and the Netherlands, and of public and trade sales growth in the Netherlands.

Central

Adjusted EBITDA of € 19.0 million in the 3 months ended 31 March 2017 was € 1.9 million, or 11.4%, above prior year (2016: € 17.0 million), and € 1.4 million, or 8.4% above prior year at constant foreign exchange rates¹. Switzerland's adjusted EBITDA grew by € 1.4 million, or 9.5% (and by € 0.9 million or 6.1% at constant rates) driven by savings in personnel expenses and the low gross profit comparison point in prior year which included significant technical intervention costs. Germany's public and trade sales growth contributed for the rest of the increase in profitability.

North

Adjusted EBITDA of € 6.9 million in the 3 months ended 31 March 2017 was € 0.3 million, or 4.0%, below prior year (2016: € 7.2 million), primarily due to the increased use of customer owned machines that come with lower turnover but no capital expenditure.

HQ

Adjusted EBITDA in the 3 months ended 31 March 2017 was € 0.2 million higher than prior year.

¹Constant foreign currency rates applied: CHF/EUR 1.09; SEK/EUR 9.62; GBP/EUR 0.86

Cash flow

	3 months ended			Year to date		
	March 17 €m	March 16 €m	Change %	March 17 €m	March 16 €m	Change %
Net cash generated from operating activities	17.6	15.9	10.8%	14.0	(4.1)	
Net cash used in investing activities	(5.3)	(1.2)	345.8%	(21.2)	(16.6)	27.5%
<i>Thereof proceeds from sale of subsidiaries</i>	9.0	11.2	-19.7%	9.0	11.2	-19.7%
Free cash flow	12.3	14.7	-16.2%	(7.1)	(20.7)	-65.5%
Proceeds from capital increase	-	-		-	16.7	
Repayments of / proceeds from borrowings	2.6	(6.0)		25.6	42.9	
Interest paid and other financing cost	(0.3)	(1.0)		(20.6)	(25.3)	
Other	(0.6)	-		(1.0)	-	
Net cash used in financing activities	1.7	(7.0)		4.0	34.2	
Total net cash flow	14.0	7.7		(3.2)	13.5	

Net cash generated from operating activities of € 17.6 million in the 3 months ended 31 March 2017 was € 1.7 million higher than last year (2016: € 15.9 million). The increase is due to the higher EBITDA achieved in the three months ended 31 March 2017.

Net cash used in investing activities increased by € 4.1 million, to € - 5.3 million in the 3 months ended 31 March 2017 (2016: € -1.2 million). Proceeds from the sale of the subsidiaries in the quarter (Lithuania, Latvia and Estonia) is reported net of cash disposed.

Free cash flow in the 3 months ended 31 March 2017 was € 12.3 million, € 2.4 million below last year (2016: € 14.7 million).

Proceeds from borrowings of € 2.6 million in the 3 months ended 31 March 2017 consist of the net of € 4.7 million repayments made on the Group's revolving credit facility and € 7.3 million of factoring drawings.

Net senior debt

The following table sets out the Group's net senior debt at 31 March 2017.

	March 17 €m	Sep 16 €m	Change €m
Cash at bank	60.0	62.6	(2.6)
Factoring facility	9.4	-	9.4
Revolving credit facility	45.0	29.0	16.0
Senior notes	579.1	575.3	3.8
Finance leases	29.0	28.1	0.9
Total senior debt	662.5	632.4	30.1
Net senior debt	602.5	569.8	32.7

The above definition of debt is different from the IFRS definition of borrowings where the outstanding liabilities are reduced by the amount of the unamortised refinancing costs incurred

Cash at bank decreased by € 2.6 million to € 60.0 million at 31 March 2017 (30 September 2016: € 62.6 million).

The amounts outstanding under the Group's revolving credit facility increased by € 16.0 million to € 45.0 million at 31 March 2017 (30 September 2016: € 29.0 million) as a result of drawings made under the facility to finance the Group's capital expenditure and working capital timing differences.

The amounts outstanding on the senior notes increased by € 3.8 million to € 579.1 million at 31 March 2017 (30 September 2016: € 575.3 million) due entirely to currency translation effects. CHF 245 million of the Group's senior notes have been issued in Swiss Francs.

The amounts outstanding under the factoring facility were at € 9.4 million at 31 March 2017.

As a result total senior debt increased by € 30.1 million to € 662.5 million at 31 March 2017 (30 September 2016: € 632.4 million), whereas net senior debt increased by € 32.7 million to € 602.5 million at 31 March 2017 (30 September 2016: € 569.8 million),

Other material developments

On March 14th 2017, Selecta AG signed an agreement to acquire Pelican Rouge B.V., a leading coffee services provider in Europe.

The transaction is structured as an acquisition of 100% of Pelican Rouge's share capital, and envisages the issuance of up to €375m of New Selecta Loans and a strong demonstration of support from Selecta's 100% shareholder KKR (defined as funds and accounts managed or advised by affiliates of KKR & Co. L.P.) through an injection of at least €180m of new capital.

The transaction would enhance Selecta's credit profile and create a leading vending operator and coffee services provider for the workplace, on-the-go as well as hotels, restaurants and cafes ("HoReCa") across Europe.

The combined Group would have a diversified presence in 15 markets with combined revenues of over € 1.3 billion, with the opportunity to realize cost synergies in excess of €35m.

The transaction is expected to close by the end of June 2017.

Besides, the disposal of the three Baltic countries (Lithuania, Latvia and Estonia) was finalized with the effective transfer of control to BaltCap occurring on March 14th 2017.

Condensed consolidated interim financial statements

Consolidated statement of profit or loss

	Notes	6 months ended 31 March 2017 € (000's)	6 months ended 31 March 2016 € (000's)
Revenue	6	361'061	356'466
Materials and consumables used		(114'120)	(112'122)
Employee benefits expense		(112'978)	(119'898)
Depreciation, amortisation and impairment expense		(45'080)	(42'577)
Other operating expenses		(100'301)	(96'418)
Gain on the disposal of subsidiaries	14	3'496	6'551
Other operating income		8'452	7'335
Profit before interest and income tax		530	(663)
Finance costs	7	(37'653)	(44'582)
Finance income		11	94
Loss before income tax		(37'112)	(45'151)
Net profit from disposed operations			536
Income taxes		1'151	2'159
Net profit/(loss) for the period attributable to equity holders of the parent		(35'961)	(42'456)

Consolidated statement of comprehensive income

	6 months ended 31 March 2017 € (000's)	6 months ended 31 March 2016 € (000's)
Net profit (loss) for the period	(35'961)	(42'456)
Items that will not be reclassified to the consolidated statement of profit or loss		
Remeasurement gain on post-employment benefit obligations	-	(8'069)
Income tax relating to remeasurement gain on post-employment benefit obligations	-	2'138
		(5'931)
Items that are or may subsequently be reclassified to the consolidated statement of profit or loss		
Release of hedging reserve through profit and loss	427	-
Income tax relating to the release of hedging reserve through profit and loss	30	-
Effective portion of changes in fair value of cash flow hedges	-	2'386
Income tax relating to effective portion of changes in fair value of cash flow hedges	-	(632)
Foreign exchange translation differences for foreign operations	(8'920)	(1'133)
	(8'463)	621
Other comprehensive income net of tax	(8'463)	(5'310)
Total comprehensive income attributable to equity holders of the parent	(44'424)	(47'766)

Consolidated balance sheet

	Notes	31 March 2017 € (000's)	30 September 2016 € (000's)
Assets			
Non-current assets			
Property, plant and equipment	8	181'570	187'708
Goodwill	9	479'409	482'562
Trademarks	10	286'301	286'301
Customer contracts	10	124'595	135'750
Other intangible assets	10	23'357	17'884
Deferred income tax assets		20'415	21'032
Non-current financial assets		3'562	2'766
Derivative financial instruments	13	5'429	6'218
Total non-current assets		1'124'638	1'140'221
Current assets			
Inventories		41'503	38'702
Trade receivables		39'138	40'939
Other current assets		36'218	33'699
Cash and cash equivalents		64'402	66'871
Total current assets		181'261	180'210
Total assets		1'305'899	1'320'431
Equity and liabilities			
Equity			
Share capital	12	187	187
Share premium	12	279'566	279'566
Additional paid-in capital	12	236'829	236'829
Currency translation reserve	12	(136'817)	(127'897)
Hedging reserve	12	(1'079)	(1'536)
Retained earnings	12	(375'838)	(339'877)
Equity attributable to equity holders of the parent		2'848	47'272
Loans due to parent undertaking			
Loans due to parent undertaking		300'010	282'176
Borrowings	11	612'756	591'565
Derivative financial instruments	13	11'862	10'316
Finance lease liabilities		21'276	20'040
Post-employment benefit obligations		24'582	23'464
Provisions		6'394	6'220
Deferred income tax liabilities		127'687	131'261
Other non-current liabilities		804'557	782'866
Derivative financial instruments	13	1'452	1'428
Finance lease liabilities		7'724	8'076
Trade payables		86'820	107'710
Provisions		3'648	4'975
Current income tax liabilities		1'788	2'934
Other current liabilities		97'051	82'996
Total current liabilities		198'484	208'118
Total liabilities		1'303'051	1'273'160
Total equity and liabilities		1'305'899	1'320'431

Statement of changes in consolidated equity

	Share capital € (000's)	Share premium € (000's)	Additional paid-in capital € (000's)	Currency translation reserve € (000's)	Hedging reserve € (000's)	Retained earnings € (000's)	Equity attribut- able to equity holders of the parent € (000's)
Balance at 1 October 2015	187	279'191	220'529	(126'600)	(2'526)	(262'306)	108'475
Other comprehensive income	-	-	-	(1'297)	990	196	(111)
Net loss	-	-	-	-	-	(77'767)	(77'767)
<i>Total comprehensive income</i>	-	-	-	(1'297)	990	(77'571)	(77'878)
<i>Capital contribution</i>	-	375	16'300	-	-	-	16'675
Balance at 1 October 2016	187	279'566	236'829	(127'897)	(1'536)	(339'877)	47'272
Other comprehensive income	-	-	-	(8'920)	457	-	(8'463)
Net profit/(loss)	-	-	-	-	-	(35'961)	(35'961)
<i>Total comprehensive income</i>	-	-	-	(8'920)	457	(35'961)	(44'424)
Balance at 31 March 2017	187	279'566	236'829	(136'817)	(1'079)	(375'838)	2'848

Consolidated cash flow statement

	Notes	6 months ended 31 March 2017 € (000's)	6 months ended 31 March 2016 € (000's)
Cash flows from operating activities			
Net loss before income tax		(37'112)	(44'531)
Depreciation, amortization and impairment expense		45'080	43'050
Gain on disposal of property, plant and equipment, net		(1'940)	(1'795)
Gain on disposal of subsidiaries	14	(3'496)	(6'551)
Net finance costs		37'641	44'806
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
(Increase)/Decrease in inventories		(2'978)	(3'256)
(Increase)/Decrease in trade receivables		(1'711)	(6'543)
(Increase)/Decrease in other current assets		(828)	4'077
Increase/(Decrease) in trade payables		(19'460)	(30'001)
Increase/(Decrease) in other liabilities		1'506	(548)
Income taxes (paid)/received		(2'655)	(2'788)
Net cash generated from/(used in) operating activities		14'047	(4'080)
Cash flows from investing activities			
Proceeds from sale of subsidiaries net of cash disposed	14	8'966	11'169
Purchases of property, plant and equipment		(27'252)	(29'972)
Proceeds from sale of property, plant and equipment		5'389	4'135
Purchases of intangible assets		(8'301)	(2'037)
Interest received		5	79
Net cash used in investing activities		(21'193)	(16'626)
Cash flows from financing activities			
Proceeds from capital increase		-	16'675
Proceeds from issuance of loans and borrowings	11	16'226	42'868
Proceeds provided from factoring		9'377	-
Interest paid		(20'626)	(25'303)
Other non-cash items		(1'008)	-
Net cash generated from/(used in) financing activities		3'969	34'240
Net increase/(decrease) in cash and cash equivalents		(3'177)	13'534
Cash and cash equivalents at the beginning of the period		66'871	36'177
Exchange gains/(losses) on cash and cash equivalents		706	(1'484)
Cash and cash equivalents at the end of the period		64'402	48'227

Notes to the condensed consolidated interim financial statements

1. General Information

Selecta Group BV (“the Company”) is a limited company incorporated and domiciled in Amsterdam, the Netherlands. The Company and its subsidiaries are collectively referred to herein as “the Group” or “the Selecta Group”. The Group is a European provider of food and beverage vending machine solutions. These financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V.

2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all information required for a complete set of IFRS financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 September 2016.

Selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 September 2016.

3. Summary of significant accounting policies

3.1. Accounting policies

The accounting policies adopted in the interim period are consistent with those in the previous financial year as disclosed in the financial statements for the year ended 30 September 2016, except for those accounting policies which have changed as a result of the issuance of new or revised standards and interpretations as disclosed in note 3.2 below.

3.2. New and revised/amended standards and interpretations

International Financial Reporting Standards and Interpretations, whose application is not yet mandatory and that have not been adopted early

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

	<i>Effective date</i>	<i>Planned application by Selecta Group B.V.</i>
<i>New Standards or Interpretations</i>		
IFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016	Reporting year 2016/17
IFRS 9 <i>Financial Instruments</i>	1 January 2018	Reporting year 2018/19
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018	Reporting year 2018/19
IFRS 16 <i>Leases</i>	1 January 2019	Reporting year 2019/20
<i>Revisions and amendments of Standards and Interpretations</i>		
<i>Accounting for Acquisitions in Joint Operations (Amendments to IFRS 11)</i>	1 January 2016	Reporting year 2016/17
<i>Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)</i>	1 January 2016	Reporting year 2016/17
<i>Disclosure Initiative (Amendments to IAS 1)</i>	1 January 2016	Reporting year 2016/17
<i>Annual Improvements to IFRSs 2012-2014 Cycle</i>	1 January 2016	Reporting year 2016/17

<i>Disclosure Initiative (Amendments to IAS 7)</i>	1 January 2017	Reporting year 2017/18
<i>Reconciliation of Deferred Tax Assets for Unrealized Losses (Amendment to IAS 12)</i>	1 January 2017	Reporting year 2017/18
<i>Classification and Measurement of Share-based Payment Transactions (Amendment to IFRS 2)</i>	1 January 2017	Reporting year 2017/18

There are no other new or amended standards or interpretations which have been published and become effective on or after 1 October 2016 that are relevant to the Group's operations.

The Group will review its financial reporting for the new and amended standards which take effect on or after 1 October 2017 and which the Group did not voluntarily adopt early. At present the Group does not anticipate a material impact on the results or financial position of the Group.

3.3. Foreign exchange rates

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

		31 March 2017	
		<i>Balance sheet</i>	<i>Income statement</i>
Danish Krone	DKK	7.44	7.43
Great Britain Pound	GBP	0.86	0.86
Norwegian Kroner	NOK	9.17	9.01
Swedish Krona	SEK	9.53	9.62
Swiss Franc	CHF	1.07	1.07

3.4. Statement of seasonality of operations

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

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

4. Use of estimates and key sources of estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2016.

5. Segmental reporting

The Group is organised and managed internally within four geographical regions. Each of these regions, which are the operating segments of the Group, offers a similar portfolio of vending products and services to consumers and customers. No operating segments have been aggregated. These segments represent the reportable segments of the Group, as follows:

Region France: includes operating entities in France.

Region West: includes operating entities in UK, Ireland, Netherlands and Belgium.

Region Central: included operating entities in Switzerland, Germany, Spain and Austria.

Region North: included operating entities in Sweden, Finland, Denmark, Norway, Estonia, Latvia and Lithuania until 30 September 2016. The operating entities in Estonia, Latvia and Lithuania were disposed retroactively on October 1st 2016.

In addition to the segments identified above, the Group reports separately on its Headquarters (HQ), which includes corporate centre functions in Switzerland and in the Netherlands.

The operating results, earnings before interest, tax, depreciation and amortisation (EBITDA), of each reportable segment are regularly reviewed by the Chief Executive Officer, as the Group's Chief Operating Decision Maker, to assess performance and to determine how resources should be allocated.

The following tables set out the segmental results at comparable scope for the 6 months ended 31 March 2017 and 2016.

Result for the 6 months ended 31 March 2017

	France € (000's)	West € (000's)	Central € (000's)	North € (000's)	Total segments € (000's)	HQ € (000's)	IC elimin- ations € (000's)	Total Group € (000's)
External revenue	86'394	52'571	156'819	65'311	361'095	-	(34)	361'061
Profit before interest, tax, depreciation and amortisation (EBITDA)	3'341	3'784	38'163	12'439	57'727	(12'117)	-	45'610
Depreciation and amortisation	(7'857)	(3'786)	(12'425)	(8'082)	(32'150)	(12'930)	-	(45'080)
Impairment expense	-	-	-	-	-	-	-	-
Profit before interest and income tax								530
Finance costs and finance income, net								(37'642)
Loss before income tax								(37'112)

Result for the 6 months ended 31 March 2016

	France € (000's)	West € (000's)	Central € (000's)	North € (000's)	Total segments € (000's)	HQ € (000's)	IC elimin- ations € (000's)	Total Group € (000's)
External revenue	86'951	55'413	150'012	64'113	356'489	20	(43)	356'466
Profit before interest, tax, depreciation and amortisation (EBITDA)	(4'790)	3'058	37'252	13'086	48'607	(6'821)	128	41'914
Depreciation and amortisation	(6'666)	(5'052)	(12'292)	(6'147)	(30'157)	(12'420)	-	(42'577)
Impairment expense	-	-	-	-	-	-	-	-
Profit before interest and income tax								(663)
Finance costs and finance income, net								(44'488)
Loss before income tax								(45'151)

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

	<i>Net revenue</i>		<i>Non-current assets excluding deferred tax assets</i>	
	<i>6 months ended 31 March 2017</i> € (000's)	<i>6 months ended 31 March 2016</i> € (000's)	<i>31 March 2017</i> € (000's)	<i>30 September 2016</i> € (000's)
Switzerland	110'806	110'669	709'570	700'423
France	86'394	86'951	56'384	59'693
Sweden	50'673	51'974	34'775	31'297
UK	33'456	40'221	12'229	12'658
Germany	28'411	22'393	14'674	11'883
Netherlands	17'203	13'020	6'422	7'219
All other countries	34'118	31'238	31'597	29'524
Not allocated			233'144	260'274
Total	361'061	356'466	1'098'795	1'112'971

6. Revenue

	<i>6 months ended 31 March 2017</i> € (000's)	<i>6 months ended 31 March 2016</i> € (000's)
Revenue from publicly accessible points of sale	90'751	79'505
Revenue from privately placed points of sale	232'135	239'663
Revenue from trade sales of machines and products	24'791	17'651
Other revenue	13'384	19'647
Total revenue	361'061	356'466

Other revenue includes revenue from the rendering of technical services and rental income from machines placed at client sites under a rental contract.

Due to the nature of the Group's business operations, whereby the sale of goods and rendering of services are often incorporated into one contractual price, it is not possible to split revenue into these categories. Therefore the Group has disclosed instead the allocation of revenue used for internal management reporting purposes.

7. Finance costs

	<i>6 months ended 31 March 2017</i> € (000's)	<i>6 months ended 31 March 2016</i> € (000's)
Interest on loan due to parent undertaking	(17'369)	(15'355)
Interest on other loans	(21'764)	(21'174)
Finance lease interest expense	(467)	(667)
Other interest and finance expense	(111)	(4'976)
Change in fair value of derivative financial instruments (net)	(2'687)	(2'544)
Foreign exchange gain/(loss) (net)	4'746	134
Total finance costs	(37'652)	(44'582)

Other finance expense in 2016 relates to expenses incurred with the change of ownership of the group.

8. Property, plant and equipment

Property, plant and equipment consists primarily of vending equipment.

Additions of property, plant and equipment in the 6 months ended 31 March 2017 amount to € 30.3 million.

Net book values of disposals of property, plant and equipment in the 6 months ended 31 March 2017 amount to € 5.3 million.

9. Goodwill

	31 March 2017 € (000's)	30 September 2016 € (000's)
Goodwill	479'409	482'562

During the financial year ended 30 September 2016 the carrying value of the Group, including goodwill, has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

The decrease in goodwill in the six months ended 31 March 2017 corresponds to the share of goodwill attributable to the disposed subsidiaries (Estonia, Latvia and Lithuania).

10. Other intangible assets

Other intangible assets consist primarily of trademarks and customer contracts.

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

During the financial year ended 30 September 2016 the carrying value of the trademark has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

The customer contracts recognised by the Group arise primarily from the customer contracts acquired as part of a previous business combination and are amortised over the useful life of 15 years.

11. Borrowings

	31 March 2017 € (000's)	30 September 2016 € (000's)
Borrowings at amortised cost	622'170	591'565
Loans due to parent undertaking at amortised cost	300'010	282'176
Total borrowings at amortised cost	922'180	873'741

The maturity of borrowings is as follows:

	31 March 2017 € (000's)	30 September 2016 € (000's)
Less than one year	9'414	-
After one year but not more than five years	912'766	873'741
Total borrowings at amortised cost	922'180	873'741

11.1. Total borrowings by currency

Total amount of outstanding liabilities in respect of the groups borrowings were:

	31 March 2017			30 September 2016		
	€ million	in %	Interest rate	€ million	in %	Interest rate
GBP	2.7	0.3%	3.3%			
EUR	698.3	74.0%	8.7%	671.5	74.9%	8.7%
CHF	242.4	25.7%	6.3%	225.3	25.1%	6.5%
Total	943.4	100%	8.1%	896.8	100%	8.1%

The amounts shown above reflect the nominal value of the borrowings.

11.2. Rate structure of borrowings

	31 March 2017 € million	30 September 2016 € million
Total borrowings at variable rates	54.4	29.0
Total borrowings at fixed rates	867.8	844.7
Total borrowings at amortised cost	922.2	873.7

11.3. Details of borrowing facilities

In June 2014 the Group issued a € 350 million 6.5% senior secured note (ISIN: XS1078234686, XS1078234330) and a CHF 245 million 6.5% senior secured note (ISIN: XS1078234926, XS1078235147). The notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF market.

In addition the Group's parent undertaking, Selecta Group S.a.r.L. issued a PIK loan for € 220 million, the proceeds of which have been loaned to the Group also in the form of a PIK loan (the "PIK proceeds loan"). The PIK proceeds loan carries an interest rate of 11.875%.

In December 2015 Selecta Group S.a.r.L. granted an additional PIK loan with the same conditions to the Group of € 5'625'000.

As part of the refinancing package the Group entered into a € 50 million super senior revolving credit facility. The amount drawn under this facility at 31 March 2017 is € 45.0 million (30 September 2016: € 29.0 million). The interest rate on the super senior revolving credit facility is based on LIBOR plus 3.5%.

The proceeds of the new financing were used to repay in full Selecta's existing borrowings except the outstanding liabilities under finance lease agreements.

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

Under the terms of the Group's super senior revolving credit facility, where more than 25% of the facility has been drawn, a minimum net leverage ratio must be met before further drawings may be made under the facility. The net leverage ratio represents the ratio of Consolidated Adjusted EBITDA of the last twelve months to Consolidated Senior Secured Net Debt.

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

Certain of the Group subsidiaries in France, Switzerland and the UK have entered into an accounts receivable factoring programme under a pan-European factoring agreement with Factofrance S.A.S. (the Factor) dated December 22, 2016. In accordance with this agreement, Selecta's subsidiaries may assign eligible receivables to the Factor at an agreed market rate in order to receive funding at any given time of up to € 15 million. The agreement is subject to terms and conditions customary for such transactions, and the Group provided cash collateral for a specified portion of the accounts receivable so assigned.

12. Equity

12.1. Share capital and share premium

The Group's share capital consists of 187'000 fully paid ordinary shares (30 September 2016: 187'000) with a nominal value of € 1 per share.

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

12.2. Reserves

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

31 March 2017	Attributed to equity holders of the parent			Total € (000's)
	Currency translation reserve € (000's)	Retained earnings € (000's)	Hedging reserve € (000's)	
Foreign currency translation differences for foreign operations	(8'920)	-	-	(8'920)
Effective portion of change in fair value of cash flow hedges, net of tax	-	-	457	457
Total other comprehensive income, net of tax	(8'920)	-	457	(8'464)

30 September 2016	Attributed to equity holders of the parent			Total € (000's)
	Currency translation reserve € (000's)	Retained earnings € (000's)	Hedging reserve € (000's)	
Foreign currency translation differences for foreign operations	(1'297)	-	-	(1'297)
Remeasurement gain/(loss) on post-employment benefit obligations, net of tax	-	196	-	196
Effective portion of change in fair value of cash flow hedges, net of tax	-	-	990	990
Total other comprehensive income, net of tax	(1'297)	196	990	(111)

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

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

The hedging reserves comprise the remaining portion of cumulative net change in the fair value of hedging instruments used in cash flow hedges. The designation of hedging relationship was discontinued effectively as of October 1 2016 and the reserve is amortized through the profit and loss over the remaining life of the hedging instruments.

13. Financial instruments

13.1. Accounting classifications and fair values

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

At 31 March 2017

	Carrying amount			Total € (000's)	Fair value			Total € (000's)
	Cash flow hedging instrument € (000's)	Loans and receivables € (000's)	Other financial liabilities € (000's)		Level 1 € (000's)	Level 2 € (000's)	Level 3 € (000's)	
Financial assets measured at fair value								
Cross currency swaps	5'429	-	-	5'429	-	5'429	-	5'429
	5'429	-	-	5'429				
Financial assets not measured at fair value								
Trade receivables	-	39'138	-	39'138				
Non-current other financial assets	-	3'562	-	3'562				
Cash and cash equivalents	-	64'402	-	64'402				
Accrued income	-	21'003	-	21'003				
	-	128'105	-	128'105				
Financial liabilities measured at fair value								
Cross currency swaps used for hedging	(13'315)	-	-	(13'315)	-	(13'315)	-	(13'315)
	(13'315)	-	-	(13'315)				
Financial liabilities not measured at fair value								
Revolver credit facility	-	-	(44'999)	(44'999)	-	(44'999)	-	(44'999)
Secured loan notes	-	-	(567'757)	(567'757)	(561'087)	-	-	(561'087)
Loans due to parent undertaking	-	-	(300'010)	(300'010)	-	(300'010)	-	(300'010)
Finance lease liabilities	-	-	(29'000)	(29'000)	-	(29'000)	-	(29'000)
Trade payables	-	-	(86'820)	(86'820)				
	-	-	(1'028'586)	(1'028'586)				

At 30 September 2016

	Carrying amount			Total € (000's)	Fair value			Total € (000's)
	Cash flow hedging instrument € (000's)	Loans and receivables € (000's)	Other financial liabilities € (000's)		Level 1 € (000's)	Level 2 € (000's)	Level 3 € (000's)	
Financial assets measured at fair value								
Cross currency swaps	6'218	-	-	6'218	-	6'218	-	6'218
	6'218	-	-	6'218				
Financial assets not measured at fair value								
Trade receivables	-	40'939	-	40'939				
Non-current other financial assets	-	2'765	-	2'765				
Cash and cash equivalents	-	66'871	-	66'871				
Accrued income	-	20'193	-	20'193				
	-	130'768	-	130'768				
Financial liabilities measured at fair value								
Cross currency swaps	(11'744)	-	-	(11'744)	-	(11'744)	-	(11'744)
	(11'744)	-	-	(11'744)				
Financial liabilities not measured at fair value								
Revolving credit facility	-	-	(29'001)	(29'001)	-	(29'001)	-	(29'001)
Secured loan notes	-	-	(562'563)	(562'563)	(493'109)	-	-	(493'109)
Loans due to parent undertaking	-	-	(282'176)	(282'176)	-	(282'176)	-	(282'176)
Finance lease liabilities	-	-	(28'116)	(28'116)	-	(28'116)	-	(28'116)
Trade payables	-	-	(107'710)	(107'710)				
	-	-	(1'009'566)	(1'009'566)				

13.2. Measurement of fair values

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

	Valuation technique	Significant unobservable inputs
Debt securities	Amortized cost	Not applicable
Other financial liabilities	Amortized cost	Not applicable

13.3. Derivative financial instruments

The Group holds certain cross currency swaps in order to hedge against the impact of exchange rate fluctuations on the Group's interest payments and borrowings. Part of the cross currency swaps entered into in June 2014 had been designated as cash flow hedges to the extent that they represented an effective accounting hedge.

Effective from October 1, 2016, hedge accounting is discontinued prospectively until the maturity of the hedging instruments, June 15, 2018.

The remaining hedge reserve of the terminated hedging instruments will be fully reclassified from equity to profit and loss until the maturity of the cross currency swaps.

At 31 March 2017 the derivative financial instruments had a negative fair value of € 8.1 million (30 September 2016: negative fair value of € 5.8 million). In the 6 months ended 31 March 2017 the negative change in fair value of the derivative financial instruments which was recorded in the statement of profit and loss was € 2.7 million (6 months ended 31 March 2016: € -2.4 million). The amortization of the hedging reserve amounted to € 0.5 million.

13.4. Master netting or similar agreements

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

14. Acquisition and disposal of subsidiaries

During the 6 months ended 31 March 2017 three legal entities of the Group, including all assets, liabilities, contracts and commercial relationships have been sold.

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

The disposal group was part of the region North. The effective date of the transaction was October 1, 2016.

15. Events after the balance sheet date

To the best of management's knowledge, no other events have occurred between 31 March 2017 and the date of these consolidated financial statements that could have a material impact on the consolidated financial statements.

Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the 6 months ended 31 March 2017 have been authorised by the Board of Directors on 22 May 2017.

Mark Brown
President of the Supervisory Board

Markus Hunold
Vice President of the Supervisory Board

David Flochel
Member of the Management Board

Hugues Rougier
Member of the Management Board