

# SELECTA A/S

Vibeholms Allé 16, 1. sal  
2605 Brøndby

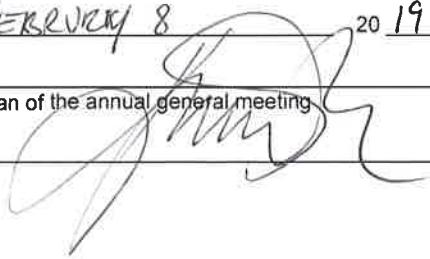
CVR no. 26929008

## Annual report 2017/18

The annual report was presented and approved at  
the Company's annual general meeting

on FEBRUARY 8 20 19

\_\_\_\_\_  
chairman of the annual general meeting



**Selecta A/S**  
Annual report 2017/18  
CVR no. 26929008

## **Contents**

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Operating review	6
Financial statements 1 October– 30 September	7
Income statement	7
Balance sheet	8
Notes	10

Selecta A/S  
Annual report 2017/18  
CVR no. 26929008

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Selecta A/S for the financial year 1 October– 30 September 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act class B.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2018 and of the results of the Company's operations for the financial year 1 Oktober – 30 September 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Brøndby 8 February 2019  
Executive Board:



Kim Bach

Board of Directors:



Michael Bech-Jansen  
Chairman



David Flochel



Kim Bach



Morten Hansson



## **Independent auditor's report**

### **To the shareholders of Selecta A/S**

#### **Opinion**

We have audited the financial statements of Selecta A/S for the financial year 1 October– 30 September, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2018 and of the results of the Company's operations for the financial year 1 October– 30 September 2018 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## Independent auditor's report

### Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view



## Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen 8 February 2019

### KPMG

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'H. Kyhnau', written over a light blue horizontal line.

Henrik Kyhnau  
State Authorised  
Public Accountant  
MNE-nr. 40028

## **Management's review**

### **Operating review**

#### **Principal activities**

Selecta A/S delivers coffee and other vending solutions to offices and public areas.

#### **Development in activities and financial position**

Profit for the year totals DKK 381 thousand compared to a profit of DKK 250 thousand last year. The balance sheet shows total assets of DKK 61,691 thousand and equity of DKK 7,044 thousand.

Management considers the results unsatisfactory but expected. The company has ambitious growth plans, with positive impact and results on the financial performance, in the years to come.

Accordingly, the forecast for the coming year is positive.

In order to ensure the Company's continued operations, Selecta A/S has performed a capital increase in September funded by its parent company. This will inject sufficient liquidity into the Company, thereby enabling the Company to settle its obligations as they fall due.

#### **Events after the balance sheet date**

No significant events.

## Financial statements 1 October– 30 September

### Income statement

DKK'000	Note	2017/18	2016/17
Gross profit/loss		31,083	28,894
Staff costs and other external costs	2	(27,002)	(22,726)
Impairment losses and depreciation		(5,709)	(5,183)
<b>Operating profit/loss</b>		(1,628)	985
Financial income		1,005	(4)
Financial expenses	4	(1,186)	(731)
<b>Profit/loss before tax</b>		(1,809)	250
Tax on profit/loss for the year	5	2,190	-
<b>Profit/loss for the year</b>		381	250
<b>Proposed distribution of result</b>			
Retained earnings		381	250
		381	250



## Financial statements 1 October– 30 September

### Balance sheet

DKK'000	Note	2017/18	2016/17
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment		19,291	22,121
		<u>19,291</u>	<u>22,121</u>
<b>Total fixed assets</b>		<u>19,291</u>	<u>22,121</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		7,917	6,104
		<u>7,917</u>	<u>6,104</u>
<b>Receivables</b>			
Trade receivables		8,390	8,334
Amounts owed by group entities		-	568
Deposits		329	243
Other receivables		551	2,975
Deferred tax asset	9	2,190	-
		<u>11,460</u>	<u>12,120</u>
<b>Cash at bank and in hand</b>		<u>23,023</u>	<u>15,739</u>
<b>Total current assets</b>		<u>42,400</u>	<u>33,962</u>
<b>TOTAL ASSETS</b>		<u>61,691</u>	<u>56,083</u>

## Financial statements 1 October– 30 September

### Balance sheet

DKK'000	Note	2017/18	2016/17
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	5		
Share capital		1,101	1,100
Retained earnings		5,943	-7,437
<b>Total equity</b>		<u>7,044</u>	<u>-6,337</u>
<b>Non-current liabilities</b>			
Lease obligations		11,373	13,841
Amount owed to group entities		11,778	12,626
	6	<u>23,151</u>	<u>26,467</u>
<b>Current liabilities</b>			
Trade payables		7,881	8,149
Amount owed to group entities		6,798	4,258
Other payables		7,620	13,257
Prepayments		9,197	10,289
		<u>31,496</u>	<u>35,953</u>
<b>Total liabilities</b>		<u>54,647</u>	<u>62,420</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>61,691</u>	<u>56,083</u>
Contractual obligations, contingencies, etc.	7		
Related parties disclosures	8		

## Financial statements 1 October– 30 September

### Notes

#### 1 Accounting policies

The annual report of Selecta A/S for 2017/18 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with elective options from a higher reporting class.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

Income from the sale of goods, comprising the sale of goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

##### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

##### Gross Profit

Comprises of Revenue less Cost of sales

##### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, excluding reimbursements from public authorities.

## Financial statements 1 October– 30 September

### Notes

#### 1 Accounting policies (continued)

##### Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities and associates measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

##### Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

## Financial statements 1 October– 30 September

### Notes

#### 1 Accounting policies (continued)

##### Balance sheet

###### Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment      2- 8 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as impairment losses and depreciation.

## Financial statements 1 October– 30 September

### Notes

#### 1 Accounting policies (continued)

##### Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

## Financial statements 1 October– 30 September

### Notes

#### 1 Accounting policies (continued)

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries. Indirect production overheads and borrowing costs are not recognised in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

##### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

##### Deferred income

Deferred income comprises payments received regarding income in subsequent years.

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.



## Financial statements 1 October– 30 September

### Notes

DKK'000	2017/18	2016/17	
<b>2. Staff costs</b>			
Wages and salaries	24,334	21,578	
Pensions	1,733	1,147	
	<u>26,067</u>	<u>22,725</u>	
Average number of full-time employees	<u>53</u>	<u>48</u>	
<b>3. Financial expenses</b>			
Interest expense to group entities	500	399	
Other interest expense	686	332	
	<u>1,186</u>	<u>731</u>	
<b>4. Tax on profit/loss for the year</b>			
Adjustment of deferred tax for the year	2,190	0	
	<u>2,190</u>	<u>0</u>	
<b>5. Equity</b>			
DKK'000	Share capital	Retained earnings	Total
Equity at 1 october 2017	1,100	(7,437)	(6,337)
Result of the year		381	381
Capital increase	1	12,999	13,000
Equity at 30 september 2018	1,101	5,943	7,044

The share capital consists of 1,101,000 shares of DKK 1 each and is not divided into different classes of shares.

## Financial statements 1 October– 30 September

### Notes

**6. Non-current liabilities.**

DKK 0,- falls due after 5 years.

**7. Contractual obligations, contingencies, etc.**

Apart from what is included in above statement the Company has entered in to a lease agreement related to its headquarter with 6 months lease obligation of DKK 387.000.

**8. Related parties disclosures**

Selecta A/S is a wholly owned subsidiary of Selecta Nordic Holding AB, Stockholm, Sweden.

**9. Deferred tax asset**

As at 30 September 2018 the company has tax losses carried forward of DKK 9.9 millions which at current tax rate of 22% results in a deferred tax asset of DKK 2,190 thousand. The company expects to utilise this tax asset within the next three years based on management expectations, budgets and business plans. Future market conditions and other factors can impact on the utilisation period.