Selecta A/S

Vibeholms Allé 16,1. sal.
2605 Brøndby
Denmark

CVR no. 26 92 90 08

Annual report for the period 1 October 2015 – 30 September 2016

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

15/3 2017

Jan Sten Otto Drakenberg
chairman

Contents

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 2015 – 30 September 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 – 30 September 2016 in accordance with the Danish Financial Statements Act.

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, 15 March 2017
Executive Board:

Kim Bach
Administrative director

Board of Directors:

Jan Sten Otto Drakenberg Chairman	Curt Mikael Johansson Holmertz	Kim Bach

KPMG

Independent auditor's report

To the shareholder of Selecta A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Selecta A/S for the financial year 1 October 2015 – 30 September 2016. The financial statements comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 – 30 September 2016 in accordance with the Danish Financial Statements Act.

KPMG

Independent auditor's report

Emphasis of matter regarding matters in the financial statements

The company's annual report has not been submitted to the Danish Business Authority before the deadline stipulated in Danish Financial Act, and the Management may incur liability in this respect.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 15 March 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik Kyhnauv
State Authorised
Public Accountant

Management's review

Company details

Selecta A/S
Vibeholms Allé 16,1. sal.
2605 Brøndby
Denmark

Telephone:	+45 44 50 34 50
Fax:	+45 44 50 34 60
Website:	www.selecta.com
E-mail:	info@dk.selecta.com

CVR no.:	26 92 90 08
Established:	20 December 2002
Registered office:	Brøndby
Financial year:	1 October – 30 September

Board of Directors

Jan Sten Otto Drakenberg, Chairman
Curt Mikael Johansson Holmertz
Kim Bach

Executive Board

Kim Bach, Administrative director

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on .

Management's review

Operating review

Principal activities of the Company

Selecta A/S delivers office and other vending solutions.

Development in activities and financial position

Loss for the year totals DKK 5,900 thousand compared to a loss of DKK 8,322 thousand last year. The balance sheet shows total assets of DKK 49,484 thousand and negative equity of DKK 6,587 thousand.

Management considers the results unsatisfactory but as expected considering the plan set out for restructuring of Company. The Company has expanded its activities during the year by implementing Starbucks "on the go" in the chain Q8's petrol stations, which will have a huge impact 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 received a letter of support from its parents company stating that Selecta AG will inject sufficient liquidity into the Company, thereby enabling the Company to settle its obligations as they fall due. The letter of support is valid for the period 1 October 2016 - 30 September 2017.

It is Management's opinion that the Company will have access to sufficient liquidity to continue as a going concern for the next 12 months from the balance date.

Subsequent events

No events materially affecting the assessment of the annul report have occurred after the balance sheet date.

Financial statements 1 October – 30 September

Income statement

DKK'000	Note	2015/16	2014/15
Gross profit		20,322	13,373
Staff costs	2	-20,124	-18,287
Impairment losses and depreciation		-4,681	-4,556
Ordinary operating loss		-4,483	-9,470
Financial income		3	1,242
Financial expenses	3	-784	-94
Loss before tax		-5,264	-8,322
Tax on profit/loss for the year		-636	0
Loss for the year		-5,900	-8,322

Proposed distribution of loss

Retained earnings	-5,264	-8,322
	-5,264	-8,322

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	2015/16	2014/15
ASSETS			
Fixed assets			
Property, plant and equipment			
Fixture and fittings, tools and equipment		21,542	14,744
		21,542	14,744
Total fixed assets		21,542	14,744
Current assets			
Inventories			
Finished goods and goods for resale		5,504	3,362
		5,504	3,362
Receivables			
Trade receivables		14,551	8,274
Amounts owed by group entities		233	0
Deposits		476	275
Other receivables		0	589
Deferred tax asset		0	636
Prepayments		0	284
		15,260	10,058
Cash at bank and in hand		7,178	4,420
Total current assets		27,942	17,840
TOTAL ASSETS		49,484	32,584

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	2015/16	2014/15
EQUITY AND LIABILITIES			
Equity	5		
Share capital		1,100	1,100
Retained earnings		-7,687	-1,787
Total equity		-6,587	-687
Non-current liabilities			
Lease obligations		8,991	6,885
Amounts owed to group entities		11,133	12,133
		20,124	19,018
Current liabilities			
Trade payables		9,890	6,020
Amounts owed to group entities		3,743	3,353
Other payables		10,965	2,897
Prepayments		11,349	1,983
		35,947	14,253
Total liabilities		56,071	33,271
TOTAL EQUITY AND LIABILITIES		49,484	32,584
Disclosure of material uncertainties regarding going concern			
Contractual obligations, contingencies, etc.	6		
Related parties disclosures	7		

Financial statements 1 October – 30 September

Notes

1 Accounting policies

The annual report of Selecta A/S for 2015/16 has been prepared in accordance with the provisions applying to reporting class B under the Danish Financial Statements Act.

The accounting ploicies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On Initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of the constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayment and plus or minus the cumulative amortization of any difference between cost and nominal amount.

When assets and liabilities are recognised and measured, any gains, losses and risk occuring prior to the presentation of the annual report that evidence conditions existing at the balance sheet dat are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value of amortised cost. Equally, costs incurred of generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversal as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

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.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

Income statement

Gross profit

The Company uses the provision in section 32 of the Danish Financial Statements Act, under which the Company's revenue is not stated.

Gross profit comprises revenue, cost of sales and expenses for premises, sales and distribution as well as office expenses.

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 recognised in revenue.

Cost of sales

Cost of sales includes all direct expenses incurred to achieve revenue for the year.

Other operating income and costs

Other operating income or costs comprise items secondary to the Company's activities, including loss on the sale of property, plant and equipment.

Other external expenses comprise expenses related to distribution, sale, advertising, administration, premises, bad debt losses, etc.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees excluding refunds from public authorities.

Financial statements 1 October – 30 September

Notes

1 **Accounting policies (continued)**

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.

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.

Balance sheet

Property, plant and equipment

Property, plant and equipment comprise 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 when the asset is available for use.

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:

Fixture 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.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

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

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

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 that 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 expected net cash flows from the use of the asset or the group of assets and expected 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.

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.

Deposits

Deposits are recognised at amortised cost.

Financial statements 1 October – 30 September

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1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with 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 has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows. The effective interest rate for the individual receivable is used as discount rate.

Prepayments and deferred income

Prepayments comprise costs incurred in relation to subsequent financial year.

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.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

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.

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.

Financial statements 1 October – 30 September

Notes

2 Staff costs

DKK'000	2015/16	2014/15
Wages and salaries	19,743	17,311
Other social security costs	1,008	976
	20,751	18,287
Average number of full-time employees	42	39

3 Financial expenses

Interest expense, group enterprise	453	0
Other financial expenses	299	94
	752	94

4 Tax on profit/loss for the year

Adjustment of deferred tax for the year	-636	0
	-636	0

5 Equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 October 2015	1,100	-1,787	-687
Result of the year	0	-5,900	-5,900
Equity at 30 September 2016	1,100	-7,687	-6,587

There have been no changes in the share capital during the last 5 years.

The share capital consists of 1,100,000 shares of DKK 1 each and is not divided into different classes of shares. The shares have remained uncharged for the past five financial years.

The Company has lost it's share capital and is therefore subject to section 119 in the Danish business act. Management believes that the equity will be re-established via own earnings due to new significant contracts won after year end.

Financial statements 1 October – 30 September

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In order to ensure the Company's continued operations, Selectra A/S has received a letter of support from its parent company stating that Selecta AG will inject sufficient liquidity into the Company, thereby enabling the Company to settle its obligations as they fall due. The letter of support is valid for the period 1 October 2016 - 30 September 2017.

6 **Contractual obligations and contingencies, etc.**

Lease obligations

The Company has entered into operating lease agreements with a residual lease payment of DKK 14,943 thousand (2015/16: DKK 2,621 thousand).

7 **Related party disclosures**

Selecta A/S' related parties comprise the following:

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Selecta Nordic holding AB
Ostmästargränd 5
S-120 90 Stockholm

The ultimate parent company is:

Selecta B.V
Overschiestraat 61-5 HG, 1062 XD Amsterdam

The consolidated financial statements of Selecta B.V are available at the Company's address.