INTERIM FINANCIAL REPORT 2020

B&S GROUP S.A.

Interim condensed consolidated financial statements for the six-month period ended June 30, 2020

Contents

Interim Management report

This Interim Financial Report should be read in conjunction with our Annual Report 2019, which includes a detailed analysis of our operations and activities as well as explanations of financial measures used.

Statement by the Executive Board

In accordance with the Luxembourg Transparency Law, i.e. the law of January 11, 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, as amended, we confirm that, to the best of our knowledge:

- the interim condensed consolidated financial statements for the six-month period ended June 30, 2020 have been prepared in accordance with IAS 34 as adopted by the European Union and give a true and fair view of, assets, liabilities, financial position and profit or loss of B&S Group S.A.; and
- the interim report for the six-month period ended June 30, 2020 gives a fair review of the information required pursuant the Luxembourg Transparency Law.

Luxembourg, August 24, 2020

Tako de Haan, CEO
Peter Kruithof, CFO
Bas Schreuders, Senior Counsel
Niels Groen, Managing Director

Message from the CEO

While the impact of Covid-19 intensified on a global scale in the second quarter of 2020, our diversified business portfolio showed relative resilience during this pandemic. After an overall turnover decline of 1.3% over Q1, the second quarter saw turnover decline by 12.1% (15.3% organically), therewith outperforming our expectations at the time of our Q1 trading update publication on May 18, 2020. This was the result of swift recovery of our value retail business after the re-opening of shops starting in April, the continuance of sales recovery in our Asian markets that started late Q1 albeit at substantially lower margins due to destocking in the market and – above all – our enhanced focus on our online sales channels.

We continued our strict cost control measures to reduce operating expenses, which mainly comprise of staff costs, by bringing temporary staff in line with the lower sales volumes and utilising government support in the countries we are present, therewith mitigating the effect on our EBITDA levels where possible. Nevertheless, our EBITDA margin decreased due to the fixed part of our cost base combined with the 7.0% overall turnover decline.

Despite the lower EBITDA margins, our cash flow in the first half of 2020 was strong and amounted to over € 70 million. This was driven by our focus on matching purchases with sales levels and as such re-balancing our inventory positions in line with market developments as fast as possible, supported by the turnaround times of our inventories.

At the same time, we accelerated our digital transformation (which we refer to as our Digital First approach) by enhancing operational efficiency and sharpening our business to leverage the opportunities we foresee in specific niche markets and online channels. For example, we accelerated the further roll out of our Enterprise Resource Planning (ERP) system in (sub)segments and implemented our Project Management Office (PMO) to streamline the internal organisation and intensify segmental collaboration.

In the latter part of Q2 we prepared our operations for our employees to come back to work at our offices. From July onwards, the majority of our workforce gradually returned to the office in an adjusted physical setting and with adherence to strict protocols. We are proud of the mentality and the flexibility that our colleagues are demonstrating, as well as their adaptiveness and eagerness to explore and seize new business opportunities in a changed business environment. On a personal note, I am impressed by the expertise and passion of our people and convinced that, post-Covid-19, we will continue to grow our business.

Looking towards the second half of 2020 – all provided the absence of a second wave of Covid-19 - we anticipate further market recovery for our distribution to physical retailers and our Asian and European markets, with the exception of the cruise and travel retail markets. Continued growth is foreseen in e-commerce activities to platforms and end-consumers. In this light, we anticipate to return to pre-Covid-19 turnover levels in 2021, albeit a business mix that emphasizes our positions in current growth markets.

Besides our enhanced focus on optimising internal processes and digitising our operations driven by our Digital First approach, we will continue to sharpen the strategic focus areas and business priorities as initiated in 2019.

Tako de Haan, CEO

Operational review

Key figures HY 2020 [1]

€ million (unless otherwise indicated)	**HY 2020 reported**		**HY 2019 reported**		**Δ (%) reported**
Profit or loss account					
Turnover	835.8		898.3		(7.0%)
Gross profit *(margin)*	114.9	13.7%	126.3	14.1%	(9.0%)
EBITDA *(margin)*	35.3	4.2%	52.7	5.9%	(33.0%)
Depreciation & Amortisation	15.9		12.1		
Profit before tax	14.9		35.1		(57.7%)
Net profit	12.8		28.2		(54.6%)
EPS (in euro)	0.07		0.27		(75.2%)
Inventory in days	78		98		
Working capital in days	92		116		
Net cash from operations	70.4		(0.4)		
Financial position					
Solvency Ratio*	37.2%		33.7%		
Net Debt*	239.6		329.8		(27.2%)
Net Debt/EBITDA**	2.8		3.0		

**on Pre-IFRS 16 basis*
***Net debt and EBITDA on pre-IFRS 16 basis*

Financial performance

Turnover

HY 2020 overall turnover declined by 7.0% (7.9% at constant currency), driven by the impact of Covid-19. Organically, turnover declined by 10.5% (11.5% at constant currency).

In our Asian Liquor market we saw the Covid-19 impact predominantly in the first part of Q1. Towards the end of Q1 this market started to show early signs of recovery, which further developed in the second quarter – although at margins that were below the levels we initially anticipated. This is due to supply-demand imbalance in this market caused by Covid-19. Liquor wholesale in Europe saw an impact from the lockdowns starting at the end of Q1, which accelerated early in Q2 and remained

[1] Due to the international nature of our business, significant portions of our turnover and expenses are denominated in currencies other than the Euro, including the US dollar. Consequently, our results from operations are affected by translational foreign exchange risk and currency translation can affect the comparability of our consolidated financial results. To explain the impact of currency volatility on our consolidated financial results, in this press release we include some constant currency disclosure, which is calculated by translating current balances at prior rates. The average EUR/USD FX rate for HY 2020 is 1.1020 (vs.1.1298 for HY 2019).

throughout the quarter given the continued restrictions in relation to public gatherings. All together this resulted in a 9.1% overall turnover decline in our HTG Liquor business for H1.

Our online Health & Beauty distribution to platforms and end-consumers showed resilience in Q1 and performed beyond anticipated levels in Q2, where our distribution to physical retail outlets in European countries was affected by the closing of shops starting mid-March. With these shops opening again over the course of Q2, sales did recover towards the end of Q2. All in all, it resulted in a 5.8% decline of turnover for our HTG Health & Beauty business in H1.

With the travel sector being affected by restrictions on a global scale, our cruise market in the B&S Segment came to a standstill towards the end of Q1 and this situation continued in Q2. On the other hand, our food supply to remote areas and the majority of our international FMCG distribution showed resilience throughout the first half of the year. Moreover, the acquired medical supply business (Lagaay Medical Group) saw increased sales volumes driven by Covid-19 developments. As a result, the B&S Segment reported turnover growth of 8.8% in H1.

Our travel retail activities at international and regional airports were severely impacted by Covid-19 as this sector came to an almost complete standstill at the end of Q1, leading to a 57.8% turnover decline in the Retail Segment in H1.

Turnover split per segment

€ million (unless otherwise indicated)	**HY 2020 reported**	**HY 2019 reported**	**Δ (%) reported**	**Q2 2020 reported**	**Q2 2019 reported**	**Δ (%) reported**
HTG Segment	582.7	626.2	(7.0%)	299.3	327.1	(8.5%)
Liquors	*197.3*	*217.1*	*(9.1%)*	*106.4*	*114.2*	*(6.8%)*
Health & Beauty	*385.4*	*409.2*	*(5.8%)*	*192.2*	*212.9*	*(9.4%)*
B&S Segment	225.9	207.8	8.8%	112.4	109.7	2.5%
Retail Segment	27.1	64.3	(57.8%)	3.6	35.7	(90.0%)
TOTAL TURNOVER	**835.8**	**898.3**	**(7.0%)**	**415.3**	**472.5**	**(12.1%)**

Gross Profit

Gross profit came in at € 114.9 M (HY 2019: € 126.3 M). As a percentage of turnover, this was a decline to 13.7% from 14.1%, mainly the net effect of low margins in our Liquor category in Asia in our Q2 sales and partly the effect of the sales decline in the Retail Segment which comes at higher margins.

EBITDA

Due to the fixed part of our cost base combined with the 7% turnover decline, our EBITDA decline outpaced the decline in turnover and arrived at € 35.3 M (HY 2019: € 52.7 M) or -33.0% compared to HY 2019.

The measures taken to mitigate the Covid-19 effect on our EBITDA were concentrated on reducing variable operating expenses (which mainly comprise of staff costs) by bringing temporary staff in line with sales volumes and utilising government support in the countries we are present. On a like for like basis this resulted in a decline of staff costs. At reported rates, staff costs increased to € 55.8 M due to the consolidation of the acquired Lagaay Medical Group and the increased staff costs at FragranceNet.com related to company growth.

Result for the year

Depreciation of right-of-use assets and Amortisation of intangible fixed assets increased mainly as an effect of the inclusion of Lagaay and software investments made until date. Financial expenses decreased mainly as a result of the strongly decreased USD lending rate (average USD LIBOR interest rate of 2.0% in December 2019 vs 0.5% in June 2020). This resulted in profit before tax of € 14.9 M (HY 2019: € 35.1 M) and net profit of € 12.8 M.

Net profit attributable non-controlling interests came in at € 7.2 M (HY 2019: € 5.4 M) as a result of growth in e-commerce (FragranceNet.com) and medical supply (Lagaay Medical Group) with both companies seeing positive impact from Covid-19 developments. Net profit attributable to the owners of the Company came in at € 5.7 M.

Cash flow & financial position

Our financial position remained solid given our ongoing focus on working capital, as well as the cost control measures related to Covid-19 that we implemented over the course of the first half of 2020.

Solvency as at June 30, 2020 stood at 37.2% and was the result of continued profitability, the cancellation of final dividend for 2019 and a decreased balance sheet total given our focus on working capital reduction. Our efforts to re-balance our inventory positions in line with market developments as fast as possible resulted in an operating cash flow increase to € 70.4 M (HY 2019: - € 0.4 M) and as such a decreased net debt position compared to YE 2019.

Our measures related to working capital and cost control as described earlier, were concentrated on aligning net debt and EBITDA to allow the group to keep operating within its covenants. As at June 30, 2020 net debt / EBITDA stood at 2.8, well within our covenant of 3.5.

To avoid becoming limited by our balance sheet when sales volumes pick up again and sourcing opportunities arise, we pro-actively engaged with our relationship banks to agree on a covenant holiday for three test periods (HY 2020, FY 2020 and HY 2021). This way, we have created additional head room for inventory build-up towards our seasonally stronger H2 and particularly Q4.

Outlook

Based on the current market outlook and provided absence of a second wave of Covid-19, we foresee a partial recovery of overall Group sales volumes in Q3 with further positive trends towards and in Q4 (traditionally our strongest quarter). This will primarily be driven by continued strong momentum in online channels and further recovery of our Asian and European markets, except for our cruise and travel retail.

We anticipate our EBITDA margins in H2 to increase compared to H1, partly given the seasonality of our business with a traditionally strong Q4 and partly because of gradual margin recovery in our Liquor business in Asia. Yet, we do not expect to see recovery to FY 2019 EBITDA margin levels at FY 2020.

Besides our enhanced focus on optimising internal processes and digitising our operations driven by our Digital First approach, we will continue to sharpen the strategic focus areas and business priorities as initiated in 2019.

Developments by business segment

HTG Liquors

€ million (unless stated otherwise)	**HY 2020 reported**	**HY 2019 reported**	**Δ (%) reported**	**Q2 2020 reported**	**Q2 2019 reported**	**Δ (%) reported**
Turnover	197.3	217.1	(9.1%)	106.4	114.2	(6.8%)
Gross profit	10.7	15.8	(32.3%)			
EBITDA	1.4	6.6	(79.3%)			
EBITDA margin	0.7%	3.0%				

Our liquor distribution to Asia, and particularly China, was impacted by Covid-19 in the first months of 2020, albeit traditionally always a slow quarter after the seasonal peak in Q4. When lockdowns in this area were gradually lifted, we began to notice the first signs of early recovery of sales volumes in this market. This market recovery gained further momentum in Q2, albeit at low margins compared to Q2 2019 levels due to supply-demand imbalance in this market.

Liquor wholesale in Europe was impacted by the social restrictions on end-customers and the closing of public venues across Europe that started in March. In the last weeks of March and throughout Q2, this impact accelerated as more and more countries in Europe declared a temporary lockdown or prolonged the initial period of their lockdown, particularly in relation to public gatherings.

HTG Health & Beauty

€ million (unless stated otherwise)	**HY 2020 reported**	**HY 2019 reported**	**Δ (%) reported**	**Q2 2020 reported**	**Q2 2019 reported**	**Δ (%) reported**
Turnover	385.4	409.2	(5.8%)	192.9	212.9	(9.4%)
Gross profit	66.4	65.2	1.8%			
EBITDA	30.7	34.0	(9.8%)			
EBITDA margin	8.0%	8.3%				

Our online distribution business to platforms and end-customers showed resilience in Q1, and performed even better than anticipated in Q2. On the other hand, the temporary lockdowns of a vast number of countries and the closing of physical shops mid-March, had an effect on our health & beauty distribution to physical retail outlets mainly in the value and discount retail in certain European countries. In the first weeks of Q2, our distribution to physical retail began to show a slow but noticeable upward trend with convenience retail shops in several countries opening again. This trend continued throughout the quarter with sales recovery to 2019 levels towards the end of Q2.

HTG Segment TOTAL

€ million (unless stated otherwise)	**HY 2020 reported**	**HY 2019 reported**	**Δ (%) reported**	**Q2 2020 reported**	**Q2 2019 reported**	**Δ (%) reported**
Turnover	582.7	626.2	(7.0%)	299.3	327.1	(8.5%)
Gross profit	77.5	82.8	(6.5%)			
EBITDA	32.5	40.4	(19.5%)			
EBITDA margin	5.6%	6.4%				

B&S Segment

€ million (unless stated otherwise)	**HY 2020 reported**	**HY 2019 reported**	**Δ (%) reported**	**Q2 2020 reported**	**Q2 2019 reported**	**Δ (%) reported**
Turnover	225.9	207.8	8.8%	112.4	109.7	2.5%
Gross profit	31.5	26.9	17.1%			
EBITDA	9.8	9.5	3.2%			
EBITDA margin	4.3%	4.6%				

Our food supply business to remote and military caterers rely on the continuity of the services we provide and remained stable in H1. The majority of our maritime business and international FMCG distribution also remained relatively resilient in Q1 and Q2, with the acquired medical supply business even seeing increased sales from Covid-19 developments. On the other hand, the sub segments Cruise and international FMCG distribution to duty free markets came to a standstill towards the end of Q1. Organic turnover as such decreased by 6.4% to € 194.4 M in H1 2020. The market circumstances for these two subsegments continued in Q2 and recovery is not expected for the remainder of 2020.

Retail Segment

€ million (unless stated otherwise)	**HY 2020 reported**	**HY 2019 reported**	**Δ (%) reported**	**Q2 2020 reported**	**Q2 2019 reported**	**Δ (%) reported**
Turnover	27.1	64.3	(57.8%)	3.6	35.7	(90.0%)
Gross profit	5.9	16.5	(64.3%)			
EBITDA	(4.5)	4.2	(208.4%)			
EBITDA margin	(16.6%)	6.5%				

The travel sector was severely impacted by Covid-19 related measures. The sales of our international and regional airports retail activities came to a standstill toward the end of March, and this situation continued throughout Q2, resulting in a steep decline in sales in this segment.

Early Q2 we set up a dedicated committee within the retail segment for developing and executing an action plan with primary focus on limiting the effect of Covid-19 on operating profit – which is driven by sales volumes, concession fees and staff costs.

By scaling down temporary staff wherever possible and utilising support from government regulations in the countries we are present, we aligned our cost base within this segment with business volume to the extent possible. Moreover, we kept in close contact with all airports where we operate to come to agreements regarding the suspension or waiving of lease obligations and concession fees. Despite these measures, the rapid and abrupt sales decline of 90% in Q2 resulted in negative EBITDA for HY 2020. However, with the aforementioned cost measures in place, we expect to see gradual improvement of EBITDA levels when sales volumes start picking up - a trend that is prudent but noticeable already.

Since we do not expect recovery of the retail segment to pre-covid-19 levels on the short to medium term, the committee is preparing the roll out of further initiatives to align the organisational structure and cost levels with anticipated sales volumes. In addition, we are investing in further digitising our operations as part of our Digital First approach to permanently increase cost efficiency moving forward.

Non-IFRS Financial Measures Glossary

EBITDA	EBITDA is defined as earnings before interest, taxes, depreciation and amortisation
EBITDA Margin	EBITDA Margin is defined as EBITDA as a percentage of turnover
Solvency	Solvency is defined as group equity as a percentage of total assets
Working capital	Working capital is defined as Inventory plus Trade receivables minus Trade payables
Net Debt	Net debt is defined as interest bearing liabilities minus cash and cash equivalents

Principal Risks & uncertainties

In our Annual Report 2019 we described certain risks that could have a material impact on our business, our financial condition, our reputation or that could cause actual results to differ materially from those discussed in the forward-looking statements included throughout this Interim Financial Report.

During the reporting period we have identified no further significant risks besides those presented in our Annual Report 2019. There may be risks or risk categories that are currently identified as not having a significant impact on the business but that could develop into main risks in the future. The objective of the Group's ERM model is to timely identify changes in risk profiles so that appropriate measures can be taken.

Interim condensed consolidated financial statements

Condensed consolidated statement of profit or loss

x € 1,000 (for six-month period ended June 30)	**2020**	**2019**
CONTINUING OPERATIONS		
Turnover	835,794	898,336
Purchase value	720,900	772,065
Gross profit	**114,894**	**126,271**
Personnel costs	55,771	52,042
Amortisation	5,854	4,150
Depreciation	4,779	3,327
Depreciation right-of-use assets	5,191	4,639
Other operating expenses	23,886	21,511
Total operating expenses	**95,481**	**85,669**
Operating result	**19,413**	**40,602**
Financial expenses	(4,520)	(5,633)
Share of profit of associates	(37)	140
Result before taxation	**14,856**	**35,109**
Taxation on the result	(2,009)	(6,914)
Profit for the first half year from continuing operations	**12,847**	**28,195**
Attributable to:		
Owners of the Company	5,663	22,792
Non-controlling interests	7,184	5,403
Total	**12,847**	**28,195**
Earnings per share *		
From continuing operations in euros	**0.07**	**0.27**

* The diluted earnings per share are equal to the basic earnings per share.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income

x € 1,000 (for six-month period ended June 30)	**2020**	**2019**
Profit for the first half year from continuing operations	**12,847**	**28,195**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
● Effective portion of changes in fair value of cash flow hedges	552	613
● Foreign currency translation differences net of tax	(194)	264
Other comprehensive income for the first half year net of tax	**358**	**877**
Total comprehensive income for the first half year	**13,205**	**29,072**
Attributable to:		
Owners of the Company	5,885	23,429
Non-controlling interests	7,320	5,643
Total	**13,205**	**29,072**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of financial position

x € 1,000	30.06.2020	30.06.2019	31.12.2019
Non-current assets			
Goodwill	65,793	60,172	65,656
Other intangible fixed assets	66,914	61,933	69,748
Property, plant & equipment	37,909	34,393	39,312
Right-of-use assets	67,866	69,885	71,498
Investments in associates	2,194	2,200	2,517
Receivables	2,866	2,335	3,270
Deferred tax assets	433	261	366
	243,975	**231,179**	**252,367**
Current assets			
Inventory	355,407	431,923	375,565
Trade receivables	181,677	193,360	201,256
Corporate income tax	6,050	2,911	2,191
Other tax receivables	4,758	4,743	6,514
Other receivables	23,998	30,297	25,736
Cash and cash equivalents	28,653	32,603	50,884
	600,543	**695,837**	**662,146**
Total assets	**844,518**	**927,016**	**914,513**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

x € 1,000	30.06.2020	30.06.2019	31.12.2019
Equity attributable to			
Owners of the Company	234,655	246,609	242,671
Non-controlling interests	54,080	42,389	49,096
	288,735	**288,998**	**291,767**
Non-current liabilities			
Borrowings	51,297	52,890	54,557
Lease liabilities	58,886	61,211	62,091
Deferred tax liabilities	12,202	11,271	12,986
Employee benefit obligations	985	652	893
Other liabilities	55,223	34,168	42,124
	178,593	**160,192**	**172,651**
Current liabilities			
Credit institutions	205,666	299,135	280,482
Borrowings due within one year	11,340	9,783	11,548
Lease liabilities due within one year	9,397	8,718	9,575
Supplier finance arrangements	-	24,574	-
Trade payables	93,344	88,072	104,620
Corporate income tax liability	12,325	11,412	6,920
Other taxes and social security charges	20,451	9,075	11,264
Other current liabilities	24,667	27,057	25,686
	377,190	**477,826**	**450,095**
Total equity and liabilities	**844,518**	**927,016**	**914,513**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

x € 1,000							2020
	Paid-up share capital	Cash flow hedging reserve	Reserve for translation differences	Retained earnings	Total attributable to Owners	Non-controlling interests	Total equity
Opening balance at January 1,	**5,051**	**643**	**273**	**236,704**	**242,671**	**49,096**	**291,767**
Total comprehensive income							
● Profit for the period	-	-	-	5,663	5,663	7,184	12,847
● Other comprehensive income for the period	-	487	(265)	-	222	136	358
	-	**487**	**(265)**	**5,663**	**5,885**	**7,320**	**13,205**
Other transactions							
● Dividend	-	-	-	-	-	(3,572)	(3,572)
● Share-based payments	-	-	-	450	450	-	450
	-	**-**	**-**	**450**	**450**	**(3,572)**	**(3,122)**
● Reclassification to non-current liabilities*	-	-	-	-	-	1,236	1,236
● Fair value adjustment non-current liabilities*	-	-	-	(14,351)	(14,351)	-	(14,351)
	-	**-**	**-**	**(14,351)**	**(14,351)**	**1,236**	**(13,115)**
Closing balance at June 30,	**5,051**	**1,130**	**8**	**228,466**	**234,655**	**54,080**	**288,735**

*** Reference is made to note 11 for an explanation on the 'Reclassification to non-current liabilities' and the 'Fair value adjustment non-current liabilities'.**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

x € 1,000							2019
	Paid-up share capital	Cash flow hedging reserve	Reserve for translation differences	Retained earnings	Total attributable to Owners	Non-controlling interests	Total equity
Opening balance at January 1,	**5,051**	**-**	**(540)**	**229,474**	**233,985**	**39,110**	**273,095**
Total comprehensive income							
● Profit for the period	-	-	-	22,792	22,792	5,403	28,195
● Other comprehensive income for the period	-	518	119	-	637	240	877
	-	**518**	**119**	**22,792**	**23,429**	**5,643**	**29,072**
Other transactions							
● Dividend	-	-	-	-	-	(3,557)	(3,557)
● Share-based payments	-	-	-	450	450	-	450
● Profit share certificates	-	-	-	(38)	(38)	(465)	(503)
	-	**-**	**-**	**412**	**412**	**(4,022)**	**(3,610)**
● Reclassification to non-current liabilities	-	-	-	-	-	1,658	1,658
● Fair value adjustment non-current liabilities	-	-	-	(11,217)	(11,217)	-	(11,217)
	-	**-**	**-**	**(11,217)**	**(11,217)**	**1,658**	**(9,559)**
Closing balance at June 30,	**5,051**	**518**	**(421)**	**241,461**	**246,609**	**42,389**	**288,998**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows

x € 1,000 (for six-month period ended June 30)	**2020**	**2019**
Profit for the period from continuing operations	12,847	28,195
Adjustments for:		
Taxation on the result	2,009	6,914
Share of profit of associates	37	(140)
Financial expenses	4,520	5,633
Depreciation right-of-use assets	5,191	4,639
Depreciation	4,779	3,327
Amortisation	5,854	4,150
Provisions	76	31
Non-cash share-based payment expense	450	450
Other non-cash movements	278	290
Operating cash flows before movements in working capital	**36,041**	**53,489**
Decrease / (increase) in inventory	20,158	(53,348)
Decrease / (increase) in trade receivables	19,579	12,362
Decrease / (increase) in other tax receivables	1,756	1,242
Decrease / (increase) in other receivables	1,738	(9,074)
Increase / (decrease) in trade payables	(11,276)	18,014
Increase / (decrease) in other taxes and social security charges	9,187	(5,581)
Increase / (decrease) in other current liabilities	(819)	(3,136)
Cash generated by operations	**76,364**	**13,968**
Income taxes paid	(1,314)	(9,025)
Interest paid	(4,614)	(5,300)
Net cash from operations	**70,436**	**(357)**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

x € 1,000 (for six-month period ended June 30)	**2020**	**2019**
Interest received	94	134
Dividend received from associates	-	93
Repayments on loans issued to associates	404	-
Net cash outflow on acquisition of subsidiaries	-	(1,513)
Payment for property, plant and equipment	(3,323)	(7,072)
Payment for intangible assets	(2,878)	(3,018)
Proceeds from disposals	1	17
Net cash from investing activities	**(5,702)**	**(11,359)**
Repayments on loans from banks	(6,668)	(4,663)
Repayments on loans from shareholders	-	(2,500)
Repayments on lease liabilities	(4,909)	(5,057)
New loans received from banks	3,000	2,600
Paid to profit share certificates	-	(503)
Dividend paid to non-controlling interests	(3,572)	(3,557)
Change in supplier finance arrangements	-	3,397
Changes in credit facilities	(74,816)	27,641
Net cash from financing activities	**(86,965)**	**17,358**
Balance at January 1,	50,884	26,900
Movement	(22,231)	5,642
Balance at June 30,	**28,653**	**32,542**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

1. Corporate information

B&S Group S.A. (the “Company” or the “Group”) has its registered office at 14 Rue Strachen, Mensdorf, G.D. Luxembourg.

2. Basis of preparation

The interim condensed consolidated financial statements include the parent company and its subsidiaries (together also referred to as the “Group”). The interim condensed consolidated financial statements cover the first six months of 2020, from January 1, 2020 to June 30, 2020, inclusive. The comparative figures cover the corresponding period in 2019.

The interim condensed consolidated financial statements for the six-month period ended June 30, 2020 have been prepared in accordance with International Accounting Standards (“IAS”) No. 34, Interim Financial Reporting as adopted by the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures as required in the annual financial statements, and should be read in conjunction with B&S Groups’ consolidated financial statements as of December 31, 2019 which are available on www.bs-group-sa.com.

The interim condensed consolidated financial statements have not been audited or reviewed by the external auditor. The interim condensed consolidated financial statements were authorised for issuance on August 24, 2020 by the Company’s Executive Board.

3. Significant accounting policies

The accounting policies applied, and methods of computation used in preparing these interim condensed consolidated financial statements are the same as those applied in the Groups’s consolidated financial statements as at and for the year ended 31 December 2019. To the extent relevant, all IFRS standards and interpretations including amendments that were in issue and effective from 1 January 2020, have been adopted by the Group from 1 January 2020. These standards and interpretations had no material impact for the group. All IFRS standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2020 have not yet been adopted.

4. Non-GAAP measures

EBITDA is one of the measures that the Executive Board uses to assess the performance of the Group. EBITDA is defined as ‘Operating result’ corrected for ‘Depreciation and amortisation’. Net debt is defined as interest bearing liabilities minus cash and cash equivalents.

5. Use of estimates

The preparation of consolidated interim financial statements requires the Group to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgments, estimates, and assumptions are the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2019.

6. COVID-19

The global outbreak of COVID-19 has affected the company's results, statement of financial position and cash flows presented in these interim condensed consolidated financial statements. The impact of the pandemic on specific reporting areas is disclosed below. Other reporting areas have also been impacted, but did not have a significant impact and are therefore not separately disclosed.

Goodwill

Goodwill is not amortised but tested for impairment annually and whenever specific indicators require such testing. The COVID-19 outbreak and the subsequent deterioration in economic conditions, as well as increase in economic uncertainty, have triggered additional goodwill impairment testing per June 30, 2020.

Consistent with the approach and methodology used for the Group's annual impairment testing as disclosed in the Group's consolidated financial statements for 2019, the recoverable amount per cash-generating unit (CGU) was determined based on a value in use calculation. These CGUs correspond with the Group's operating segments (HTG Liquors, HTG Health & Beauty, B&S and Retail). The key assumptions used to determine the recoverable amount for the different CGUs were disclosed in the annual consolidated financial statements for the year ended December 31, 2019.

In determining the recoverable amounts, consideration was given to the uncertainties embedded in the discounted cash flow projection and the appropriateness of key assumptions. This includes increased uncertainty about forecasted revenues, as well as increased volatility in applied discount rates. An updated post-tax discount rate (WACC) of 7.7% has been applied.

The impairment tests performed per June 30, 2020 did not result in any impairments. Sensitivity tests showed that a reasonably possible change in the key assumptions of the cash flow projection did not alter this outcome.

Inventories

Management has assessed the impact of both current and expected market conditions on the valuation of inventories. This resulted in a write-off of inventories of € 0.8 million (H1 2019: € 0.4 million).

Trade receivables

Management has updated its assessment of expected credit losses, resulting in an increase of the allowance for impairment of trade receivables by € 0.9 million (H1 2019: € 0.4 million).

Government grants

In various countries within Europe, governments have initiated a wide variety of employment protection programs following the COVID-19 outbreak and related economic downturn. These programs compensate for part of the salaries and/ or social security charges incurred by the Group.

These employment protection programs reduced the Group's operating expenses by € 3.4 million for the period. The Group has accounted for these programs in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.
In addition, government measures also included the postponement of payments to government bodies, such as social security charges and value added taxes. The total amount of government measures netted against receivables from the government in respect of the above-mentioned programs positively impacted the Group's cash flow during the period by € 17.2 million.

Net Debt

As per June 30, 2020, Net Debt excluding lease liabilities amount to € 239.6 million (June 30, 2019: € 329.8 million / December 31, 2019: 296.0 million). This resulted in a Net Debt / EBITDA (pre IFRS 16) ratio of 2.8 (June 30, 2019: 3.0 / December 31, 2019: 2.8), comfortably within the covenant ratio as agreed with the various financial institutions (Net Debt / EBITDA ratio of 3.5).

To avoid becoming limited by our balance sheet when sales volumes pick up again and sourcing opportunities arise, we pro-actively engaged with our relationship banks to agree on a covenant holiday for three test periods (HY 2020, FY 2020 and HY 2021). This way, we have created additional head room for inventory build-up towards our seasonally stronger H2 and particularly Q4.

Seasonal influences

Although there is ongoing demand for our Fast Moving Consumer Goods ("FMCG"), in previous years we experienced a peak in sales in the third and fourth quarter of the year, with a tendency for sales to even move into the fourth quarter of the year. The Health & Beauty and Liquor business are generating the vast majority of its turnover and profitability in the second half of the year, however it should be noted that developments with respect to the COVID-19 pandemic might influence this pattern.
While our airport retail and cruise business normally peak in summer, due to the COVID-19 pandemic and the corresponding restrictions on the travel and tourism industry as a whole, these businesses have been and will continue to be impacted in the remainder of 2020.

7. Segment information

The operating segments are identified and reported on the basis of internal management reporting as provided to the Executive Board and Supervisory Board (which are the Chief Office Decision Makers) to facilitate strategic decision-making, resource allocation and to assess performance. The Group has identified the following reportable segments, that jointly form the Group's strategic divisions: HTG-Liquors, HTG-Health & Beauty, B&S and Retail.

HTG-Liquors is active as a global distributor of premium brand liquors to retailers, local distributors and wholesalers. HTG-Liquors has its headquarters in Delfzijl, the Netherlands.

HTG-Healthy & Beauty mainly distributes and sells its premium brand perfumes, cosmetics and personal care products to value, online and secondary retailers (B2B), directly to consumers through webshops (B2C) and to local distributors and wholesalers. HTG-Health & Beauty has its headquarters in Delfzijl, the Netherlands.

B&S is active as a specialty distributor for a wide range of Food and Beverage products, Liquors and Health and Beauty products to maritime, remote and retail B2B markets. B&S sources its product assortment from A-brand owners and manufacturers. B&S has its headquarters in Dordrecht, the Netherlands.

Within our **Retail** operations, we primarily operate an electronic consumer lifestyle format at international airports under the Royal Capi-Lux brand and a consumer goods format at regional airports and other 'away from home' locations under the B&S brand. Retail has its headquarters in Hoofddorp, the Netherlands.

As from 2020, the segment reporting below includes the external turnover only, compared to total turnover (including intercompany turnover between segments) in the previous years. The table below illustrates the impact of this change on the comparative numbers:

x € 1,000 (for six-month period ended June 30)	**Reported 2019**	**Restated 2019**
Turnover		
HTG	643,516	626,247
B&S	221,325	207,750
Retail	64,676	64,339
Holdings & Eliminations	(31,181)	-
	898,336	**898,336**

In the current year, the HTG segment as previously reported have been split into two operating segments, namely Liquors and Health & Beauty.

x € 1,000 (for six-month period ended June 30)	**2020**	**2019**
Turnover		
HTG - Liquors	197,314	217,086
HTG - Health & Beauty	385,401	409,161
	582,715	626,247
B&S	225,935	207,750
Retail	27,144	64,339
	835,794	**898,336**
Gross profit		
HTG - Liquors	10,707	15,805
HTG - Health & Beauty	66,374	65,217
HTG - Other	384	1,785
	77,465	82,807
B&S	31,473	26,866
Retail	5,905	16,534
Holdings & Eliminations	51	64
	114,894	**126,271**
EBITDA		
HTG - Liquors	1,378	6,639
HTG - Health & Beauty	30,721	34,042
HTG - Other	419	(297)
	32,518	40,384
B&S	9,817	9,510
Retail	(4,501)	4,150
Holdings & Eliminations	(2,535)	(1,326)
	35,299	**52,718**
Total assets		
HTG - Liquors	152,527	169,135
HTG - Health & Beauty	500,632	498,201
	653,159	667,336
B&S	255,773	269,987
Retail	75,845	89,414
Holdings & Eliminations	(140,259)	(99,721)
	844,518	**927,016**

8. Turnover

The distribution of the turnover over the product groups can be specified as follows:

x € 1,000 (for six-month period ended June 30)	**2020**	**2019**
Liquors	270,017	276,180
Health & Beauty	416,815	410,541
Food & Beverages	108,605	123,412
Consumer electronics	15,327	44,781
Other	25,030	43,422
	835,794	**898,336**

The distribution of the turnover over the geographical regions can be specified as follows:

x € 1,000 (for six-month period ended June 30)	**2020**	**2019**
Europe	407,378	465,267
America	146,003	126,246
Asia	145,457	171,752
Africa	27,186	23,125
Middle East	102,558	102,245
Oceania	7,212	9,701
	835,794	**898,336**

9. Income tax charge

Interim period income tax is accrued based on the estimated average annual effective income tax rate applicable in each country of operation.

10. Dividend

During the six-month period ended June 30, 2020 no dividend has been paid to the shareholders, similar to the corresponding period in 2019.

Per the resolution passed at the Annual General Meeting held in May 2020, B&S Group for practical reasons shifted from semi-annual dividend payments to annual payments. This change is effective from 2020 onwards.

11. Deferred payment FragranceNet

The line item 'Other liabilities' mainly consists out of the Deferred payment for FragranceNet.com. The movements for this deferred payment can be specified as follows:

x € 1,000 (for six-month period ended June 30)	**2020**	**2019**
Opening balance at January 1,	**40,857**	**23,871**
Reclassification from 'Non-controlling interest'	(1,236)	(1,658)
Fair value adjustment	14,351	11,217
Closing balance at June 30,	**53,972**	**33,430**

In October 2018 the Group acquired 75% of the shares of FNet Acquisition Company LLC, the established 100% parent company of FragranceNet.com, Inc. As part of the acquisition, two put and two call options have been written on the remaining 25% of the shares. The exercise date of the "first tranche", a put and call option on effectively 12.5% of the FNet Acquisition Company LLC shares, is 5 years after closing date. The exercise date of the options on the remaining 12.5% of shares is 10 years after closing date (effectively October 29, 2028). The put and call options have a similar strike price and exercise date and as such a liability exists. The exercise prices are dependent on the EBITDA realised in the 12 months preceding the exercise date and a multiple that is dependent on the EBITDA growth rate in the years prior to the exercise date. The non-controlling interest is reclassified to other liabilities (long-term) at the end of each reporting period and valued at fair value, being the value of the expected future consideration discounted against long term US government bond yields plus a company specific mark-up. As such, apart from the discount rate, the fair value measurement is derived from valuation techniques that include inputs that are not based on observable market data. The fair value adjustments are recognised in retained earnings.

12. Fair value and fair value estimation

The fair values of our monetary assets and liabilities as at June 30, 2020 are estimated to approximate their carrying value. There has been no change in the fair value estimation technique and hierarchy of the input used to measure the financial assets/liabilities carried at fair value through profit or loss compared with the method and hierarchy disclosed in our consolidated financial statements as of December 31, 2019.

13. Related party transactions

Associates

The following entities are considered as associates of the Group:
- Capi-Lux South Africa (PTY) Ltd., South Africa
- STG Logistica Y Depositos S.L., Spain
- Next Generation Perfumes B.V., the Netherlands

The table below sets out the transactions with these entities:

x € 1,000 (for six-month period ended June 30)	2020		2019	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	301	51	1,557	437
Purchase of products and services	464	136	1,684	594
Loans issued	-	-	-	446
Interest received on loans issued	7	12	15	53

Entities with joint control of, or significant influence over, the entity

The table below sets out the transactions with entities where the ultimate shareholders have joint control of, or significant influence over, the entity:

x € 1,000 (for six-month period ended June 30)	2020		2019	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	2,633	161	1,433	33
Purchase of products and services	16,554	15,192	5,867	408
Leases	3,772	915	2,971	478
Interest received on loans issued	91	752	82	636
Loans issued	-	1,778	-	1,820
Operating expenses	50	-	66	-
Other income	-	2,676	1	4,988

14. Subsequent events

There were no material events after June 30, 2020 that would have changed the judgement and analysis by management of the financial condition as at June 30, 2020 or the result for the interim period ended June 30, 2020 of the Group.

For further information please contact:

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About B&S Group

B&S Group is a global distribution partner for consumer goods in attractive channels and across specialised markets, such as Retail B2B (business-to-business), Maritime, Remote and Retail B2C (business-to-consumer). With a well-trained and experienced workforce of over 2,500 employees, the Group serves as a trusted and reliable partner to suppliers and customers, providing essential distribution services and solving their supply chain complexities. B&S Group operates a flexible, well invested and highly efficient distribution platform that comes with strong barriers to entry. Powered by high capacity warehouses and delivered with expertise in customs and compliance, the Group offers over 40,000 consumer goods to its customers in more than 100 countries.