Interim financial report 2022
B&S Group S.A.

Interim condensed consolidated financial statements
for the six-month period ended June 30, 2022

B&S

Contents

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Interim Management report

This Interim Financial Report should be read in conjunction with our Annual Report 2021, 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, 2022 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, 2022 gives a fair review of the information required pursuant the Luxembourg Transparency Law.

Luxembourg, August 22, 2022

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

Message from the CEO

In the first half of 2022 turnover grew double digit and was driven by the Liquor segment and further aided by Retail and Food. Nevertheless, industry wide supply chain challenges and increased product scarcity had their impact on gross margins in the first half of 2022. A provision in the Food segment further impacted gross margin. Also, staff costs continued to rise due to a tight labour market in Europe as well as expansion and increased hourly rates for warehousing staff in the US. This led to an EBITDA margin of 4.1% in the first half of 2022 (4.8% excluding the one-off provision in the Food segment).

Despite the challenging global economy, we continued to enhance our brand partnerships and further expanded our portfolio. With the recent acquisition of a French beauty company we further strengthened our direct-to-consumer activities and gained direct access to brand owners in the premium beauty segment. Also, our Retail segment is strengthened further with the upcoming opening of the first shops in Abu Dhabi and the addition of the newly won tender contracts in Barcelona and Palma de Mallorca.

Our investments were mainly related to the acquisition of the French beauty company, the expansion and further automation of our B2C warehousing operations, additional warehousing capacity for B&S Personal Care and centralisation of our operations as part of our digital transformation. With our integrated logistical set-up we continue to look for expansion of our service proposition to serve wholesalers, resellers and brands into places, channels and regions where they desire a (stronger) presence or establishment. This is supported by continuing the digitisation of our services driven by our B&S Nfinity backbone.

Besides our commercial focus and as communicated in our FY 2021 results publication, we have made it our priority to update our sustainability strategy, policies and programmes in line with our 2021 – 2023 strategic direction. The three business priorities that are central to our overall strategy have been translated into clear goals and actions to drive our business forward sustainably. I am proud to share our 'Reach with Impact' strategy with you in the Sustainability section of our corporate website.

All in all we are positive on our progress on strategy and I am pleased to see the team working together in shaping it further. Yet, the effects of the current global economy undeniably impacted H1 results with continued pressure on the sourcing of goods and disruption of international supply chains. Consequently and in preparation for the seasonally stronger second half of the year, inventory positions were build up in an earlier stage to ensure more favorable purchase prices in

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order to preserve margins in H2. This resulted in significantly higher working capital in H1 and thus a higher net debt position. This position is expected to decrease again in H2 following the seasonally stronger business in the second half of the year.

In sum, our company is strategically in good shape to navigate through the current economic circumstances and continue to execute on our 2021 – 2023 strategy. Nevertheless, we remain cautious in our turnover and EBITDA projections for the second half of the year due to the unpredictable macro-environment with continued influence of the Russia-Ukraine war and the zero-covid policy in Asian countries.

Tako de Haan, CEO

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Operational review

Financial performance

Turnover

The turnover levels of HY 2022 grew 19.4% compared to 2021 levels. Organically, turnover increased by 18.8% and was mainly driven by the Liquor segment and further aided by the Food and Retail segments. The stronger EUR USD exchange rate positively impacted our turnover by 4.3%. Acquired turnover contributed 0.5%, stemming from the acquisition of a French beauty company in the Beauty segment.

B&S Liquors

The 37.9% growth in turnover for this segment was driven by the increased demand in the international market as well as higher sales in the domestic market within Europe. Gross margins stabilised in the second quarter after growth in Q1 2022. Although the container shortages seem to be flattening for the international liquor business, supply chain constraints in certain international markets remain challenging and are expected to delay order flows for H2 2022.

B&S Beauty

Turnover increased by 4.6%, driven by the acquisition of a French beauty company and further aided by the strong US dollar that helped online B2C sales - albeit at lower gross margins when compared to HY 2021. In Q2 2022 these margins were at pre-covid levels, with increased marketing and shipping expenses compared to the same period last year. In the B2B market, product scarcity continued to hold back growth in Q2 2022.

B&S Personal Care

Turnover grew 9.8% in the first half of 2022, aided by the broad variety of in-stock items that continued to meet market demand. Growth in Q2 2022 was similar to Q1 2022 and driven by key customers that were open after the forced shop closures of value retail in 2021.

B&S Food

Turnover in the Food segment grew 15.1% compared to HY 2021, with 18.3% growth in Q2 2022. This was driven by the brand distribution service in Duty Free markets that benefitted from travel recovery and food service in the Maritime sector that saw increased customer orders via further digitisation of order flows. Gross margin however was negatively impacted by a provision of USD 7.5 M for a doubtful debtor and an altered business mix with reduced (higher margin) remote business.

B&S Health

After a weak Q1, the Health segment saw 20.6% turnover growth in Q2 when compared to the same quarter last year. This resulted in 1.3% growth for H1 2022 and was mainly driven by volume deals and recovery of the travel vaccine business although not yet back at pre-covid levels.

B&S Retail

With travel markets continuing to recover, turnover for the Retail segment increased by 244.8% in the first half of 2022. Still, this remained below pre-covid levels. When comparing the quarters with last year, the Q2 turnover growth was less steep given (temporary) easing of travel restrictions in Q2 2021.

Turnover split per segment

€ million (unless otherwise indicated)	HY 2022 reported	HY 2022 organic	HY 2022 acquisitive	HY 2022 FX	HY 2021 reported*	Δ (%) reported	Δ (%) constant currency
B&S Liquors	318.4	73.3		14.2	230.9	37.9%	6.2%
B&S Beauty	316.0	-6.2	4.5	15.7	302.0	4.6%	5.2%
B&S Personal Care	136.9	12.2		-	124.7	9.8%	0.0%
B&S Food	153.0	14.9		5.2	132.9	15.1%	3.9%
B&S Health	22.8	0.2		0.1	22.5	1.3%	0.4%
B&S Retail	36.2	25.5		0.2	10.5	244.8%	1.9%
Holding &	(0.1)	-0.2		-	0.1	-200.0%	0.0%
TOTAL TURNOVER	983.2	119.7	4.5	35.4	823.6	19.4%	4.3%

*The comparative information has been re-presented due to the new segment structure as per 2021

€ million (unless otherwise indicated)	Q2 2022 reported	Q2 2022 organic	Q2 2022 acquisitive	Q2 2022 FX	Q2 2021 reported*	Δ (%) reported	Δ (%) constant currency
B&S Liquors	177.9	42.5		9.7	125.7	41.5%	7.7%
B&S Beauty	166.1	(0.4)	4.5	10.0	152.0	9.3%	6.6%
B&S Personal Care	69.2	6.2		-	63.0	9.8%	0.0%
B&S Food	82.8	9.5		3.3	70.0	18.3%	4.7%
B&S Health	12.3	2.0		0.1	10.2	20.6%	1.0%
B&S Retail	21.7	14.6		0.1	7.0	210.0%	1.4%
Holding &	(0.1)	(0.2)		-	0.1	-200.0%	0.0%
TOTAL TURNOVER	529.9	74.2	4.5	23.2	428.0	23.8%	5.4%

*The comparative information has been re-presented due to the new segment structure as per 2021

Gross profit

Gross profit amounted to € 139.0 M (2021: € 126.8 M). As a percentage of turnover, margins decreased from 15.4% to 14.1%. This was mainly due to rising purchase prices given the global economic developments as well as a changed business mix in the Food segment. Gross profit was further impacted by the USD 7.5 M provision for doubtful debtors in the Food segment. Excluding this provision Gross profit margin stood at 14.8%.

Operating expenses

Operating expenses increased from € 81.2 M to € 98.4 M. The increase is mainly the outcome of a tight labour market in Europe resulting in higher salaries for qualified personnel, increased labour costs for warehousing personnel mainly in our US operations within the Beauty segment (FragranceNet) as well as increased marketing costs driven by expanded Direct-to-consumer business.

EBITDA

In absolute numbers, EBITDA decreased 11.0% to € 40.6 M (HY 2021: € 45.6 M). When corrected for the provision, EBITDA slightly increased to € 47.7 M.
EBITDA margin decreased to 4.1% (HY 2021: 5.5%). Adjusted for the provision, EBITDA margin stood at 4.8%.The decrease in EBITDA margin is the result of increased operating expenses combined with gross margin decrease.

Group result for the period

Depreciation of tangible fixed assets and amortisation of intangible fixed assets amounted to € 15.7 M (HY 2021: € 15.1 M).

Financial expenses increased mainly as a result of increased average outstanding debt following the growth of average working capital levels and increased lending rates. This resulted in profit before tax of € 21.5 M (HY 2021: € 28.5 M).

Net profit attributable to non-controlling interests amounted to € 4.4 M (HY 2021: € 7.1 M). The decrease is mainly the result of acquiring additional shares in JTG and as such indirectly FragranceNet.com as of June 30, 2021. Net profit attributable to the owners of the Company amounted to € 12.3 M (HY 2021: € 14.7 M).

Cash flow & financial position

Net cash from operations amounted to € -23.8 M (2021: € -29.1 M) mainly following the (earlier than usual) build-up of inventory for the second half of the year. Consequently, Net working capital increased to € 518.4 M, compared to € 442.1 M at June 30, 2021. Working capital in days increased from 97 days in HY 2021 to 103 days in HY 2022. Here it should be noted that focus in H1 2021 was on reducing working capital levels in light of Covid developments, whereas in H1 2022 focus was on ensuring stock at more favourable prices given the challenging sourcing market.

Investing activities mainly related to the acquisition of the French beauty company and the payment of the remaining part of the acquisition price for the JTG shares at the beginning of 2022.

Net debt increased from € 317.6 M to € 414.8 M as per June 30, 2022. The net debt / EBITDA ratio stood at 3.7 (HY 2021: 3.2). This was mainly the result of the built-up inventory positions in H1 in order to preserve margins for the second half of the year given rising purchase prices and scarcity in the market.

Outlook

Looking at H2 2022, we expect turnover growth to continue albeit not as steep as in the first half of 2022. This growth will be driven by Personal Care, Retail and the European part of our Liquor business. Margins on the other hand will flatten, mainly driven by the increased purchase prices. And although the diversified business lines of B&S are relatively robust during economic hardship, the expected high rate of inflation and the risk of a global recession are expected to negatively

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influence consumer buying behavior. For the second half of 2022 we are anticipating a shift from premium Beauty and Liquor sales to the medium segment, which generates lower margins. Considering the effect of global economic developments on our gross margins as well as on our staff costs and other operating expenses, we expect our EBITDA margin for this year to be around 5%. We remain focused on working capital management throughout all segments and on returning to normalised net debt levels at FY 2022. Given current economic circumstances and associated unpredictability, we refrain from an outlook beyond 2022 on our set financial objectives.

In executing our 2021-2023 strategy we continue our efforts in digitising our operations and stimulating synergies between our segments to decrease costs and increase cross-selling opportunities. Furthermore we will continue the roll out of our sustainability program “Reach with Impact” and will report on our sustainability efforts in our annual report 2022 based on the reporting framework that is currently in progress.

Sustainability strategy 2030: Reach with Impact

We are proud to present our 2030 sustainability strategy: Reach with Impact. This roadmap provides clear insights into our commitments, targets, policies and action plans that we as a company take and will take the upcoming eight years.

It reinforces our commitment to contribute to a more sustainable world, whilst making premium consumer goods available to everyone, everywhere. As a global company, with employees and customers all over the world, we are well aware that the decisions we make impact businesses and communities in every corner of the world. Our operations continue to cross borders and it is crucial to make our positive impact respond to that same speed. Sustainable decision-making is vital to safeguard the world for future generations and to ensure business growth.

We identified three major challenges that, in order to build a futureproof business, we must address by setting clear ambitions and targets to achieve by 2030. These challenges are climate change, depletion of planet earth's resources, and the war for talent. We also reviewed the applicable legislative requirements and assessed markets trends and developments in the field of sustainability. Furthermore, we involved our stakeholders – such as suppliers, customers, investors and employees – as well as B&S management and asked them which matters are most important considering their business activities. The execution of this so-called double materiality assessment provided the backbone for our revised sustainability strategy.

The sustainability strategy roadmap and its respective commitments, targets, policies and plan of actions focusses on sustainable value chain and empowered people.

1. Sustainable value chain

Our ambitions	• Decrease the environmental footprint of our own operations • Create business opportunities for a sustainable and future-proof value chain • Maintaining high ethical standards with all our stakeholders
Our commitments	1. Take climate action: we will become climate neutral by reaching net zero CO2 emissions of our own operations by 2030. 2. Offer sustainable distribution solutions: we will reduce our CO_2 emissions from the transport of consumer goods in line with science-based targets.

3. Be resource conscious: we will send zero waste to landfill by 2030 and contribute to a circular economy.
4. Offer sustainable products: we will make sustainable consumer goods available to everyone, everywhere; 2,000 of the products are considered to be 'a more sustainable choice' by 2030.

2. Empowered people

Our ambitions	• Provide an entrepreneurial, safe, and inclusive environment • Attract, retain, and develop a workforce with the capabilities to support our growth strategy • Proactively give back to the community
Our commitments	1. Safeguard employee health, safety, and well-being: we will promote and protect the mental and physical well-being of employees. 2. Develop our people and talent: we will attract and retain talented employees to develop a happy and engaged workforce that matches our growth strategy. 3. Be diverse and inclusive: we will cultivate an inclusive work environment that fosters and is respectful of different ideas, perspectives, and beliefs. We believe that every B&S employee deserves to feel welcome, valued and safe. 4. Engage with our community: we will support and contribute to the communities we operate in.

Outlook on sustainability

The coming period we will focus on further integrating the sustainability action plans into the segment operations and implement sustainability improvement activities accordingly. We defined KPIs per topic and are in the process of developing a sustainability reporting framework as well as gathering baseline information. This will enable us to monitor progress made. Additionally, we will focus on implementing the CSRD and EU Taxonomy requirements into our annual reporting procedures. We will share an update on our sustainability efforts in our annual report 2022.

Our full sustainability strategy 2030 'Reach with Impact' can be found on the website of B&S.

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Principal Risks & uncertainties

We refer to the Risk Management paragraph in our Annual Report 2021 in which we described the significant strategic, compliance, financial and operational 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 2021. 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 Group's ERM (Enterprise Risk Management) model ensures the timely identification of changes in risk profiles so that appropriate measures can be taken.

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Interim condensed consolidated financial statements

Condensed consolidated statement of profit or loss

x € 1,000 (for six-month period ended June 30)	Note	2022	2021
Continuing operations			
Turnover	5	983,228	823,551
Purchase value		844,244	696,717
Gross profit		138,984	126,834
Personnel costs		68,134	54,886
Amortisation		6,152	5,743
Depreciation		3,732	3,782
Depreciation right-of-use assets		5,861	5,597
Other operating expenses		30,258	26,328
Total operating expenses		114,137	96,336
Operating result		24,847	30,498
Financial expenses		(3,358)	(1,987)
Share of profit of associates		(1)	(22)
Result before taxation		21,488	28,489
Taxation on the result	6	(4,759)	(6,694)
Profit for the first half year from continuing operations		16,729	21,795
Attributable to:			
Owners of the Company		12,287	14,698
Non-controlling interests		4,442	7,097
Total		16,729	21,795
Earnings per share *			
From continuing operations in euros		0.15	0.17

** 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.

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Condensed consolidated statement of profit or loss and other comprehensive income

x € 1,000 (for six-month period ended June 30)	2022	2021
Profit for the first half year from continuing operations	16,729	21,795
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
• Effective portion of changes in fair value of cash flow hedges net of tax	(1,075)	(1,000)
• Foreign currency translation differences net of tax	9,706	3,314
Other comprehensive income for the first half year net of tax	8,631	2,314
Total comprehensive income for the first half year	25,360	24,109
Attributable to:		
Owners of the Company	20,367	15,566
Non-controlling interests	4,993	8,543
Total	25,360	24,109

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

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Condensed consolidated statement of financial position

x € 1,000	Note	30.06.2022	30.06.2021	31.12.2021
Non-current assets				
Goodwill	7	88,827	63,608	65,092
Other intangible assets		51,510	56,375	54,061
Property, plant and equipment		42,767	37,776	38,078
Right-of-use assets		76,643	66,372	60,680
Investments in associates		2,868	2,678	2,783
Receivables		1,234	1,792	1,234
Deferred tax assets		2,790	1,453	2,300
		266,639	230,054	224,228
Current assets				
Inventory	8	452,221	375,582	381,763
Trade receivables	9	204,772	167,506	195,038
Corporate income tax receivables		17,077	5,287	6,090
Other tax receivables		20,444	13,280	17,023
Other receivables		27,355	27,071	21,027
Cash and cash equivalents		16,013	14,442	12,547
		737,882	603,168	633,488
Total assets		1,004,521	833,222	857,716

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

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Condensed consolidated statement of financial position

x € 1,000	Note	30.06.2022	30.06.2021	31.12.2021
Equity attributable to				
Owners of the Company		277,179	233,760	264,164
Non-controlling interest		44,485	33,321	39,107
		321,664	**267,081**	**303,271**
Non-current liabilities				
Loans and borrowings	10	183,075	43,955	180,956
Lease liabilities		74,303	56,459	58,344
Deferred tax liabilities		10,645	10,105	10,966
Retirement and other employee benefit obligations	14	1,677	1,062	1,359
Other provisions		990	1,500	1,002
Other liabilities	12, 13	32,934	46,769	39,089
		303,624	**159,850**	**291,716**
Current liabilities				
Loans and borrowings	10	160,803	220,769	59,925
Lease liabilities due within one year		11,750	10,815	11,035
Trade payables		138,544	100,967	106,652
Corporate income tax liabilities		15,276	4,832	9,157
Other tax liabilities		8,453	8,232	9,791
Other current liabilities		44,407	60,676	66,169
		379,233	**406,291**	**262,729**
Total equity and liabilities		**1,004,521**	**833,222**	**857,716**

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

Condensed consolidated statement of changes in equity

x € 1,000							2022
	Paid-up share capital	Hedging reserve	Translation reserve	Retained earnings	Total attributable to Owners	Non-controlling interest	Total equity
Opening balance at	5,051	(31)	(175)	259,319	264,164	39,107	303,271
Total comprehensive income							
• Profit for the period	-	-	-	12,287	12,287	4,442	16,729
• Other comprehensive income for the period	-	(1,075)	9,155	-	8,080	551	8,631
	-	(1,075)	9,155	12,287	20,367	4,993	25,360
Other transactions							
• Dividend	-	-	-	(15,152)	(15,152)	(6,000)	(21,152)
• Share-based payments	-	-	-	450	450	-	450
• Profit share certificates	-	-	-	-	-	262	262
• Acquired in business combinations	-	-	-	-	-	7,500	7,500
	-	-	-	(14,702)	(14,702)	1,762	(12,940)
Deferred payment FragranceNet							
• Reclassification to non-current liabilities*	-	-	-	-	-	2,356	2,356
• Fair value adjustment non-current liabilities*	-	-	-	7,204	7,204	-	7,204
	-	-	-	7,204	7,204	2,356	9,560
Deferred payment French beauty Company							
• Reclassification to non-current liabilities*	-	-	-	-	-	(3,733)	(3,733)
• Fair value adjustment non-current liabilities*	-	-	-	146	146	-	146
	-	-	-	146	146	(3,733)	(3,587)
Closing balance at June 30,	5,051	(1,106)	8,980	264,254	277,179	44,485	321,664

** Reference is made to note 12 and 13 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.

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Condensed consolidated statement of changes in equity

x € 1,000							2021
	Paid-up share capital	Hedging reserve	Translation reserve	Retained earnings	Total attributable to Owners	Non-controlling interest	Total equity
Opening balance at January	5,051	1,066	(5,360)	255,618	256,375	50,527	306,902
Total comprehensive income							
• Profit for the period	-	-	-	14,698	14,698	7,097	21,795
• Other comprehensive income for the period	-	(980)	1,848	-	868	1,446	2,314
	-	(980)	1,848	14,698	15,566	8,543	24,109
Other transactions							
• Dividend	-	-	-	-	-	(11,820)	(11,820)
• Share-based payments	-	-	-	450	450	-	450
• Acquisition non-controlling interest	-	-	-	(34,255)	(34,255)	(14,245)	(48,500)
	-	-	-	(33,805)	(33,805)	(26,065)	(59,870)
Deferred payment FragranceNet							
• Reclassification to non-current liabilities	-	-	-	-	-	316	316
• Fair value adjustment non-current liabilities	-	-	-	(4,376)	(4,376)	-	(4,376)
	-	-	-	(4,376)	(4,376)	316	(4,060)
Closing balance at June 30,	5,051	86	(3,512)	232,135	233,760	33,321	267,081

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

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Condensed consolidated statement of cash flows

x € 1,000 (for six-month period ended June 30)	Note	2022	2021
Profit for the period from continuing operations		16,729	21,795
Adjustments for:			
Taxation on the result		4,759	6,694
Share of profit of associates		1	22
Financial expenses		3,358	1,987
Depreciation right-of-use assets		5,861	5,597
Depreciation		3,732	3,782
Amortisation		6,152	5,743
Provisions		213	44
Non-cash share-based payment expense		450	450
Other non-cash movements		(119)	223
Operating cash flows before movements in working capital		**41,136**	**46,337**
Decrease / (increase) in inventory		(63,133)	(67,309)
Decrease / (increase) in trade receivables		(7,165)	28,122
Decrease / (increase) in other tax receivables		(3,421)	(1,985)
Decrease / (increase) in other receivables		(3,598)	(9,372)
Increase / (decrease) in trade payables		24,781	(1,510)
Increase / (decrease) in other taxes and social security charges		(1,337)	(3,193)
Increase / (decrease) in other current liabilities		1,722	(5,024)
Cash generated by operations		**(11,015)**	**(13,934)**
Income taxes paid		(9,537)	(12,547)
Interest paid		(3,242)	(2,580)
Net cash from operations		**(23,794)**	**(29,061)**

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)	Note	2022	2021
Interest received		-	21
New loans to associates and third parties		-	(348)
Net cash outflow on acquisition of subsidiaries	16	(53,763)	(10,000)
Payment for property, plant and equipment		(7,550)	(4,159)
Payment for intangible assets		(652)	(827)
Proceeds from disposals		861	88
Net cash from investing activities		**(61,104)**	**(15,225)**
Repayments on loans from banks		(404)	(5,670)
Repayments on lease liabilities		(5,212)	(5,422)
Transaction costs related to loans and borrowings		(50)	-
Dividend paid to non-controlling interests		(5,770)	(11,820)
Changes in credit facilities		99,800	42,770
Net cash from financing activities		**88,364**	**19,858**
Balance at January 1,		12,547	38,870
Movement		3,466	(24,428)
Balance at June 30,		**16,013**	**14,442**

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, L-6933, Mensdorf, G.D. Luxembourg.

2 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 Group’s consolidated financial statements as at and for the year ended December 31, 2021. To the extent relevant, all IFRS standards and interpretations including amendments that were issued and effective from January 1, 2022, have been adopted by the Group from January 1, 2022. These standards and interpretations had no material impact for the consolidated financial statements of the group. All IFRS standards and interpretations that were issued but not yet effective for reporting periods beginning on January 1, 2022 have not yet been adopted.

2.1 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 2022, from January 1, 2022 to June 30, 2022, inclusive. The comparative figures cover the corresponding period in 2021.

The interim condensed consolidated financial statements for the six-month period ended June 30, 2022 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 at December 31, 2021 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 22, 2022 by the Company’s Executive Board.

2.2 Non-GAAP measures

Gross Profit is used to provide insight in the gross profit realised on the sale of products to customers and as such used to measure performance of product lines, customer groups and companies. The gross profit is calculated by deducting the purchase value of items sold from the realised turnover.

EBITDA is one of the measures that the Executive Board uses to assess the performance of the Group and its operating segments. EBITDA is defined as 'Operating result' adjusted for 'Depreciation and amortisation'.

The following financial covenants are applicable:

- Leverage Ratio: Net Debt / Adjusted EBITDA;
- Interest Coverage Ratio: 'Operating result' to Net Finance Charge.

Net debt is defined as interest bearing liabilities minus cash and cash equivalents. Net Debt specifies the exposure towards banks and other lenders and is also used to measure compliance with bank covenants. Net Debt can be reconciled to the balance sheet as follows:

x € 1,000	30.06.2022	30.06.2021	31.12.2021
Lease liabilities due within one year	11,750	10,815	11,035
Loans and borrowings, current	160,976	220,769	59,925
Lease liabilities	74,303	56,459	58,344
Loans and borrowings, non-current	183,764	43,955	177,955
Cash and cash equivalents	(16,013)	(14,442)	(12,547)
	414,780	317,556	294,712

Adjusted EBITDA is for the purpose of calculating the financial covenant. Adjusted EBITDA is defined as:

a) EBITDA for the last twelve months (the Relevant Period) adjusted by the EBITDA of a member of the Group acquired during the Relevant Period as if the acquisition occurred on the first day of such Relevant Period and;
b) excluding the EBITDA attributable to any member of the Group disposed of during the Relevant Period for that part of the Relevant Period as if the disposal occurred on the first day of such Relevant Period.

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Net Finance Charge is defined as interests related to bank facilities including interests on lease liabilities, other interests and interests received.

2.3 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, 2021.

2.4 Fair value and fair value estimation

The fair values of our monetary assets and liabilities as at June 30, 2022 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 or liabilities carried at fair value through profit or loss compared with the method and hierarchy disclosed in our consolidated financial statements as at December 31, 2021.

2.5 Political and economic uncertainties

Management has evaluated the potential impact of global political and economic uncertainties on company results, statement of financial position and cash flows. The continued influence of the Russia-Ukraine war on commodity and energy prices and consequently purchase prices and sourcing opportunities are expected to pressure sales and margins for FY 2022 especially in the Beauty and Liquor segment. In addition, the zero-covid policy in parts of Asia will pressure sales and margins to Asian markets especially in our Liquor business. And although the diversified business lines of B&S are relatively robust during economic hardship, inflation and the risk of a global recession are expected to influence consumer buying behavior which could affect activities (primarily) in the premium beauty and liquor segment. We will continue to reassess these impacts as the situation unfolds.

3 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 B&S Liquors and B&S Beauty segment are generating the vast majority of its turnover and profitability in the second half of the year, however it should be noted that the developments with respect to the political and economic uncertainties might influence this pattern. It should also be noted that despite the global lifting of COVID-19 restrictions there remains uncertainty and the future developments with respect to the COVID-19 pandemic might influence this pattern.

4 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 Operating 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: B&S Liquors, B&S Beauty, B&S Personal Care, B&S Food, B&S Health and B&S Retail.

B&S Liquors is active as a global distributor of branded premium liquors to wholesalers, e-commerce platforms and consumers. B&S Liquors has its headquarters in Delfzijl, the Netherlands.

B&S Beauty mainly distributes and sells branded premium fragrances and cosmetics to consumers, wholesalers and e-commerce platforms. B&S Beauty has its headquarters in Delfzijl, the Netherlands.

B&S Personal Care distributes and sells branded premium personal and home care products to mainly value retailers. B&S Personal Care has its headquarters in Oud-Beijerland, the Netherlands.

B&S Food is active as a specialty distributor for a wide range of branded premium food and beverages to duty-free, remote, retail and maritime markets. B&S Food has its headquarters in Dordrecht, the Netherlands.

B&S Health distributes and sells branded premium medical products and equipment to maritime and remote markets, pharmacies and travel clinics. B&S Health has its headquarters in Dordrecht, the Netherlands.

B&S Retail operates retail stores at international airports, regional airports and other 'away from home' locations, where it sells branded premium consumer electronics and multi-category assortments. B&S Retail has its headquarters in Hoofddorp, the Netherlands.

The activities of the holding companies are group-wide activities including finance, ICT, human resource management and marketing. Costs incurred at Group level for business units have been allocated as much as possible to the operating segments. The results of the holding activities are separately reported to the Executive Board and are present on the line 'Holding & Eliminations'.

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x € 1,000 (for six-month period ended June 30)	2022	2021
Turnover		
B&S Liquors	318,354	230,869
B&S Beauty	315,967	302,044
B&S Personal Care	136,908	124,743
B&S Food	153,031	132,923
B&S Health	22,751	22,456
B&S Retail	36,218	10,515
Holdings & Eliminations	(1)	1
	983,228	823,551
Gross profit		
B&S Liquors	33,557	23,520
B&S Beauty	56,169	57,628
B&S Personal Care	21,442	19,213
B&S Food	14,189	19,380
B&S Health	3,941	3,795
B&S Retail	9,106	2,338
Holdings & Eliminations	580	960
	138,984	126,834
EBITDA		
B&S Liquors	16,536	9,378
B&S Beauty	18,924	27,699
B&S Personal Care	10,165	8,439
B&S Food	(2,640)	3,737
B&S Health	905	983
B&S Retail	315	(3,847)
Holdings & Eliminations	(3,615)	(769)
	40,590	45,620
Result before taxation		
B&S Liquors	14,205	7,619
B&S Beauty	14,096	23,681
B&S Personal Care	7,120	5,691
B&S Food	(6,897)	(456)
B&S Health	36	122
B&S Retail	(300)	(4,568)
Holdings & Eliminations	(6,772)	(3,600)
	21,488	28,489

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x € 1,000	30.06.2022	30.06.2021
Total assets		
B&S Liquors	267,030	197,348
B&S Beauty	378,230	299,745
B&S Personal Care	197,676	152,605
B&S Food	213,251	219,586
B&S Health	27,907	27,436
B&S Retail	46,480	42,782
Holdings & Eliminations	(126,053)	(106,280)
	1,004,521	833,222

x € 1,000	30.06.2022	30.06.2021
Total liabilities		
B&S Liquors	208,611	164,950
B&S Beauty	207,605	172,270
B&S Personal Care	127,631	95,176
B&S Food	147,490	138,338
B&S Health	15,179	14,551
B&S Retail	34,387	32,195
Holdings & Eliminations	(58,046)	(51,339)
	682,857	566,141

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5 Turnover

The revenue per product group is as follows:

x € 1,000 (for six-month period ended June 30)	2022	2021
Liquors	326,935	235,371
Beauty	315,967	302,044
Personal Care	136,908	124,743
Food	154,807	133,524
Health	22,751	22,456
Electronics	25,860	5,413
	983,228	823,551

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

x € 1,000 (for six-month period ended June 30)	2022	2021
Europe	519,453	427,039
America	179,999	159,738
Asia	173,398	133,506
Africa	39,498	25,699
Middle East	65,271	71,697
Oceania	5,609	5,872
	983,228	823,551

6 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.

7 Goodwill

Goodwill is not amortised but tested for impairment annually and whenever specific indicators require such testing.

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8 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 € 0.7 million (HY 2021: € 0.9 million).

9 Trade receivables

Management has updated its assessment of expected credit losses, resulting in an increase of the allowance for impairment of trade receivables by € 7.2 million (HY 2021: € 0.1 million).

10 Loans and borrowings

As per June 30, 2022, Net Debt amount to € 414.8 million (June 30, 2021: € 317.6 million / December 31, 2021: € 294.7 million), the Leverage Ratio is 3.7 (June 30, 2021: 3.2 / December 31, 2021: 2.6) and the Interest Coverage Ratio is 11.6 (June 30, 2021: 16.3 / December 31, 2021: 15.3).

With the present Leverage Ratio and Interest Coverage Ratio, B&S Group S.A. is within the covenants agreed with the various financial institutions of a maximum Leverage Ratio of 4.0 or a maximum Leverage Ratio of 4.5 after a considerable acquisition and a minimum Interest Coverage Ratio of 4.0. These agreed covenants are the same for all financial institutions who are involved in the borrowings from banks.

11 Dividend

The proposed dividend of € 15,152,000 was approved by the General Meeting of the Shareholders on May 17, 2022. The approved dividend is recognised as a liability as at June 30, 2022. The dividend has been paid on July 4, 2022. During the corresponding period in 2021 no dividend has been proposed and paid.

12 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)	2022	2021
Opening balance at January 1,	38,349	41,850
Reclassification from 'Non-controlling interest'	(2,356)	(316)
Fair value adjustment	(7,204)	4,376
Closing balance at June 30,	28,789	45,910

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.

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13 Deferred payment French beauty Company

The movements in ‘Deferred payment French beauty company’ can be specified as follows:

x € 1,000 (for six-month period ended June 30)	2022	2021
Opening balance at January 1,	-	-
Reclassification from 'Non-controlling interest'	3,733	-
Fair value adjustment	(146)	-
Closing balance at June 30,	3,587	-

In May 2022 the Group acquired 70% of the shares of French based Beauty company. As part of the acquisition, put and call options have been written on the purchase by B&S Beauty B.V. of an additional 15% of the shares. The exercise date of the put and call options on effectively 15% of the shares is three years after closing date (effectively May 12, 2025), during a three-year period. The seller may exercise the put option between January 1 and June 30 of each year of the put option period. The purchaser may exercise the call option between July 1 and December 31 of each year of the call option period.

The put and call option have a similar strike price. The exercise price is the higher price of (a) € 3,750,000 (15% of the purchase price at acquisition date) and (b) multiple that is dependent on the EBITDA of the Beauty company of the year prior to execution of the option minus net financial debt as per financial year end prior to executing the option x 15%. 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 German 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.

14 Share-based payments

Share appreciation rights (cash-settled)

On February 22, 2021, the Group granted 145,000 share appreciation rights (SARs) to the CEO and CFO that entitle them to a cash payment after three years of service. All SARs are still outstanding at June 30, 2022 and none have vested yet. The SARs can be exercised during three years after vesting (from February 22, 2024 to February 22, 2027). The amount of the cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise. Total carrying amount of liabilities for SARs as per June 30, 2022 is € 0.1 million. An amount of € 0.2 million related to the Cash-settled share-based payments (SARs) has been released in the employee benefit expenses.

The fair value of the SARs at grant date is determined using the Black-Scholes model. The fair value of the liability, classified as an employee benefit liability, is remeasured at each reporting date and at settlement date.

The inputs used in the measurement of the fair values at grant date and measurement date of the SARs were as follows:

	30.06.2022	Grant date 22.2.2021
Fair value	€ 1.38	€2.56
Share price	€ 5.00	€7.34
Exercise price	€ 7.34	€7.34
Expected volatility (weighted-average)	61.63%	59.36%
Expected life (weighted-average)	3.15 years	3.00 years
Expected dividends	2.00%	2.00%
Risk-free interest rate (based on government bonds)	0.439%	(0.456%)

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

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15 Related party transactions

Associates

The following entities are considered as associates of the Group:

- Comptoir & Clos SAS, France (in liquidation)
- 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)	2022		2021	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	500	264	234	140
Purchase of products and services	431	240	982	78
Interest received on loans issued	18	23	19	8
Loans issued	-	150	-	150
Other receivables	-	762	-	1,200
Charged costs	126	-	85	9

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Entities with joint control or significant influence over the entity

The table below sets out the transactions with entities where the main shareholders and/or one or more Executive Board have joint control or significant influence over the entity. The main shareholder and the Executive Board as well as the entities they control that are not part of the Group, are considered to be related parties:

x € 1,000 (for six-month period ended June 30)	2022		2021	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	6,011	1,124	5,640	690
Purchase of products and services	2,810	275	10,023	276
Premises rented	3,015	798	3,930	238
Other receivables	-	4,556	-	9,190
Tangible fixed assets	-	550	-	-
Loans received	-	1,500	-	1,500
Loans issued	-	-	-	-
Operating expenses	-	97	478	10

16 Acquisitions

On May 12, 2022, the Group acquired 70% of the shares and voting interest of a France based beauty company, with an option for B&S Group to acquire an additional 15% after three years. The company services consumers via closed online platforms (members only), via its B2C web shop and via its physical stores throughout France. This is in line with B&S' existing online and physical direct-to-consumer channels. The network of brands that the company partners with is a strategically strong addition to the existing B&S Beauty network, providing direct access to brand owners in the premium Beauty segment. The acquisition is fully consolidated from the date on which the Group gained control, which was May 12, 2022. The acquisition price is € 17.5 million. The acquisition is accounted for using the acquisition method.

The fair value of the intangible assets is pending on completion of an independent valuation and not determined yet. The provisional goodwill is mainly attributable to the combination of the services which will be provided to consumers via closed online platforms (members only), via B2C web shop and via its physical stores throughout France. None of the provisional goodwill is expected to be deductible for income tax purposes.

The assets acquired and liabilities recognised at the dates of the acquisitions can be specified as follows:

x € 1,000	
Non-current assets	
Goodwill and other intangible assets	20.3
Property, plant and equipment	0.2
Right-of-use assets	2.8
Current assets	
Inventory	7.3
Trade receivables	2.6
Other receivables	3.5
Cash and cash equivalents	2.2
Current liabilities	
Borrowings due within one year	(1.5)
Lease liabilities due within one year	(0.5)
Trade payables	(7.1)
Other current liabilities	(0.1)
Non-current liabilities	
Loans and borrowings	(2.4)
Lease liabilities	(2.2)
Provisions	(0.1)

The provisional goodwill and other intangible assets of € 19.9 million arising on this acquisition can be specified as the total consideration of € 17.5 million, plus the non-controlling interest of € 7.5 million, less the fair value of the identifiable net assets of € 5.1 million which are acquired.

The Group incurred acquisition-related costs of € 0.3 million on external legal fees and due diligence costs. The acquisition-related costs are included in the other operating expenses.

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Impact of acquisitions

The acquisitions contributed € 4.5 million revenue and € (0.1) million to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisitions had been completed on the first day of the financial year, Group revenues for the year would have been € 8.2 million higher and Group profit would have been € 0.2 million higher.

At June 30, 2021 the group acquired an additional 16.42% of the shares of J.T.G. Holding B.V. and J.T.G. W.W.L. S.à r.l. for an amount of € 48.5 million of which € 38.5 million was paid in January 2022.

17 Subsequent events

There were no material events after June 30, 2022 that would have changed the judgement and analysis by management of the financial condition as at June 30, 2022 or the result for the interim period ended June 30, 2022 of the Group.

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King of Reach