Enhancing synergies

Annual report 2021

B&S

King of Reach

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Celebrate friendship

Introduction

B&S is a tech company in the consumer goods industry with a very strong global network. We bring parties in the value chain all over the world together that are in many ways difficult to connect.

Facts & figures

People & Culture

Headcount
2,008 [ex. temporary help]

M / F ratio
53.0% / 47.0%

Nationalities / continents
57 / 4

Turnover
615

Average tenure
5.6

Average age
37.6

Sustainable operations

AEOS & AEOC status
since 2008

ISO 22000 certified
since 2012

ISO 9001 certified
since 2020

ISO 14001 certified
since 2020

USAPHC approved

Officially registered supplier to UN global market place

Member UN Global Compact
since 2010

Commercial focus / Financial performance

Organic turnover growth
[0.3%]

Acquisitive turnover growth
0.7%

EBITDA margin
6.2%

Return On Invested Working Capital
24.8%

Net debt / EBITDA
2.5

Key figures 2021

Consumer goods
6
main focus areas
All premium brands

Turnover (in millions)
€1,869.5
2020: €1,861.8
↑ 0.4%

EBITDA (in millions)
€116.4
2020: €90.3
↑ 28.9%

Global spread of customers
>100
countries

Net cash (in millions)
€14.8
2020: €147.0

Employees
2,008
57 nationalities
on 4 continents

Key events 2021

January

Ken Lageveen joins leadership team of B&S as Chief Operations Officer.

March

B&S Food launches e-com platform to provide wholesale customers globally with easy access to the full assortment on a 24/7 basis.

April

B&S introduces updated strategy and new operating segment structure to increase efficiency and speed up decision making.

May

The HQ of **B&S Food** and **B&S Health** in Dordrecht, the Netherlands refurbishes nearly 35,000 m² roof to realise 25,000 KG CO_2 reduction

June

B&S starts construction of new warehouse in Kolham, the Netherlands to facilitate expansion of the **B&S Personal Care** segment.

B&S increases majority stake in JTG and subsequently FragranceNet.com, therewith further aligning the companies in the **B&S Beauty** segment.

August

Arben Hajrullahu joins leadership team of B&S as Chief Commercial Officer.

September

The HQ of **B&S Food** and **B&S Health** in Dordrecht, the Netherlands starts using solar panels – generating 3,5 megawatts annually.

October

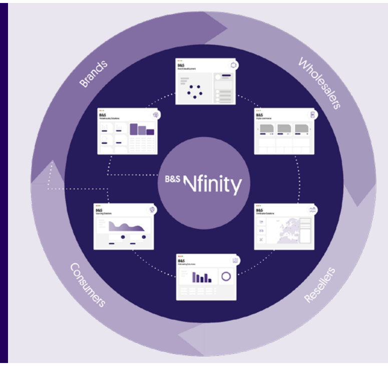
B&S launches Signature Beauty, a new entity in the **B&S Beauty** segment with primary focus on the Luxury Beauty industry.

B&S Retail signs MOU with Qatar International Airport and launches its new digital experience concept at Zurich airport.

November

B&S Beauty rolls out Fragrance.com in Australia and the Middle East.

Overarching technology backbone *B&S Nfinity* is completed to boost all business activities in all product catagories.



In January 2022, B&S Group rebranded as B&S.
B&S rebranding reflects the unification of our operations into one better, stronger B&S. Our evolved corporate and visual identity embody our global reach and tech-driven approach to make premium consumer goods available to everyone, anywhere.

To learn more:
visit www.bs-group-sa.com/welcome-to-bs/

At a glance

Enhancing synergies

Instead of a group of companies, B&S is an integrated company with overlapping customers, services, assortments and channels.

Although our operating segments and business units carry out distinctive propositions, they share the same backbone to enhance synergy and unlock new business potential – all driven by B&S Nfinity.

Our vision

By seamlessly connecting all parties in the value chain through technology, we become the world's leading network for easy access to premium consumer goods.

Our mission

To make premium consumer goods available to everyone, anywhere.

Facts & figures per operating segment

B&S Liquors

Branded premium liquors for wholesalers, e-commerce platforms and consumers.

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	540.9	575.5	(6.0%)
Gross profit	56.9	36.6	55.5%
EBITDA	28.2	12.9	118.6%
EBITDA margin	5.2%	2.2%	

Geographic profile: Europe, Middle East, Asia

Owned labels in our portfolio:

B&S Beauty

Branded premium fragrances and cosmetics for consumers, wholesalers and e-commerce platforms.

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	675.7	646.1	4.6%
Gross profit	126.7	115.6	9.6%
EBITDA	62.4	65.4	(4.6%)
EBITDA margin	9.2%	10.1%	

Geographic profile: USA, Europe, Australia, Asia, Middle East

Owned labels in our portfolio:

B&S Personal Care

Branded premium personal and home care products for value retailers.

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	276.4	262.6	5.3%
Gross profit	46.3	44.3	4.5%
EBITDA	25.3	22.7	11.5%
EBITDA margin	9.1%	8.6%	

Geographic profile: Europe

Owned labels in our portfolio:

Topbrands By B&S

B&S Food

Branded premium food and beverages for duty-free, remote, retail and marine markets.

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	287.2	277.9	3.3%
Gross profit	36.2	37.6	(3.7%)
EBITDA	3.1	3.9	(20.5%)
EBITDA margin	1.1%	1.4%	

Geographic profile: Europe, Africa, Middle East

Owned labels in our portfolio:

Diplomaticshop By B&S

B&S Health

Branded premium medical products and equipment for maritime and remote markets, pharmacies and travel clinics.

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	46.7	55.2	(15.4%)
Gross profit	7.9	10.3	(23.3%)
EBITDA	1.9	4.7	(59.6%)
EBITDA margin	4.1%	8.5%	

Geographic profile: Europe

Owned labels in our portfolio:

LAGAAY MEDICAL By B&S

europort pharmaceuticals By B&S

Dutch Care Supplies By B&S

B&S Retail

Branded premium consumer electronics and multi-category assortments for consumers at travel locations.

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	42.5	44.5	(4.5%)
Gross profit	11.8	8.5	38.8%
EBITDA	(1.5)	(12.0)	87.5%
EBITDA margin	(3.5%)	(27.0%)	

Geographic profile: Europe, Middle East

Owned labels in our portfolio:

CAPI By B&S

Message from the CEO

Dear stakeholders,

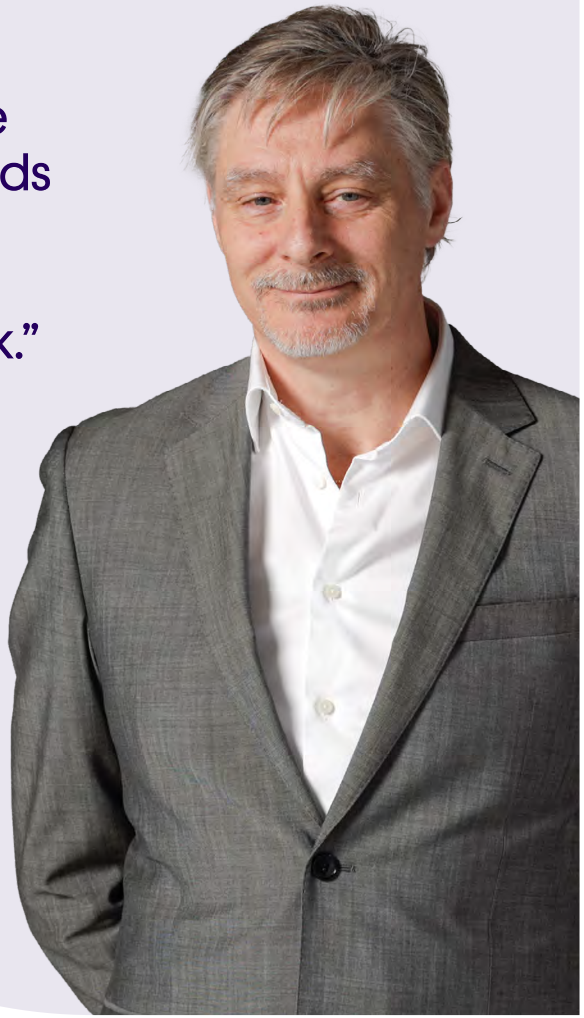
As I write this letter, I reflect on another year that was challenged by the uncertainty of the Covid-19 pandemic, yet encouraging as the shifting dynamics also provided opportunities for change. The disruption on global scale has been a catalyst for digital transformation that created new opportunities for both B&S and our business partners. Amidst the ongoing pandemic, business as usual for us was adapting to these changing circumstances.

We continued to bolster the business that we have but also looked at different business opportunities, particularly e-commerce, which is the youngest business in the B&S portfolio. We've invested in expanding our direct-to-consumer platform, building an overarching e-commerce backbone for both the wholesale and retail sales and also linking our long tail assortments to external reseller platforms. Our growth ambitions in digital commerce are underpinned by an extensive global set-up and supported by our broad network of brands, suppliers, service providers, wholesalers, retailers and consumers.

With that, our mission to make premium consumer goods available to everyone, anywhere enhanced further. I have had the privilege to see it in action throughout 2021. It is exciting to see how our platforms and solutions are enabling consumers and businesses globally to gain access to new assortments, new channels and new ways to grow their business.

"We are a tech company in the consumer goods industry with a very strong global network."

Tako de Haan



> "We encourage employees to act as pioneers and entrepreneurs."

Strategic update
As an outcome of our adaptive and entrepreneurial mindset, in April 2021 we shared our three-year strategy towards a compelling high-tech global brand.
The combination of our strengthened fundaments in a simplified structure, our evolving digital capabilities and commercial focus to expand our reach, resulted in a new set of medium term financial targets. Our set objectives are to realise an average annual organic turnover growth of 7.5% and deliver 6% EBITDA margin in 2021 with at least 25bps increase year on year until 2023. Although delayed market recovery and on and off retail closures pressed 2021 turnover growth, we realised a 6.2% EBITDA margin, therewith beating our target of 6.0%.

Underpinning our medium term expectations are four megatrends that drive expansion for our portfolio of trusted brands and labels. Globalisation, digitisation, disruption and selected distribution ask for a digital focused business partner with unmatched reach throughout the value chain.

With our technology driven logistical set-up we serve wholesalers, resellers and brands end-to-end into places, channels and regions where they desire a (stronger) presence or establishment. Its fuels our strategy towards a high-tech business partner around the globe.

Strategic progress
In executing our 2021 – 2023 strategy we committed to three business priorities to drive long term value:

People & culture
For our People & Culture pillar, a critical topic was adapting to pandemic related challenges and needs. Throughout 2021 we focused on flexible employment and mental health to keep our workforce motivated and healthy. In addition, the 'great conversations' concept was initiated to develop ongoing talks and feedback between managers and their employees. This initiative will launch officially in the first half of 2022.

Sustainable operations
Although we were already embedding sustainable practices towards waste reduction and carbon footprint reduction in our own operations, we are progressing towards shaping our role in contributing to a sustainable value chain. In October, we initiated our 2022 sustainability roadmap. We plan to present our strategic objectives and accompanying targets at the time of our Half Year 2022 results publication.

Commercial focus
Throughout 2021, we delivered a good start to our one brand approach by executing well on our plans and adapting to changing market conditions quickly and adequately. The rebrand trajectory we undertook in 2021 represents our evolved business model with more unity in commercial activities and centralisation of operations within the B&S portfolio.

Even more so, we have delivered a step change in synergy potential of our businesses by unifying our business activities globally under the same B&S label and completing an overarching technology backbone 'B&S Nfinity'. This backbone enables us to service all channels, markets and geographies with our full assortment in one go. It's the bedrock of our vision to become the world's leading network for easy access to premium consumer goods.

With the new strategy, we introduced a Leadership team – recruited internally – to fuel commercial focus based on our 'Business in the lead' principle. Ken Lageveen was appointed as Chief Operations Officer in January, Arben Hajrullahu was appointed as Chief Commercial Officer in August and throughout the year we appointed Managing Directors for each of our newly introduced operating segments.

The progress we have made in 2021 would not have been possible without the engagement and support of our global workforce. We are fortunate to have such resilient, passionate people that breathe our entrepreneurial DNA.

I want to thank each of my colleagues for their unwavering commitment, investment and inspiring optimism during the year. Not only have they navigated the business through another year of global restrictions in the duration of the Covid-19 pandemic; they delivered on opportunities that arose to make progress towards our strategic objectives.

I also thank our shareholders for their support in our updated strategic direction and our suppliers, customers and business partners for their loyalty and for working with us through the pandemic by focusing on opportunities.

Together with our stakeholders, we are **enhancing synergies** for sustainable growth.

On behalf of the Executive Board
Tako de Haan, CEO

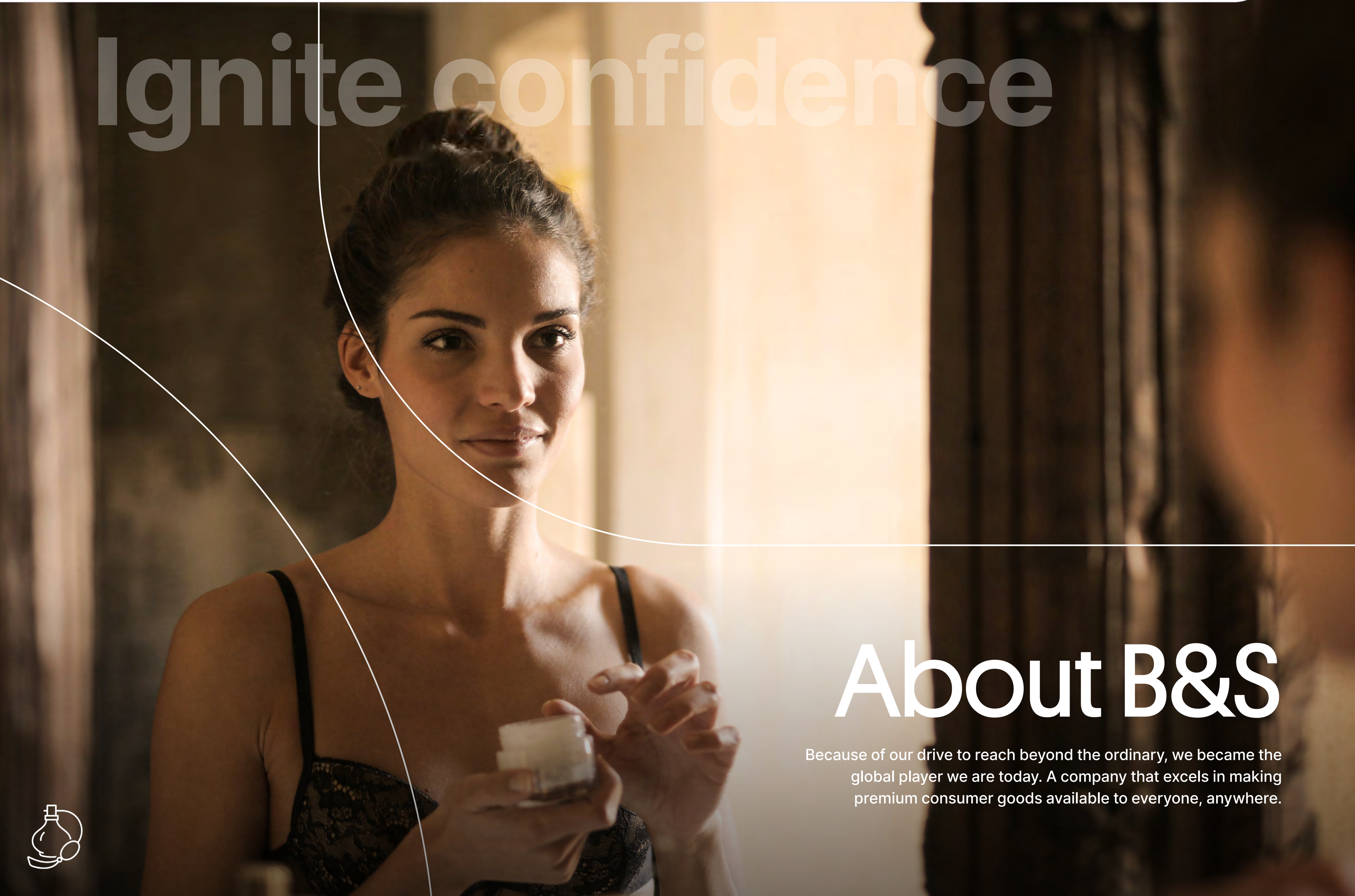
business story

B&S and Alibaba connect European sellers with the Chinese market

By establishing a strong relationship with Alibaba, we bring leading European brands to the thriving Chinese market. As a trusted supplier, Alibaba relies on B&S to expand their assortment with high-demand products, while our partners enjoy the endless opportunities of entering this exciting market.

Read the story

Delivered solutions: Sourcing, Warehousing, Distribution, Digital commerce



Ignite confidence

About B&S

Because of our drive to reach beyond the ordinary, we became the global player we are today. A company that excels in making premium consumer goods available to everyone, anywhere.

History

It were the 1970s when two college friends took on a job for a local Dutch shipping company. The company offered sailing trips on international waters, providing passengers the opportunity to buy tax-free goods in a unique shopping experience.

Recognising the potential of this concept, the two friends developed compelling ads in local newspapers to attract even more passengers. A phenomenal business decision. Passenger demand grew significantly and with that, its sales. A few successful years later, the two friends took over the company. It was the birth of what we know today as B&S. Determined to expand its growth potential, B&S scaled up and grew its product and service portfolio in a rapid pace. Over the next decades, its supply chain capabilities, global network and trading expertise kept evolving in various distinctive markets and channels.

Because of this drive to reach beyond the ordinary, B&S is the global player we are today. A company that excels in making premium consumer goods available to everyone, anywhere.

Dutch by heritage, entrepreneurs by nature

Who we are

B&S is a tech company in the consumer goods industry with a very strong global network. With our digitised supply chain set-up, we serve brands end-to-end into places where they desire (stronger) establishment or in channels and regions where they have no stronghold yet.

Reach

Our entrepreneurial nature drives us to continuously expand our reach by adding new customers, new markets and new channels to complement and extend our business portfolio.

Network

With our ever-growing international network and local presence, we bring suppliers, brand owners, logistics partners, service providers, wholesalers, retailers and consumers all over the world together that are in many ways difficult to connect.

Brands

We partner with the world's premium consumer brands in beauty, liquors, personal care, food, health and consumer electronics to serve millions of consumers daily - either directly or through our wholesaler and reseller partners.

Technology

Powered by our high-tech platform and arising from supply chain expertise, we provide sourcing, ware-housing, distribution, digital commerce, marketing and brand development solutions that enhance choice, speed up delivery, drive conversion and increase reach.

Our way of working

Our way of working aims to ensure that our business partners benefit from the same guiding principles that have delivered the exponential growth of our own business. We have identified four pillars of performance and success that are recognised across all B&S companies and support our entrepreneurial culture. They ensure that every colleague understands what is important, how we work together as a team and how our purpose is at the center of the decisions we make. Leadership behaviors further guide our actions and decision-making so that we do the right thing for the business and our stakeholders, with reward being linked to delivery and performance. This helps create a culture where everyone feels accountable, talent is fostered, and colleagues can achieve their full career potential.

Our why

Our purpose is to connect brands to consumers everywhere. We believe that getting access to consumer products that bring joy and comfort into everyday lives, should be easy around the globe.

Passionate

Being passionate and ambitious and taking pride in our work is ingrained in our DNA. It enables us to continuously renew our offering while staying true to our core strengths.

Curious

Our founders have built the company with their entrepreneurial spirit. That spirit still thrives. We stimulate ideas and encourage initiatives that contribute to sustainable long-term growth.

Reliable

Our actions reflect our commitment to ethics and corporate social responsibility. We manage risks, never compromise on quality and always act honest and respectful.

Personal

We strongly believe that desirable products and services can only come from trusted companies. It's reflected in the way we do business. We focus on long-term business relations and work together with our partners to generate mutual success.

Organisational structure

Based on our 'Business in the lead' principle towards a streamlined and easy-to-understand organisation with a simplified supply chain, we have established a new organisational structure in 2021.

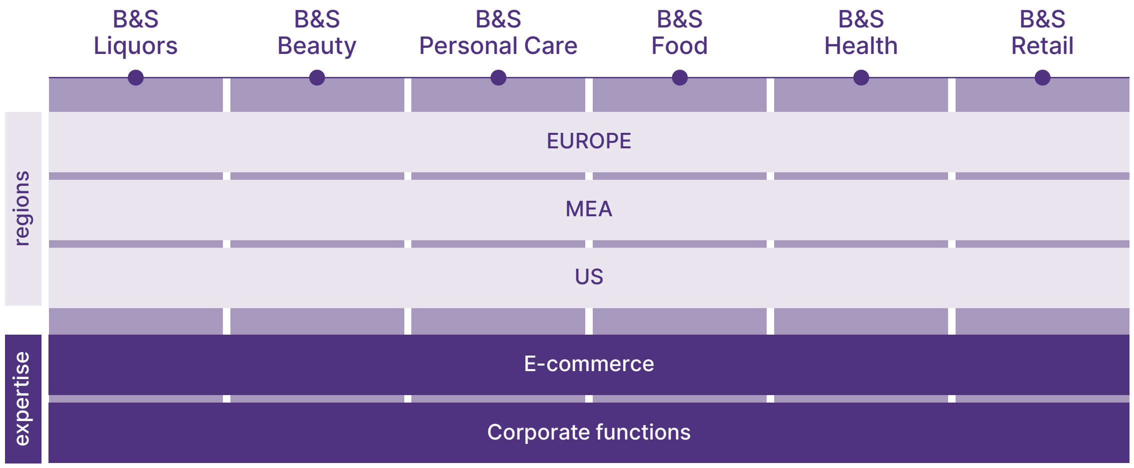
C-level expansion

To enhance progress on the implementation of its 2021-2023 strategy, B&S appointed a Chief Operations Officer and a Chief Commercial Officer in the course of 2021.

Operating segment restructuring

Defining the right balance between focus and accountability was key in the restructuring of our operating segments in 2021. We moved from three business mixed segments to six individually operating category focused segments with full P&L responsibility. Given the key role of geographical expansion in our strategic objectives, our MEA (Middle East & Africa), Europe and US regions were elevated into integrated elements working across all six operating segments. E-commerce was developed into an overarching platform in 2021 speed up growth of digital capabilities across all segments. This was the follow-up of the 2020 IT restructuring that introduced specialisms on corporate level with a dedicated e-commerce discipline. Corporate functions were further established according to the restructuring approach as initiated in 2020 to intensify segmental collaboration, streamline cost levels, support our commercial objectives and simplify communications towards all stakeholders. In 2021 we incorporated the Data Science function to support data-driven decision making across the board.

Executive Board members		Leadership team members	
CEO	CFO	COO	CCO
Strategy Marketing HR Communications IT Legal	Finance & control Tax Treasury Risk & Audit Credit management Reporting	Logistics Facility PMO Data Science Sustainability	Commercial functions B&S Liquors B&S Beauty B&S Personal Care B&S Food B&S Health B&S Retail



Who we connect

- We use our **business acumen, smart logistics and IT** to bring suppliers, brand owners, logistics partners, wholesalers, retailers and consumers all over the world together.
- We don't own a fleet, our **network** is our vehicle: we optimise the value chain by efficiently linking parties that are in many ways difficult to connect.
- Via our **high tech platform** we make the best premium consumer goods available in every corner of the world.

Enabled by our network. Driven by demand. Powered by marketing.

Our markets

We are an ambitious business with a global focus but a champion of the niches from which we originated. We leverage our expertise for deep local relevance in the markets we operate.

Online

Secondary and value retail

Duty-free & travel retail

Domestic / off-trade

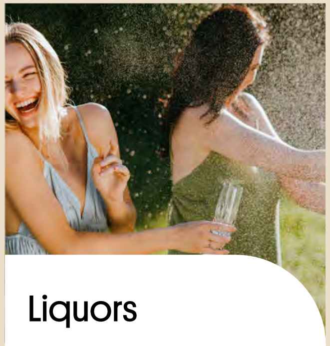
Hospitality / on-trade

Government & Defence

Maritime & Remote

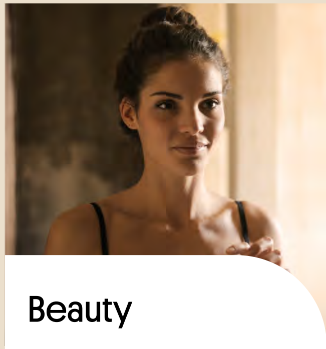
Our assortment focus areas

We partner with the worlds premium consumer brands in six assortment focus areas.



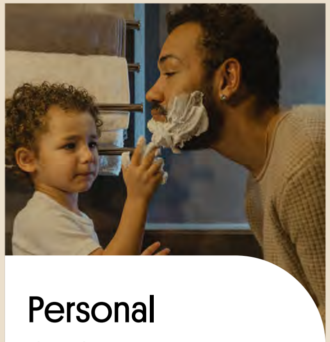
Liquors

Bringing the best liquor brands to consumers worldwide. Because premium liquors deserve premium service.



Beauty

Working with the best beauty brands in the world to bring our customers the products they desire.

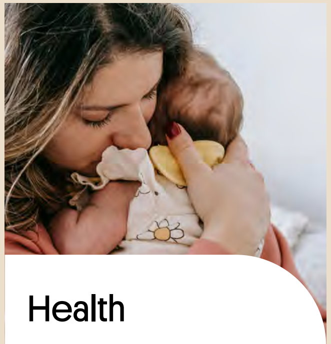


Personal care

Serving as a one-stop partner for personal care, cosmetics, and home essentials.

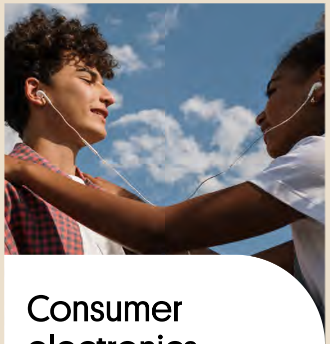
Food

Supplying the best food and beverage brands at the highest food safety standards.



Health

Supplying quality medical supplies, pharmaceuticals, and vaccines around the globe.

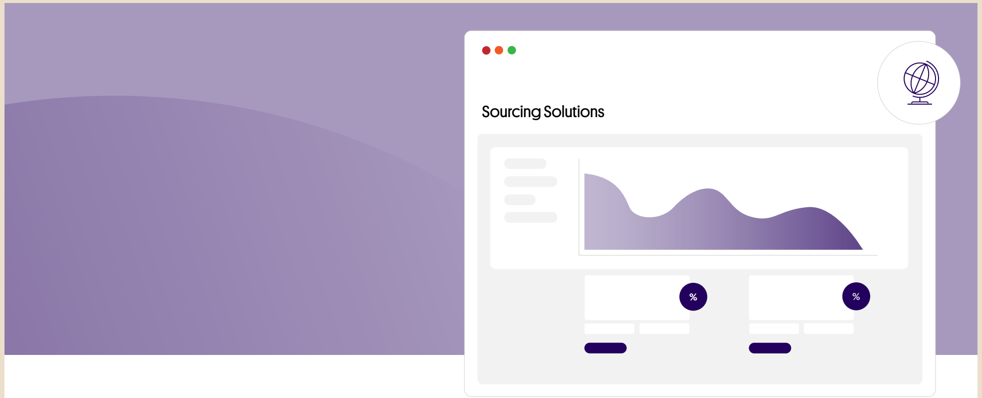


Consumer electronics

Offering high-quality A-brand headphones, smartphones, travel accessories, lifestyle products, and exclusive gadgets.

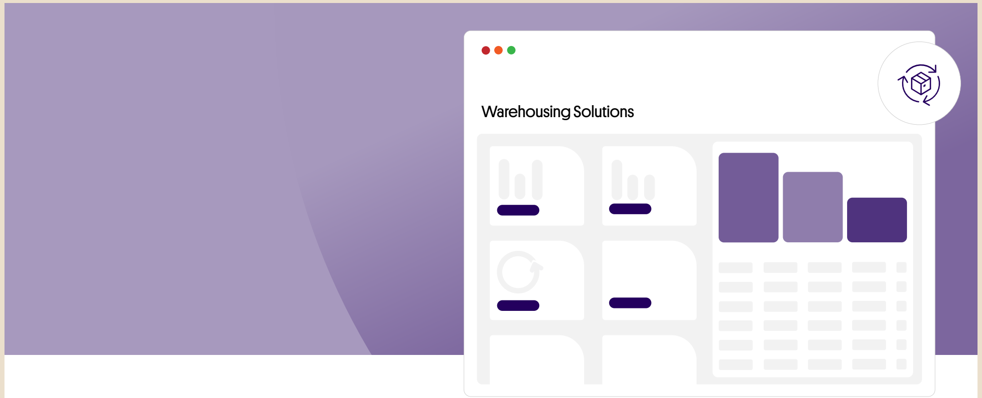
Our solutions

Our solutions are driven by our technology backbone B&S Nfinity. They are delivered cross-sector and underpin our ability to handle a high level of supply chain complexity. It allows us to consistently connect our customers throughout the value chain in the right place, at the right time.



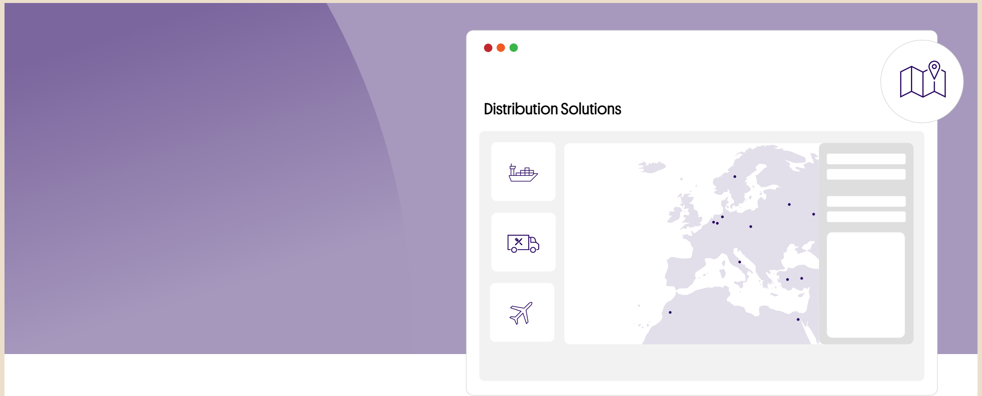
Sourcing

Our sourcing mechanism enables us to act quickly and benefit from sourcing opportunities whenever and wherever they arise. Our BiT Insights tool (Developed within our proprietary Enterprise Resource Planning (ERP) system) provides full internal price transparency and compares real time sourcing prices, trends, and opportunities across our segments and markets.
Our global scale gives access to a vast range of brands and products while our balance sheet allows us to take-in and supply large quantities at favorable prices. This enables us to serve our customers with a large in-stock assortment on demand.



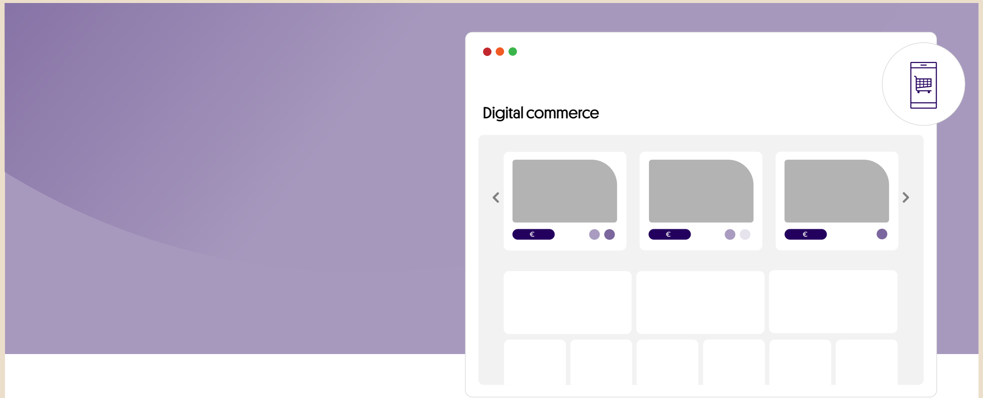
Logistics & Warehousing

Our digitised and automated warehousing solutions speed up operations and resourcefully match demand with efficiently procured supply based on data intelligence. This is all facilitated and supported by our technology backbone B&S Nfinity.
Our logistics expertise enables us to serve difficult to reach markets, while our e-commerce solutions allow for ordering from any location on a 24/7 basis. This enables us to continuously expand our reach, both for ourselves and our business partners.



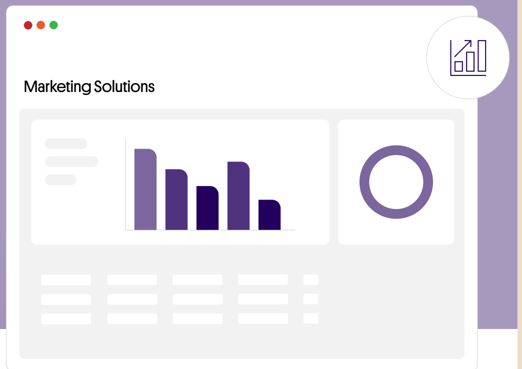
Distribution

We operate a fully bonded supply chain with warehouses that have a registered status to store goods under bond. This allows us to distribute our product assortment internationally without having to pay import duties, VAT or excise duties anywhere other than in the end-market.
Our extensive customs knowledge and regulatory expertise allows for a smooth international supply chain across borders with all relevant paperwork in order, from product sourcing to delivery, from full container loads to drop shipped packages to the doorstep of consumers.



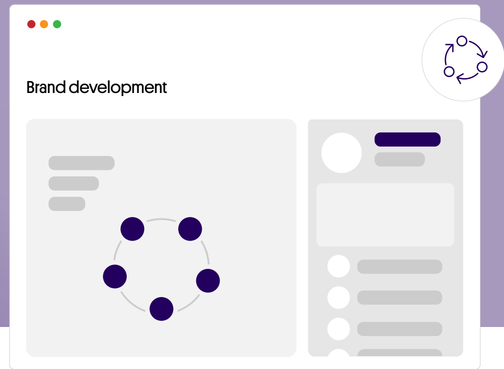
Digital commerce

Our B&S Nfinity backbone brings together the best that B&S has to offer and delivers it in one seamless digital experience. B&S Nfinity powers e-commerce growth of wholesalers, resellers and brands and provides consumers with easy access to premium brands in a digital setting. Through this state-of-the-art platform we connect brands and customers cross-border with e-commerce technology, operations and data.



Marketing

Powered by our cross-sector experience, we help our customers plan and execute powerful B2C and B2B marketing campaigns to grow their business. By combining hypertargeting capabilities, in-house developed brand and product marketing campaigns and deep knowledge of local markets, we can connect brands directly with consumers, decision-makers and influencers around the globe. And by using our experience and exposure as a physical retailer ourselves, we can develop in-store promotions and activations that generate results for our brand partners. All while keeping track of return on investment, aided by our B&S Nfinity backbone.



Brand development

We help established global brands as well as the up and coming grow their brand equity globally. Via a wide variety of channels in our portfolio we connect brands to new and / or non-conventional markets. Our solutions are tailored to the maturity of the brand and can range from development of high-quality product and packaging (together with our industry partners) to tailored marketing services and a detailed distribution plan for a selected new channel. Either the full package or just a single service, we can develop brands in any stage successfully in close cooperation with their owner.

business story

Here to stay: How BALR. became a key player in the fragrance market

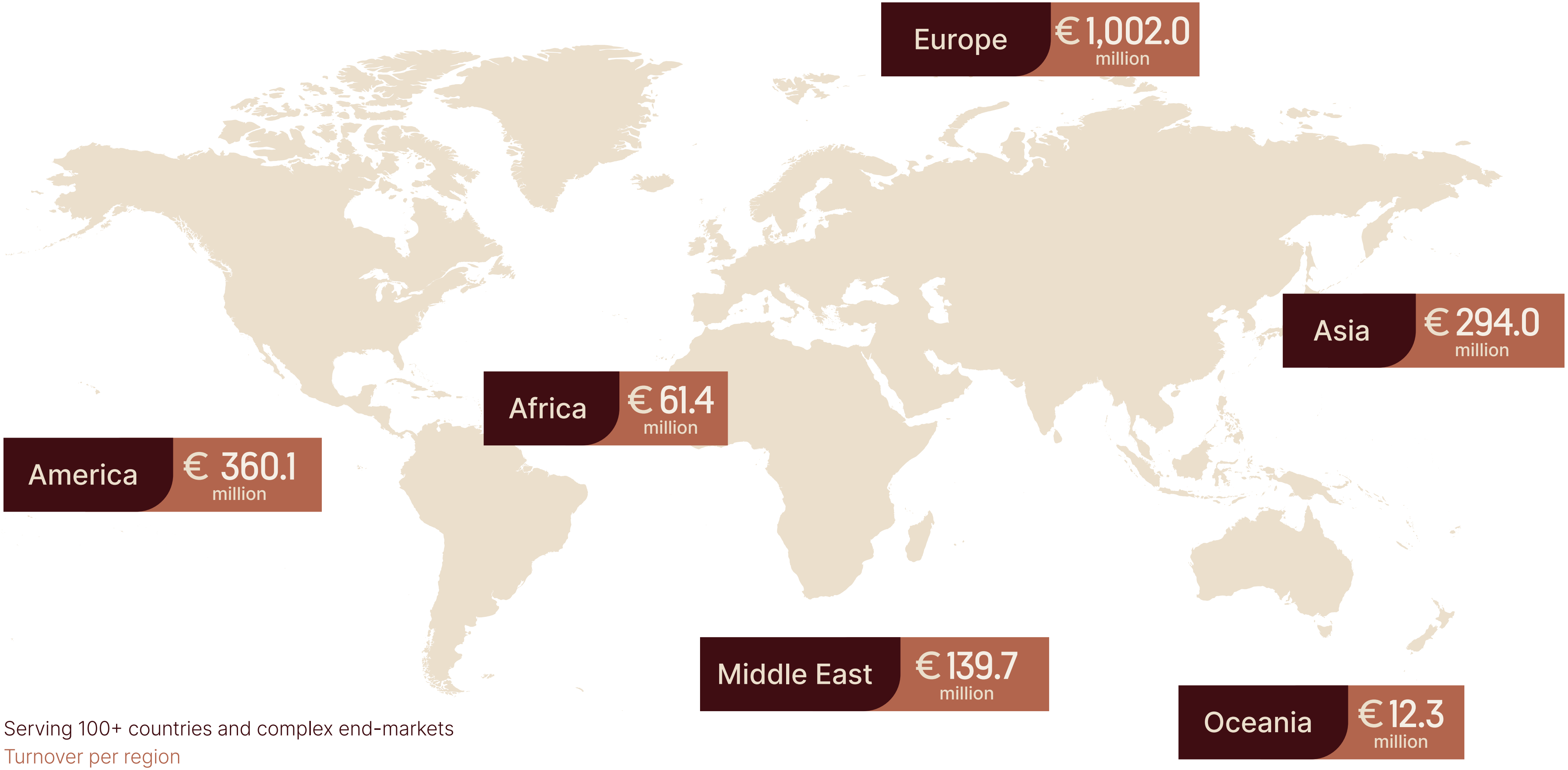
As a strategic partner, we provide tailored solutions to develop and grow brands. Aligned with brands' growth objectives, driven by data, and designed for long-term success. We work with bold companies with ambitious goals. Like BALR. By building on their strong foundation, we developed a luxury perfume line, boosted brand awareness, and created a sustainable revenue stream that will contribute to their international growth.

Read the story

Delivered solutions: Distribution, Marketing, Brand development

Our locations

B&S has strong positions in distinct markets and selected channels in Europe, MEA and US.



Serving 100+ countries and complex end-markets
Turnover per region

Our 2021-2023 strategy: Adapt to win

Our overall focus lies on long term value creation by pursuing sustainable and profitable growth. Going forward we realise that we need to strive to positively impact all our stakeholders. The ability to respond and adapt to changing circumstances and demands from our markets, our business partners and society is key in executing on our strategy.

In April 2021 we presented our strategic direction 2021 - 2023 including the following highlights:

- Strengthened fundaments - Business in the Lead, Digital First and Scalable Operations – to enable turnover and margin improvement;
- One company, one brand, one vision approach in profiling B&S to all its stakeholders;
- Redefined operating segments and corporate support functions to increase efficiency and speed up decision making; (organisational structure)
- Digital Innovation to drive growth, accelerated by:
  - Expanding our global network with growth markets
  - Developing our product portfolio driven by consumer demand
  - Marketing premium consumer goods brands to maximise conversion

One brand approach

The first opportunity to adapt for positive impact, is to articulate clearly as one strong company, instead of a global conglomerate of entities. As B&S, we provide millions of customers globally with their favorite brands of consumer goods on a daily basis yet there is little recognition of the company behind this strong network. The redevelopment of our brand proposition that was launched January 2022, is a first milestone in our one company, one brand approach by linking all business activities to the B&S name. This unified brand proposition will be rolling out across all B&S touchpoints and platforms over the course of 2022.

Financial objectives 2021-2023

Organic turnover growth	>7.5% p.a.	Total >15.0% p.a.
Acquisitive turnover growth	>7.5% p.a	
EBITDA margin	>6.0% + 25 bps p.a.	Dividend Pay out to increase with net debt / EBITDA <2.0
Net debt / EBITDA	<3.0	
Return on Invested Working Capital (ROIWC)	>25%	
Dividend policy	40% pay-out	

Strengthened fundaments for organic growth

Scalable operations

- With close commercial involvement further centralise IT and Logistics towards creating a more lean and focused organisation
- Cluster overlapping segmental business activities to simplify the supply chain and optimise inventory management
- Intensify segmental collaboration by optimising internal processes

Digital first

- Use data driven insights to optimise internal processes and identify commercial opportunities
- Digitise supply chains with commercial tools that support centralised operations
- Continued innovation by embedding digital capabilities in our organisation

Business in the lead

- Capture opportunities for geographical expansion in all business segments
- Cross selling of assortments in new and existing markets
- Explore new Product Market Combinations in adjacent channels or product / category per segment
- Focus on selected markets driven by mega trends (digitisation, globalisation, market disruption)
- Invest in unique positions with compelling advantage
- Drive organic growth through digital and data driven solutions
- Complemented by selective M&A to strengthen niche positions

Target

average organic turnover growth of

7.5% per annum

Introducing the redefined B&S organisation

Opportunities for organic turnover and margin growth are supported by our three regions Business in the Lead, Scalable Operations, Digital First, to speed up company decision making. Our **Business in the Lead** principle has already led to segment reorganisation from three mixed business segments to six category focused segments with clear P&L responsibility. To support all commercial activities centrally at corporate level, we bundled overlapping segment support functions (e.g. marketing, HR, IT, facility, legal) and appointed functional experts internally to head up the function at corporate level.

For customers, this change will optimise access to our global capabilities and experience, allowing for best-in-class solutions along the value chain to speed up decision making, enhance choice and increase reach.

We identified the efficiency gains for our **Scalable Operations** fundament through centralisation of logistics and warehousing solutions. Also, we put a Project Management Office in place to ramp up project efficiency at overarching corporate level.

Scalable operations

Centralised Liquor operation

"In Q1 2021 we initiated consolidation of activities within the Liquor segment. We started by integrating the back-end and creating one eco-system for all Liquor companies. In the first step we integrated the international distribution companies and implemented our proprietary BIT-Insight application for all companies, giving our commercial people all market and pricing information real time to make the correct decisions for the company based on predictive data.

All Liquor companies still operate as separate entities to their markets to foster entrepreneurship and maximise growth within their specialised activities but the procurement, back-end and the market knowledge and data are now centralised.

Apart from the backbone, we initiated the process for physically integrating warehousing to optimise B2B activities and expand into B2C business.

In Q2 we started the process of realising a centralised warehouse with strategic hubs to service a larger long-tail assortment that fits our digital and consumer business concepts. In Q3 our efforts already facilitated the geographical expansion of our online B2C Liquor concept from Spain towards France, Austria, Denmark, Germany and the Netherlands."

**Arben Hajrullahu,
CCO and Managing Director
B&S Liquors**

Digital Innovation

Building B&S Nfinity

Over the years we have built an extensive global network of suppliers, brand owners, service providers and customers. In parallel we have aligned the internal organisation by migrating companies to the same ERP system, lining up our logistics for e-com activities and building the fundament of an e-commerce platform.

As part of our strategic focus we keep expanding this technology backbone under the name **"B&S Nfinity"** where all parties in the value chain get connected and where they tap into the B&S eco system.

B&S Nfinity is our technology backbone that is fully integrated with our ERP system and seamlessly pushes and retrieves order-data from one to a hundred thousand customers per minute.
Through our B&S Nfinity backbone we offer suppliers and brand owners a direct link and connection to our global network of warehousing, distribution services and customers in our various business models – enabling them to serve wholesalers, resellers and consumers alike.

At the other end of our B&S Nfinity backbone we enable our diverse customer base to connect to our digital ordering platform for true digital purchasing experience.

- **Wholesale customers** can order from our closed webshops with easy subscription to get started.
- **Resellers** can use our e-fulfillment solutions through B&S Nfinity. In short, they sell the product to their consumer and B&S picks, packs and delivers to consumers' doorstep.
- B&S Nfinity also caters to our owned B2C business model, offering goods directly to **consumers** through our various webshops.

All data retrieved from B&S Nfinity will help us in further developing our business models, and strengthening our relationships with all customers in the value chain.

Data-driven decision making

Our Data Science discipline was headed up at corporate level in 2021 as a cornerstone of our digital strategy, fueling decision making and platform development by enabling us to determine the next steps in our digital business models.

Data Science supports the daily decision making process with projections and predictions as well as scenario analyses in key focus areas:

- Signaling - what is happening (e.g. significant price changes/ availability of products in our sourcing activities)
- Predicting - (e.g. future sales, purchase advise, people needed in the logistics process)
- Simulation - (Performance of new facilities and existing facilities with suggested changes)
- Optimisation - (locations of hubs, stock allocation in the warehouse, usage of our robotised warehousing, algorithms for put away and pallet stacking)

Digital Innovation
Data Science supporting optimal decision making

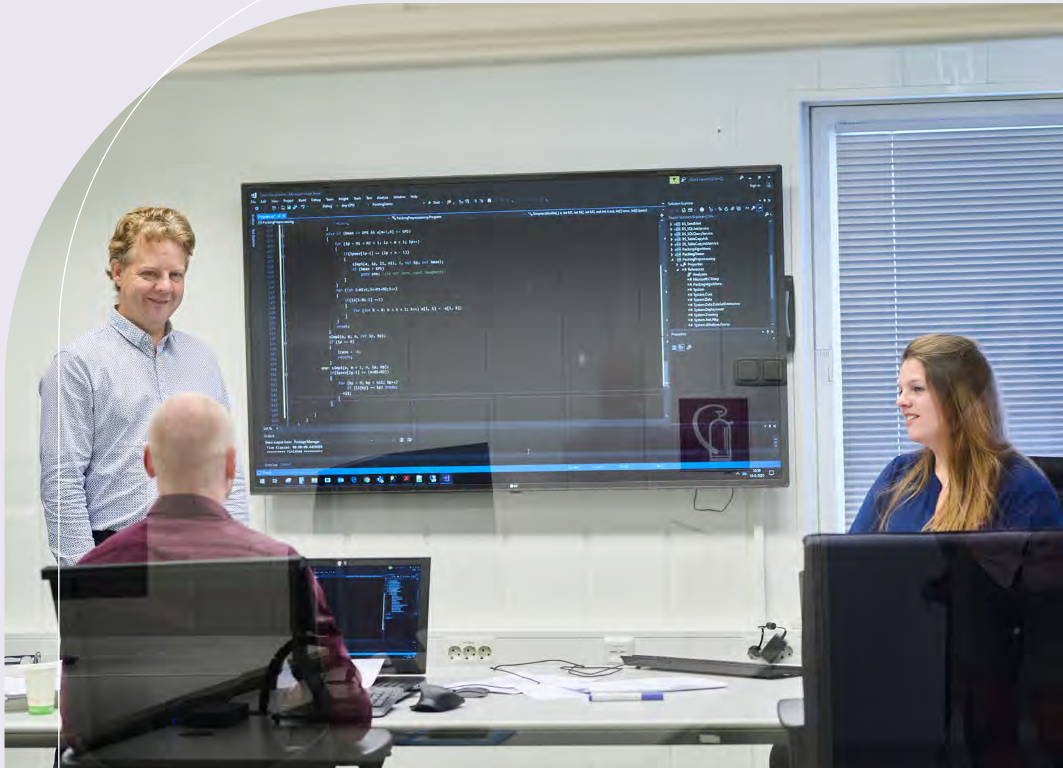
2021 was a step change for our team of Data Scientists and their role within B&S. First of all, the discipline was moved from segment level to corporate level to facilitate all business facets of B&S with relevant data retrieval and analyses. Besides focused projects for certain business units and sub operations, this year we have identified and progressed in key focus areas to support overarching company objectives with data-driven decision making.

One of our focus areas was **joint stocks and assortments**. In 2021, B&S brought its Liquor activities together in a long-tail strategic hub. Determining the location, calculations of assortments and working capital reductions to decide on optimal arrangement of this hub are supported by Data Science. Also, simulations of the new design and level of automation for this hub have been replicated. Together with our colleagues from other departments we managed to go from a classic warehouse environment in our Liquor segment to a warehouse ready for trade B2B, wholesale and B2C activities all in one.

The second focus area was **Algorithms Development**. For our Beauty, Liquors and Retail segments we developed algorithms for monthly and weekly purchase advise over the course of 2021. As an example, in the Retail segment we predicted and automated daily minimum stock levels, reducing complexity for the stores and taking care of redundant stocks per location. Replenishment optimisation throughout the rest of B&S is catered for by using the same algorithm.

We also spend time on **cost reductions and Working Capital improvement**. Here, Data Science helps not only in simulating for new logistics locations and improving current processes; it also supports our daily activities with replenishment for internal logistics & store distribution, short-term workload predictions & people planning and put away and output related predictions and advice.

Another great learning for our Data Science team has been working together with the team of Fragrance.com on **Dynamic Pricing**. With intelligent pricing strategies based on market data and pricing rules, we are able to safeguard a minimum margin target and meanwhile adjusting to the changing conditions real-time. In this manner we can optimise sales and maximise the profit on our items, both at B2B and B2C level.



Acquisition strategy

Selected acquisitions form an integral part of our growth strategy and complement our four strategic focus areas further. Many markets in which we are active are very sizable and highly fragmented by nature, providing ample opportunity for targeted acquisitions that support our philosophy. We maintain a regular dialogue with various market participants to ensure that we are ready to execute on the right opportunities when they occur.

Target

average acquisitive turnover growth of

7.5% per annum

We believe it is important to enter into acquisitions as partnerships or joint ventures, keeping management on board and fostering the entrepreneurship and co-ownership that characterises the B&S DNA. Strict criteria are applied when evaluating and selecting potential acquisition candidates. We remain disciplined on price, offered in combination with an attractive proposition to the selling management and shareholders. This includes their continued involvement and investment in the combined company, ensuring we maximise the benefits of growth and synergies. This secures their business acumen at the front end, while we put our immediate focus on the integration of back office and controls.

All our acquisitions to date were executed to further strengthen our position in the value chain either by adding complementary sourcing routes, by entering into new product categories / regions as an extension to our existing business, or by expanding our role in the value chain by adding direct-to-consumer.
Going forward, we look to further execute our acquisition strategy and build our position in the value chain with carefully targeted companies that match both our business model and our entrepreneurial culture, and that show potential for further organic growth.

Sweet spot of 100-200 M	6-8 times EBITDA	Always majority stake initially, with preferably a total buy out option between 3-5 years	Profitable pre-acquisition (no turnarounds)	Sitting management willing to remain on board in initial phase (5 yrs)	Synergy potential in turnover and / or margin

Acquisition timeline

1872
Start Köpcke

1912
Start Bosman

1948
Start Paul

1974
Butterfahrt founded by Blijdorp & Streng

1999
Acquisition Anker

2001
B&S Segment created as merger of Bosman, Köpcke and Paul

2007
Acquisition JTG

2012
Acquisition Royal Capi-Lux

2013
B&S World Supply founded

2016
Acquisition Topbrands

2017
Acquisition Alcodis

2018
Acquisition FragranceNet.com

2019
Acquisition Lagaay Medical Group

Acquisition Airport shops Weeze & Rotterdam

2020
Acquisition Top Care

Business priorities

The cornerstones of our 2021 – 2023 strategy are our business priorities - People & culture, Sustainable operations and Commercial focus. These are the key enablers to guide B&S through its transformation towards a strong global brand.

People & culture

Being an employer of choice is an essential pillar to execute our strategy. We focus on nurturing talent to become inspirational leaders of the future and attracting digital savvy talent that drives a digital culture. Our people & culture agenda is being tailored to our Digital First approach to enable B&S to be a high-tech business partner and employer. Building on our one brand proposition, we aim to define clear purpose that resonates and that our stakeholders can relate to.

Key priorities

- Providing an entrepreneurial and inspiring environment
- Attracting, retaining and developing a workforce with capabilities that support our growth strategy
- Maintaining high ethical standards with all our stakeholders

More on progress in 2021 in section Results

Sustainable operations

We are building the B&S Brand for future generations. We aim for carbon footprint reduction by rethinking our resources, driving awareness amongst employees and business partners and embedding sustainable ways of working into our daily business operations. We are committed to stepping up our approach and will define core focus areas with corresponding targets in 2022 that link to our strategy.

Key priorities

- Being a responsible, well-respected and reliable organisation while at the same time seizing business opportunities
- Mitigating environmental risks and adhering to all relevant regulations
- Creating opportunities for a sustainable and innovative supply chain

More on progress in 2021 in section Results

Commercial focus

We focus on product-market-channel combinations in business-to-business, business-to-reseller and business-to-consumer where B&S can be a frontrunner and maintain or obtain leading positions by expanding its network, product portfolio and / or drive conversion through marketing. It concentrates on six newly defined operating segments: B&S Liquors, B&S Beauty, B&S Personal Care, B&S Food, B&S Health and B&S Retail to better leverage expertise, identify white spots and drive efficiency supported by our Digital First approach.

Key priorities

- Creating long term value for our stakeholders by pursuing sustainable and profitable growth
- Clear focus on building and expanding unique positions in diversified markets
- Expanding our role in the value chain

More on progress in 2021 in section Results

How we add value

Input

People & Culture

- Highly educated (young) professionals with focus on expanding our business profitably

Sustainable operations

- Connecting supply and demand for consumer goods in niche markets around the globe
- Creating strong barriers to entry by scale, extensive licensing, customs knowledge, robotisation and digitisation

Commercial focus

- Equity and loans help us to invest in the growth of our business to service our stakeholders

Value creation

Connecting the value chain through technology

Delivering premium consumer goods to everyone, anywhere

Output

People & Culture

- 2,008 (ex temporary help)
- 57 Nationalities on 4 continents

Retention of 5.6 years

Sustainable operations

- >40.000 SKUs* available on demand globally with distribution options from bulk supply to drop-shipment
- Long term partnerships based on trust, expertise and mutual growth
- 3,930,000 KwH self-generated solar power

Commercial focus

- Turnover € 1,869.5 million
- 6.2% EBITDA margin
- 2.5 Net debt / EBITDA
- 24.8% ROIWC

Outcomes for stakeholders

Employees

- Inspiring work environment with development and career opportunities

Suppliers & customers

- Global business development in niche markets and specialised channels

Investors

- Long term value creation

Authorities

- Trustworthy partner with strict focus on compliance

Society

- Social and economical inclusion

Contribution to relevant SDGs

* Stock Keeping Unit

Evolving trends to drive growth

We continuously adapt and develop our organisation to benefit from changing conditions in our business environment that support sustainable and profitable growth. In light of our enhanced brand proposition, we consider the following trends most relevant to our operations:

Globalisation: Globalisation asks for tech driven business partners that can work seamlessly around the globe. With operations in Europe, Asia, Africa and America and our digitised supply chain capabilities we can support our suppliers and customers in nearly any location. This further supports our diversification strategy and focus on expansion into new geographies and adjacencies driven by technology.

Digitisation: Digital technologies open new possibilities to serve customers more efficiently and change the way we work. They also provide opportunities for additional services such as data driven sourcing, automated procurement, e-fulfilment and digital campaign development to serve our current customer portfolio as well as develop new business opportunities in our diversified markets, with the main growth driver being e-commerce.

Retail value chain redesign / disruption: Increasing demands from consumers in delivery time and quality require continuous innovation to provide efficient and advanced distribution solutions.
The rise of value channels and shift to online has further increased customer concentration into non-traditional channels. This asks for capabilities in the field of digital lead generation, marketing services and data analytics.
Additionally, more intense and more rapid communications allow consumer everywhere to purchase products anywhere around the globe and to access information about what to buy. This requires a wide and varied online product range that is always in stock and available on demand at attractive pricing.

Selected distribution: In general, there is a clear demand from A-brand owners and suppliers for distribution partners that can offer supply chain simplification and sustainable growth in both emerging and developed markets. The markets and channels in which we operate are highly fragmented and require a partner that can offer a one-stop-shop solution with a wide and relevant range of products.
Suppliers in developed markets are increasingly looking to centralise (parts of) their distribution with selected key partners. Entering into selected partnerships with a reliable and long-term focused partner enables them to outsource (parts of) their business operations and significantly simplify their route-to-market.
Additionally, the specific consumer demands in terms of delivery times and reliability are expected to continue to drive the trend among suppliers, brand owners and manufacturers of outsourcing part of their sales to a selected number of specialty distributors.

Sustainability and climate change: Today the global community is increasingly aware of pressing challenges such as climate change, natural resource scarcities and extreme inequality and poverty. This results in consumers being more mindful of the environmental and social impact of the products they buy. Governments pose increasing regulatory requirements on both supply chain and product transparency. In Europe, the commission pushes towards a uniform sustainability language by adopting the EU Taxonomy in 2021 and pushing large companies to disclose on their added value towards society going beyond merely the creation of financial growth.

What matters to our stakeholders

Creating value for all stakeholders is core to our strategy and long-term growth path. We therefore focus on building and developing meaningful relationships with suppliers, brands, logistics partners, customers, employees and society. Even more so, we enable them all to connect through our unique supply chain solutions.

Employees: Our people are our most important asset. Our experienced and highly-qualified employees are making the difference when it comes to serving our stakeholders. Professional development of our people is key to our future growth and focus on providing an inspiring work environment. We encourage employees to speak their minds and we inform and consult them on key developments regularly both directly and through our Works Councils.

Customers: Our global customer base is widely spread, and includes wholesalers, resellers and consumers. In order to align interests we foster a climate of mutual awareness and understanding. With business customers we focus on long-term partnerships based on expertise and engagement, which enables us to embed sustainable practices that meet diverse needs of all our customers.

Suppliers, brand owners & service providers: We maintain relationships with premium brands and service providers along our value chain globally, engaging in mutually beneficial relationships to simplify the supply chain. All our business relations are subject to strict KYR (Know Your Relation) procedures to ensure that our supply chain is transparent, not in breach with any regulations and that we are not infringing any intellectual property or trademarks.

Investors: Our financial stakeholders play an important role in our long-term strategy to create value. We strive to inform them as completely and transparently as possible on our strategy and financial performance through a variety of communications such as AGMs, conferences, roadshows, press releases, site visits, emails and calls.

Authorities: Ensuring food and product safety, customs compliance and adherence to local rules and regulations in all our international (logistics) operations is of utmost importance. That is why we emphasise on upholding good relations with authorities and governmental bodies throughout our value chain by maintaining close contact and adhering to all relevant rules and regulations.

Society: Although our activities vary widely in their potential impact, we aim to add value for both B&S and society at large. We are involved in numerous partnerships and collaborations with educational institutions, human rights organisations and sector associations to exchange knowledge and know-how and to provide better living conditions for those in need.

“Creating value for all stakeholders is at the core of our strategy.”

Materiality analysis

To identify key material topics that support sustainable and profitable growth, we rely on frequent and open communication with our stakeholders. We are committed to mitigating environmental and social risks related to our operations and creating opportunities for a sustainable and innovative supply chain, while at the same time seizing business opportunities that support our growth strategy. Based on our stakeholder analysis, we conducted a materiality survey among stakeholder representatives that was based on a list of 12 material topics. These material topics were the result of an assessment of 21 initial topics drawn up together with an independent third party and based on ESG benchmarks combined with a media and peer analysis. The assessment took into account the concept of materiality as defined by the Global Reporting Initiative (GRI). Stakeholder representatives were asked to take a survey to rate all 12 material topics on a scale from 1 to 10 based on importance in relation to how they impact these stakeholders, society, the environment and the economy.

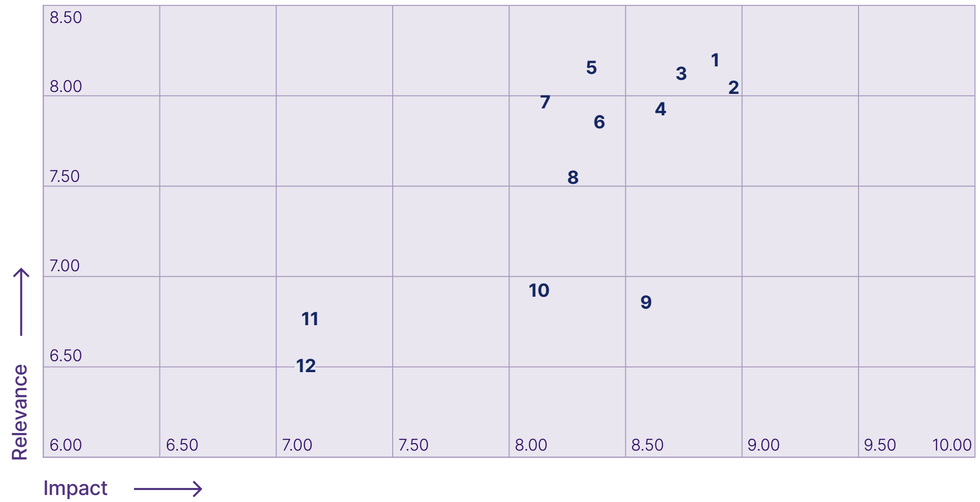
Material topic	Description	Business priority	Relevant to
Governance & accountability	Implementing policies and practices to ensure accountability and risk management by the board and meet stakeholders expectations	Commercial focus	Investors, authorities
Long term partnerships	Upholding good reputation with business partners and focusing on adding value to our partners' businesses to support their growth and our own	Commercial focus	Investors, suppliers, customers
People development	Committing to hire, manage, develop and retain talented employees	People & Culture	Employees, society
Employee well-being	Promoting and protecting the physical and mental well-being of employees and helping employees make more informed decisions to achieve and maintain a healthy lifestyle	Empowered people	Employees
Safety in the workplace	Targeting zero accidents in the workplace and promoting safe employee behaviours in every location were we conduct business	People & Culture	Employees

Material topic	Description	Business priority	Relevant to
Cyber security & data privacy	Setting up and adhering to the right policies and control framework to keep business, customers and employees' data safe.	People & Culture	Employees, customers, suppliers
Business ethics	Upholding ethical principles in the business relationships and activities by adhering to strict internal policies and guidelines to avoid corruption, bribery, fraud and other unethical behaviour	People & Culture	All stakeholders
Waste management	Reducing waste and optimizing opportunities for recovery, reuse or recycling of by-products, and disposing of waste appropriately.	Sustainable operations	All stakeholders
Innovative supply chain	Promoting innovative technology to create new ways of conducting business	Sustainable operations	All stakeholders
Customs compliance	Ensuring compliance with all relevant rules and regulations to uphold our relationship and status with customs authorities	Sustainable operations	Authorities, suppliers, customers
Food safety	Ensuring a high-quality product and preventing health risks arising from use, consumption, handling, preparation and storage throughout the value chain.	Sustainable operations	Authorities, customers
Energy use	Implementing energy saving / energy efficient ways of working and using energy responsibly in our premises and in the value chain	Sustainable operations	All stakeholders

Materiality matrix

Based on the materiality survey and the dialogue that emerged from it, we identified the main topics of importance to our stakeholders and our Board members.

These topics were connected to corresponding business priorities that support the strategic growth areas we identified in 2021 for the coming years.



Outlook for 2022

In light of our 2021-2023 strategic direction and spurred by the new Corporate Sustainability Reporting Directive (CSRD), we will undertake an updated materiality survey in 2022 to further align our strategic (sustainability) objectives and business priorities with the interests of our stakeholders through the performance of the double-materiality concept.

More details on planned actions for 2022 related to our sustainability journey including ensuring compliance to the CSRD can be found in the Results and Governance sections of this report.

People & Culture

3 Business ethics (ethical decision making, AML policies, FCPA, KYR)
4 Cyber security & data privacy (cyber security, data protection, GDPR)
5 Safety in the workplace (working conditions, incident rates, prevention measures)
6 People development & talent development (trainings, educational programs, career opportunities / promotions)
7 Employee well-being (remunerations, rotational opportunities, healthy lifestyle support)

Sustainable operations

1 Customs compliance (AEO Status, adherence to Union Customs Code)
8 Innovative supply chain (automation & robotisation, data-driven services)
9 Food safety (licensing, transparent product information, quality controls (NVWA))
11 Energy use (renewable energy use, energy-efficient offices, efficiency of operations)
12 Waste management (recycling procedures, waste reduction, sustainable packaging)

Commercial focus

2 Long-term business relationships / partnerships (value adding services, grow with our partners)
10 Governance & accountability (board effectiveness, succession planning, transparent reporting)

Sustainable Development Goals

We support the Sustainable Development Goals (SDGs) that are directed at fostering sustainable development around the world as defined by the United Nations in 2015. We contribute to the SDGs through our main business activities and sustainable growth priorities.

As B&S conducts business in numerous niche markets around the globe, the four selected SDGs are a general representation of the key areas where we contribute as a whole rather than in all the business activities we undertake.

3 GOOD HEALTH AND WELL-BEING

When it comes to our employees and all people involved in our operations, focus lies on providing an environment that is safe and healthy and stimulates well-being in all its facets; from food safety throughout the value chain to supporting local first initiatives and from strict safety procedures in our premises to motivational support in maintaining a healthy lifestyle.

8 DECENT WORK AND ECONOMIC GROWTH

We employ over 2,000 people globally and reach a wide range of suppliers and customers in diversified markets all over the world. This way, we play a key role in generating rewarding work opportunities, high level working conditions and a contribution to economic growth.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Developing innovative and sustainable distribution solutions that connect the consumer goods value chain, reduces inefficiencies in sourcing, services and distribution in the sector. With our robotised and digitised warehousing platform, we contribute to the innovation and efficiency of the supply chain in which we operate and facilitate further economic growth.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

We are member of the UN Global Compact since 2010. We contribute to the development and implementation of international norms and standards and we do this by focussing on the areas of anti-corruption, labour rights, human rights and environmental practices in all our own operations. Through our distribution activities to government, defence and peacekeeping operations, we contribute to advancing peace and development.

business story

How Mars Wrigley grew significantly in the BAS channels with B&S

B&S connects premium brands with our global network of customers. That takes more than mastering the supply chain. By dedicating ourselves to the growth of Mars Wrigley's travel retail business with tailored distribution solutions, strategic brand development efforts, and engaging marketing campaigns.

Read the story

Delivered solutions: Distribution, Marketing, Brand development

BAS channels = border store, air, and sea channels

Everyday comfort

Results

Our overall focus lies on long term value creation by pursuing sustainable and profitable growth. Going forward we realise that we need to strive to positively impact all our stakeholders.

People & Culture

"Being an employer of choice is an essential pillar to execute our strategy."

Supporting UN Global Compact Principles

UN GC Principle 1:
Businesses should support and respect the protection of internationally proclaimed human rights; and

UN GC Principle 2:
Make sure that they are not complicit in human rights abuses; and

UN GC Principle 3:
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; and

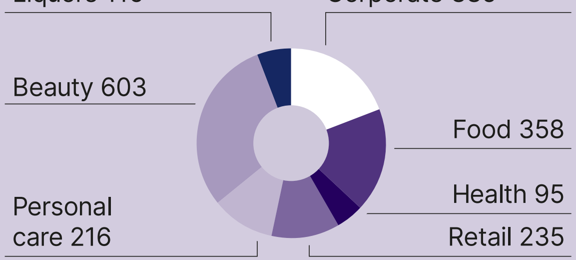
UN GC Principle 4:
The elimination of all forms of forced and compulsory labour; and

UN GC Principle 5:
The effective abolition of child labour; and

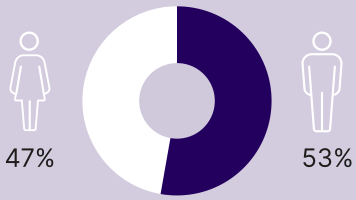
UN GC Principle 6:
The elimination of discrimination in respect of employment and occupation; and

UN GC Principle 10:
Businesses should work against corruption in all its forms, including extortion and bribery.

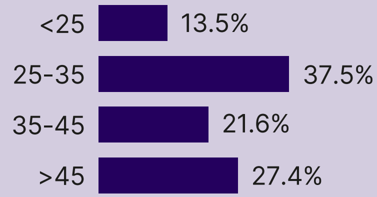
Key figures



Employees
2,008
(excl. temporary help)



Female to male ratio



Average age
37.6

New hires
825

Turnover
615

Average employee tenure in years
5.6

Nationalities
57

Continents
4

Certified since 2020
ISO 45001

Committed to
UNGC
since 2010

People development

Material topic 6

Ambition:

we aim to hire, manage, develop and retain talented employees.

Our staff is our most important asset. They ensure business continuity and growth by building strong relationships with our business partners.

Talent attraction

A sizable part of our recruitment policy is focused at young professionals. Maintaining close relationships with universities and selected business schools is key in that approach. By providing guest lectures, career days, internships and dedicated learning projects we add value to academic programmes and can simultaneously spot, attract and select talent early on. For medior and senior roles, recruitment is based on relevant work experience, qualifications and organisational fit. The same standards and application procedures are adhered to in all our business segments in all locations.

In 2021, our overall recruitment policy was sharpened on the back of our strategic direction and proposition as a tech company in the consumer goods industry. This resulted in the installation of dedicated corporate recruiters for selected key areas (for example IT & E-commerce) as well as focus on the attraction of senior profiles for key disciplines in the field of marketing, e-commerce and sustainability.

To support the path towards an employer of choice, we initiated a review of our employer value proposition in light of the 2021 – 2023 strategic focus towards a tech company.

We also continued our efforts to add value to academic programmes by offering online guest lectures, digital student mentoring and web based recruitment events. We offered digital office tours to familiarise young professionals with our organisation and career opportunities during Covid-19.

In addition, we facilitated better contact between managers and candidates through the launch of a new recruitment system. This allows managers to have more insight in the recruitment procedure and enables an increased involvement from them from the start.

In 2021, 825 new employees joined B&S. Overall turnover was 615.

Development, retention and mobility

Providing a career path to management positions for high potential employees is one of our priorities in continuously meeting changing demands of our stakeholders and the markets in which we operate. With clear focus on intellect and fit, we identify the next generation of leaders.

We train and develop high potential staff for (future) leadership roles and offer external management programmes and university masters in their field of expertise.

Over the years, B&S has developed an entrepreneurial and highly motivating management culture evidenced by a vast majority of current management that started their careers with the Group. They set an example and act as inspiration for new recruits, illustrating the career development and opportunities open to them at B&S. Additionally, we aim to support the continued employability of our staff by keeping employees healthy and motivated through to their retirement.

In 2021, we further implemented the People & Development (P&D) programme we revised in 2020. This three track concept supports our staff in every stage of their career through a tailored onboarding, advancement and professional track. After launching the onboarding track in 2020 for new recruits, this year we launched our advancement track for staff with at least two years of experience at B&S. The track focusses on personal development aspects in preparation for leadership roles. Amongst others the programme offers e-learning, podcasts and a B&S lean challenge during which staff works together on a company issue to enhance project management and problem-solving skills. In addition, it includes personal leadership days during which attendees explore and define their personal drivers and ambitions. The professional track is planned for roll out in 2022.

Our P&D programme is complemented with attractive remuneration programmes, sustainable employability programs and rotational opportunities across different disciplines and in all our business segments in all locations. In 2021, the average employee retention rate was 5.6 years.

Inspiring work environment

Employees at all levels are trained, encouraged and incentivised to identify new markets, new products, new sources of supply and new ways to expand our business profitably. Over the years this has resulted in a global presence, adjacent assortment expansion and continued expansion of our role in the value chain.

We stimulate our people to work on their own initiative and we encourage them to act as pioneers and entrepreneurs. To ensure a high-quality working environment, we provide direct access to senior management, encourage employees to speak their minds and inform and consult them on key developments regularly through management updates. Staff is kept involved and informed on key organisational developments and business updates from the Executive team throughout the year by regular companywide communication.

Equal opportunities & inclusion

We strive to provide equality of opportunity as an employer to all staff and potential staff in terms of remuneration, recruitment, promotion, training and access to opportunities. The principles of equal opportunities are well embedded in our company's approach and objectives in respect of our workforce.

Recruitment of staff is done on the basis of equal opportunity, irrespective of gender, marital status, sexual orientation, ethnic origin, religion or physical ability. All staff involved in recruitment, selection and remuneration are made familiar with their responsibilities with regards to ensuring equality of opportunity for both current and prospective employees.

Additionally, we strive to improve inclusion in the local societies where we have operations, both by providing employment and donations. We practice 'local first' in our local operations for example in Mali. In our logistics operations in the Netherlands we provide guided work placements for people with a distance to the labour market. We continue our partnership with the Dutch food banks through the donation of both food and non-food items to those in need. Furthermore, in 2021 we partnered with the foundation Kemi Malaika by providing our distribution and logistical network solutions to store and transport school equipment from our warehouses in the Netherlands to Senegal.

Employee well-being & employability

Material topic 7

Ambition:

we aim to promote and protect the physical and mental well-being of employees and helping employees make more informed decisions to achieve and maintain a healthy lifestyle.

The health and well-being of employees in all our international locations is central to our operations. Our long-term plan of approach (initiated 2019) to increase employability on the back of increasing importance of a healthy work-life balance and the increasing pensionable age in the Netherlands was reviewed end 2020 in light of the pandemic. For 2021 it resulted in enhanced focus on employee development, healthy lifestyle support (work/life balance) and employee satisfaction. As such, we established a dedicated employability team over the course of 2021.

In 2021, in light of the pandemic our priority continued to be working from home wherever possible and having adequate measures in place at work locations for vital functions that required on site presence. Measures which were put in place in 2020 continued or where reinforced throughout 2021. Examples include increased spacing between workstations, adjusted routing on premise, appropriate protective equipment, staggered shifts and breaks, enhanced cleaning processes and contingency planning, as well as a ban on non-essential travel and visits to our facilities.

Special attention in 2021 was devoted to supporting employee health during the pandemic. As an example, we offered our staff to participate in a voluntary medical prevention survey in order to create awareness and provide tools in having a healthy lifestyle. In addition, we conducted an employee satisfaction survey which we aim to perform every year going forward. The survey outcomes demonstrated that whilst our staff values the entrepreneurial spirit of the company, improvement potential was identified in the field of learning & development and reduction of work stress related aspects.

As a result of the survey outcomes, we initiated several activities dedicated to stress relief. Amongst others, we participated in the 'Week of Work Stress 2021' organised by OVAL. During this week we enabled our employees via an online community of tools to gain awareness and receive tips and tools for dealing with (imminent) stress, setbacks, and unexpected change. In addition, we provided training for team managers in our logistics operations in the early signaling of stress and ways to provide team members with help in preventing or overcoming stress at an early stage, therewith supporting prevention of absenteeism.

We further established our in 2020 developed generation policy. It is aimed at providing a suitable and just work environment for those with changing necessities due to an increased age. Examples are no overtime work and the organisation of pension information days to increase know-how about this topic.

Also, we laid the foundation for an updated performance review cycle to evoke a continuous, open dialogue about contributions and development between managers and their employees. Additionally and on top of our People & Development programme, we will further expand our training programmes for all employees at all stages of their career and tailored to requirements in their respective field of work. This will be realised by the dedicated learning & development team that will be established in 2022.

Safety and security in the workplace

Material topic 5

Ambition:

we aim to have zero accidents in the workplace and to promote safe employee behaviour in every location where we conduct business.

We are highly committed to keeping our employees safe and secure and providing an environment that is free from discrimination, harassment and victimisation and in which everyone is treated equally.

The safety of our employees is particularly important when it comes to working conditions in our warehouses, in operational activities and at our operations in higher risk areas (related to our activities in remote markets). On an ongoing basis, we provide employees with knowledge and tools aimed at recognising and eliminating injuries and illness at work and at home. In our warehouses this involves proactive hazard recognition, risk assessment, and risk control to prevent accidents and near misses. Employees are trained in equipment use to ensure both their safety as well as strict adherence to our processes related to food safety and customs compliance. Employees in higher risk regions and countries are extensively trained to perform in such environments with specialized training courses including safety, security, personal health and hygiene.

To continuously guarantee safety in the workplace, we have a Safety & Security discipline in place that is committed to safety management, security management and integrity & review. This discipline houses a Safety & Security committee with direct report to executive management. The committee meets on regular basis and gets informed by other liaised disciplines such as QHSE, facility and HR on relevant developments and findings.

In 2021, we sustained our continuous focus on compliant operations to keep in tune with market standards and stakeholder requirements. We renewed our ISO 45001 certification (Working Conditions) of our Dordrecht location. Besides this, in 2021 we performed a Risk Inventory & Evaluation (RI&E) for all our Dutch locations as part of Dutch labor regulations. This assessment resulted in a clear-cut improvement plan such as the development of uniform instructions of safety related aspects for all sites and the development of an overarching accidents and incidents reporting system. The RI&E assessment also resulted in the establishment of safety teams per entity location to ensure follow up of the RI&E Action Plan. Lastly, in 2021 we intensified our focus on access restrictions to our sites as well as surveillance activities.

Storage of dangerous goods

With regards to the storage of flammable household liquids and different types of aerosols that form part our Beauty and Personal Care segments, we adhere to Seveso-III. This is the directive that applies to establishments in the European Union where dangerous substances are used or stored in large quantities and contributes to achieving a low frequency of major accidents. In distributing these goods, we adhere to The European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR).

We train our staff on a regular basis in conjunct with the fire department. In 2021, our Seveso-III compliance was reconfirmed after inspection performed by the environmental services.

Business ethics

Material topic 3

Ambition:

we aim to uphold ethical principles in the business relationships and activities by adhering to strict internal policies and guidelines to avoid corruption, bribery, fraud and other unethical behaviour.

We earn credibility with our stakeholders by keeping our commitments, acting with honesty and integrity, and pursuing our company goals solely through ethical and professional business conduct.

Know Your Relations (KYR)

Strict Know Your Relations (KYR) procedures are in place for the acceptance of new customers, suppliers and other business relations. We have anti-bribery, anti-corruption and anti-money laundering (AML) policies in place that apply to all our staff. We expect our suppliers, customers and business partners to adhere to the same standards.

Extensive knowledge of the substance and impact of the Foreign Corrupt Practices Act (FCPA) is embedded at every level of the Company and our anti-bribery and anti-corruption policy is embedded in our Code of conduct.

Creditworthiness of new relations is checked upfront, and their Ultimate Beneficial Owner(s) data is checked against the OFAC and the EU Sanctions list. Established relationships are monitored on compliance standards by an automated check that is performed on all business relations every two weeks.

In 2021 we continued the implementation of digitally onboarding new business relations as well re-assessed all our existing supplier and client relations globally.

As part of our regular automated compliance checks, one business relation was discontinued in 2021.

Human rights

Respecting human rights is a core part of our daily business, as we have many international operations and source and distribute our assortment globally.

Our human rights procedures are firmly embedded in our Code of Conduct and all employees are expected to work in the spirit of these principles. These principles are based on the Universal Declaration of Human Rights and the International Labour Organisation (ILO).

To highlight our commitment to the 10 universally accepted principles in the areas of human rights, labour rights, the environment and anti-corruption, we have been a member of the UN global compact (UNGC) since 2010.

We actively propagate them to protect and maintain our integrity and reputation, regardless of the location of our operations. As an example, in some of the countries where we have operations, the human rights conditions deviate from those in Europe. We ensure that the same principles are adhered to in these operations as to those applicable in the Netherlands. We also assess human rights aspect in our supply chain. For example, our private label producers for Personal care items located in high risk countries, are required to be audited on a regular basis by BSCI/Amfori, SA8000 or Sedex/SMETA.

Whistle-blower policy

For our employees, we have a whistle-blower policy in place that offers the possibility to report suspected misconduct within the company. The policy can be found on our corporate website.

In 2021, no material matters were reported.

Cyber security & data protection

Material topic 4

Ambition:

we aim to set up and adhere to the right policies and control framework to keep business, customers and employees' data safe.

We safeguard critical business and personal information and respect personal information of our people and our customers as is required per the General Data Protection Regulation. We ensure that appropriate privacy and information security controls are in place, and take appropriate steps to protect it from loss, misuse or alteration by technical measures like firewalls, intrusion detection and prevention systems, and passwords and encryptions. Organisational measures are performed and enhanced on an ongoing basis and include training staff on cyber security, identifying data incidents and risks, and restricting staff access to personal information.

In 2021, we changed security provider, enabling a 24/7 Managed Detection and Response (MDR) center. We continued the integration of acquired business entities onto our centralised security hub (this concerns companies that already had fully compliant systems in place at the time of acquisition) and further optimised the harmonisation of security policies across all entities. This maximises the implementation of the Zero Trust principle, for which we work together with an approved Microsoft security party.

We also continued and expanded our cybersecurity awareness programme amongst employees with dedicated company-wide project updates and explanatory messaging. We focused on security awareness training that increases cybersecurity knowledge, motivates staff in reporting possible cybersecurity threats and supports behavioral change to reduce risk.

In 2022, we plan to extend our GDPR specialty in our legal discipline in line with growing direct-to-consumer e-commerce activities.

Sustainable operations

> "B&S invests in responsible business practices, transparent reporting, and a culture of purpose."
>
> Ken Lageveen, COO

Certifications & licenses

ISO 14001, ISO 22000, ISO 9001

USAPHC approved

AEOS & AEOC status

MSC

Officially registered supplier to UN Global Market place

Supporting UN Global Compact Principles

UN GC Principle 7:
Businesses should support a precautionary approach to environmental challenges;

UN GC Principle 8:
undertake initiatives to promote greater environmental responsibility; and

UN GC Principle 9:
encourage the development and diffusion of environmentally friendly technologies.

Customs compliance

Material topic 1

Ambition:

we aim to ensure compliance with all relevant rules and regulations to uphold our relationship and status with customs authorities.

As we are a vital part of the international supply chain and are involved in customs related operations, we adhere to a range of criteria that grants us the status of Authorised Economic Operator. This status allows us to work in close cooperation with customs authorities to assure the common objective of supply chain security based on the principles of mutual transparency, correctness, fairness and responsibility. We are subject to the Union Customs Code (UCC), the EU regulation that provides rules and procedures for products that are brought into or are taken out of the customs territory of the European Union.

To ensure that our operations continuously meet all criteria for both customs simplification (AEOC) and security and safety (AEOS), our focus lies on complying with customs legislation and taxation rules, appropriate record keeping, financial solvency, proven practical standards of competence and appropriate security and safety measures. Procedures and controls are implemented and monitored to ensure the compliance with laws and regulations.

“We work in close cooperation with customs authorities to assure supply chain security.”

Innovative supply chain

Material topic 8

Ambition:

we aim to promote innovative technology to create new ways of conducting business.

Digital transformation is marked as one of our key growth areas in our 2021 – 2023 strategic direction. One of our priorities is to further build our digital supply chain and to use innovative technology in our warehousing operations and throughout the organisation. We also prioritised data driven decision making in our operations, amongst others by gearing up our data science discipline at corporate level in 2021.

Data driven services

Identification of commercial priorities takes place in consultation with our suppliers and customers. As a result, we are upgrading current services with further roll out and optimisation of digitised ordering via our B2B and B2C platforms.

In 2021 our focus on implementing our e-commerce strategy in all our business models was further enhanced. We successfully connected a selection of key customers with our multi-category B&S Nfinity backbone, providing a fully digitised business flow and increasing cross selling opportunities by offering multiple assortments in one order platform. We continued to leverage our online B2C Beauty business to further develop our proposition towards end-consumers into new focus areas such as Liquors. This resulted in the launch of a multi country Liquor webshop in selected European countries, with further country expansion in 2022.

At the same time, we added data driven services with new digital business models to our portfolio to serve wholesalers, resellers and consumers altogether. As an example, as part of our marketing solution proposition, we strengthened our in 2020 introduced services for (selected) brands all driven and optimised by data. By developing targeted campaigns for tailored audiences to increase (online) reach of established and up-and-coming brands, we added marketing and brand development to our offering, strengthened and established business partnerships with brand owners, and moved further towards the consumer. For more information on our data driven solutions, please refer to the About B&S section in this report.

To make our operations future fit we continued the centralisation of our buying and sales processes to generate data driven insights and tools between our segments and to digitise internal processes for integrated communication with our various stakeholders throughout the supply chain. With our Digital First approach we further integrated this into our daily operations throughout 2021 by means of the ongoing roll-out of our proprietary BiT ERP system in the segments within the company that were not yet connected.

In addition, we continued our efforts in digitising and automating current business models by further integrating data analytics, reporting dashboards and business insights through Power BI and Project Portfolio Management (PPM).

Food safety

Material topic 9

Ambition:

we aim to ensure a high-quality product and preventing health risks arising from use, consumption, handling, preparation and storage throughout the value chain.

We adhere to the strictest food safety standards to ascertain the safety of the food supply chains we are active in. We actively promote transparency of product information and comply with the most stringent international regulations. Our food warehouse in Dordrecht is ISO 22000;2018 certified, and applies a high-level risk management system. This certification demonstrates to our stakeholders our dedication to complying with international food safety standards.

In the Netherlands, we are subject to the supervision of the Netherlands Food and Consumer Product Safety Authority (NVWA), which is supervising our cold store almost on a daily basis and tests us by means of regular audits. Internal audits are carried out on a periodic basis by our QHSE department which reports directly to the Managing Director of the B&S Food segment as well as the CEO.

Food products received at our warehouses are subject to comprehensive quality controls and are stored in climate-controlled environments.

We are also approved by the US Army Public Health Command (USAPHC) for our food distribution to military operations, which enables us to supply US Army caterers. This is audited on an annual basis. Additionally, we are an officially registered supplier to the United Nations Global Marketplace (UNGM), the common procurement portal of the United Nations system of organisations. This enables us to participate in tender processes for United Nations contracts.

In 2021, we invested in an improved and more sustainable cooling installation in our B&S Food segment which allows us to adhere up to high food safety standards we have. We implemented a modern CO_2 system which is mainly powered by our solar panels. We also managed to renew our ISO22000 and ISO9001 (Quality control) certifications.

In the year under review we encountered four recalls - all of which initiated by suppliers - and which have been dealt with adequately under supervision of the NVWA. Our quality control systems are designed in such a manner that product information – both quantities and its location stored - is readily available and swift actions regarding re-calls can be performed.

Energy use

Material topic 11

Ambition:

we aim to implement energy saving /energy efficient ways of working and using energy responsibly in our premises and in the value chain.

Our biggest direct energy impact lies within our warehouses, offices and business travel. As such we strive to reduce the CO_2 footprint of our own operations as much as possible. To underline our commitment we are ISO 14001 certified at our facilities in Dordrecht in the Netherlands. The Dordrecht location is one of the largest and complex facilities of B&S. As such, it functions as an excellent starting point for implementing ISO14001 at our other facilities the coming years.

In our day-to-day operations we focus on implementing energy efficient measurements and transitioning to the use of renewable energy sources. As an example, we use geothermal energy as a heating / cooling source, motion detection lightning to reduce energy consumption and roof insulation.

In 2021, we executed energy audits at our Dutch locations to give us detailed insight on activities that have high energy consumption patterns as well as which suitable energy saving measures can be made in the coming years. Some of these saving measures we have already implemented in 2021.

As an example, we reduced our environmental impact through the installation of nearly 35,000 m^2 of sustainable roofing material Derbigum NT on our B&S Food and B&S Health segment headquarters. This results in a CO_2 reduction during the production process of more than 25,000 kg (an equivalent of more than 180,000 driven km). Also, we installed 8,400 solar panels on the roof of our B&S Food and B&S Health segment office and warehouse, generating 3,500,000 KwH per annum, sufficient to cover 85% of energy demand of this facility. The addition of this panel park to our already existing one, provides our operations with 3,930,000 KwH of electricity (from nearly 9,800 solar panels). From 2022 onwards, all our energy usage in the Netherlands will be derived from locally produced renewable sources.

In addition, we replaced our largest cooling system in our Food operations by a more sustainable one that only uses natural refrigerants. These have a significant lower global warming potential compared to the conventional refrigerants.

Besides CO_2 reduction measures on premise, we launched 'Project drop off' in collaboration with our transport partners. The project focusses on realising cost savings as well as CO_2 emission reduction by transport via barge instead of road. We managed to reduce CO_2 emissions with an estimated 58,000 kg CO_2.

Also, we saw the effect of our revised lease fleet policy which came into effect on 1 January 2021; 13% of our fleet now consists of electric models.

In 2021, our CO_2 emissions as a result from electricity and gas consumption of our main offices and warehouses were 5,225 ton CO_2 (5,257 : 2020)*.

The realisation of various energy saving measures, consolidation of locations and the installation of our solar panels at the end of 2021 resulted in a reduction of our CO_2 emissions, however only slightly (32 ton, -0.6%). In 2021, colder weather especially during the first months of the year resulted in more gas use to keep our buildings at certain temperatures and to ensure our sprinkling installations remained above 4 degrees.

The coming years we will further expand our energy efficiency measures and reporting efforts. This also includes gathering details of our scope 3 emissions derived from air travel and further disclosure on CO_2 emissions from our facilities other than our main offices and warehouses.

* Coverage >80% (in m^2) scope 1 (gas consumption) and scope 2 (electricity consumption) of offices and warehouses that are under our direct operational control.

Waste management

Material topic 12

Ambition:

we aim to reduce waste and optimise opportunities for recovery, reuse or recycling of by-products, and disposing of waste appropriately.

We contribute to the reduction of waste by amongst others separating various waste streams and by reducing, reusing and recycling packaging material in our warehouses. Our waste management approach has in the past been characterised by our decentralised operations, where initiatives to reduce waste were initiated and executed on (sub) segment level.

In 2021, we started working with a new waste partner which enables us to gain an increased level of insights into the various waste streams and the subsequent recycling potential. We aim to establish a baseline of our various waste streams and recycling potential for 2022. This will facilitate us in further improving our waste management efforts and to move from 'waste' towards 'resource'.

Furthermore, we actively encourage our staff to recycle waste by providing separate waste containers on site in order to increase recycling of paper & cardboard and plastic foil.

In addition, we prevented food waste by continuing our collaboration with local food banks to ensure that products that can no longer serve commercial purposes yet are still fit for consumption are distributed to those in need.

The automated packing process in our e-commerce operations was further optimised to have machines handle thinner, recycled and FSC certified cardboard. The secondary packaging in this operation now consists of 70-100% recycled material and carries an FSC Mix 70% label. In addition, we continued to further replace plastic box filling by paper material for our e-commerce deliveries to consumers.

In our private label packaging for the Personal Care business, all our paper and cardboard packaging is made from FSC certified material.

"We aim to establish a baseline of our various waste streams and recycling potential for 2022."

Note on EU Taxonomy

In 2021, the EU Taxonomy was adopted by the European Commission. This classification system of environmentally sustainable economic activities aims to stimulate sustainable investments and spur the implementation of the European Green Deal. This means that for Full Year 2021 B&S is required to disclose information about the proportion of Taxonomy eligible and non-eligible economic activities in relation to their total turnover, capital and operational expenditure. For Full Year 2021, only the environmental objectives 'climate change mitigation' and 'climate change adaptation' are applicable.

B&S connects various parties in the value chain by means of technology to make premium consumer goods available to everyone, anywhere. To assess whether our key economic activities are eligible or not, we performed an analysis of the extent to which our key economic activities are currently included under the two adopted environmental objectives. We used the EU Taxonomy Compass as well as the EU Taxonomy Technical Annex Report as guidance documents to ensure our analysis was performed in alignment with regulatory requirements under the EU Taxonomy.

Based on this analysis, our key economic activities are non-eligible as per EU Taxonomy objectives 'climate change mitigation' and 'climate change adaptation'. The outcome of this exercise is summarised in the below table.

ELIGIBLE AND NON-ELIGIBLE KEY ECONOMIC ACTIVITIES

Key economic activities	Turnover	CAPEX	OPEX
Eligible	0%	0%	0%
Non-eligible	100%	100%	100%
Total	100%	100%	100%

We would like to emphasise that the above does not provide any information of B&S' sustainability efforts and results. For an overview of our sustainability ambitions, activities undertaken, and progress made in 2021, please refer to the Results and Governance sections in this report.

Outlook for Full Year 2022

The EU taxonomy will take further form the coming year(s) in both its scope and respective reporting obligations. In 2022 it is expected that the other four objectives will also be adopted by the European Commission. In addition, key economic activities under the currently already adopted environmental objectives might be extended.

Naturally, B&S will closely monitor the developments regarding the EU Taxonomy as well as the Corporate Sustainability Reporting Directive (CSRD) and will adjust its reporting accordingly to ensure compliance with regulatory reporting requirements.

Sustainability ambition underlining our commitment

In the second half of 2021, B&S appointed a dedicated sustainability manager at corporate level to assist the Executive Board & Leadership team in updating our sustainability strategy, policies and programmes whilst considering stakeholder requirements and recent reporting developments.

The roadmap for executing this update was put in place end 2021 in order to enable a structured implementation of our sustainability ambitions by our various segments and entities across the world. It includes the below mentioned elements.

1 Execution of double materiality assessment to assess which key sustainability matters are most relevant to our stakeholders and our enterprise value. This provides the backbone for our revised sustainability strategy

2 Performing environmental, social and governance risk assessments which will enable us to develop sound due diligence practices to prevent and mitigate sustainability risks

3 Updating policies and commitments linked to our key sustainability matters by defining our beliefs & principles, way of working, ambition and quantified targets

4 Determining key performance indicators and establishing data management systems including setting clear cut definitions and a sustainability control framework to ensure accurate and complete reporting on progress made

5 Refinement of sustainability programmes providing an overview of actions, timelines and roles & responsibilities per segment and corporate functions. These plans for action will assist in a phased role out of our sustainability ambitions across the world the coming years

6 Reporting our efforts by means of an internal management dashboard as well as via our website and annual report to provide transparency to our stakeholders

Based on these elements, B&S aims to present the framework of its revised sustainability strategy with its Half Year 2022 results publication.

business story

Why healthcare professionals rely on B&S to provide the best care to their patients

When it comes to health, you can't take any chances. That's why we provide solutions for any challenge. Supply for any demand. Including medicines that are difficult or nearly impossible to obtain.

Read the story

Delivered solutions: Warehousing, Distribution, Digital commerce

Financial performance

"We focus on sustainable and profitable growth, creating long-term value for our stakeholders."

Peter Kruithof, CFO

Commercial focus / Financial performance

Organic turnover growth
(0.3%)

Acquisitive turnover growth
0.7%

EBITDA margin
6.2%

Return On Invested Working Capital
24.8%

Net debt / EBITDA
2.5

Financial performance

Non-IFRS financial measures

The table below presents an explanation on non-IFRS financial measures used. These measures are not recognised measures of financial performance, financial condition or liquidity under IFRS. We present these non-IFRS financial measures because we consider them an important supplemental measure of our performance and believe that they and similar measures are widely used in the industry in which we operate as a means of evaluating a company's operating performance, financial condition and liquidity. The measures are used by management to monitor the underlying performance of our business and operations.

Gross profit margin	Gross profit margin is defined as realized turnover minus purchase value of items sold
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
Inventory in days	Inventory in days is defined as inventory as per period end divided by the Last Twelve Months (LTM) purchase value times 365
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
ROIWC	Return on invested working capital defined as the LTM EBITDA divided by Working Capital

Profit or loss performance

€ million (unless otherwise indicated)	FY 2021 reported		FY 2020 reported		Δ (%) reported
Profit or loss account					
Turnover	1,869.5		1,861.8		0.4%
Gross profit (margin)	287.3	15.4%	254.9	13.7%	12.7%
EBITDA (margin)	116.4	6.2%	90.3	4.9%	28.9%
Depreciation & amortisation	30.7		32.5		(5.4%)
Impairment of non-current assets	10.2		-		
Profit before tax	71.7		51.2		40.0%
Net profit	54.6		40.6		34.5%
EPS (in euro)	0.46		0.26		76.9%
ROIWC	24.8%		22.5%		
Financial position					
Inventory in days	88.1		70.0		
Working capital	470.1		401.4		
Solvency ratio	35.4%		38.0%		
Net debt	294.7		252.5		
Net debt/EBITDA	2.5		2.8		

Turnover

The 2021 turnover levels equaled 2020 levels, with turnover increase still halted by Covid-19 developments. Organically, turnover declined by 0.3%, driven by continued travel restrictions and lockdowns due to the global pandemic, having ongoing impact on our hospitality and travel related business. Acquired turnover contributed 0.7%, stemming from Top Care in the B&S Beauty segment.

€ million (unless otherwise indicated)	FY 2021 reported	FY 2020 reported*	Δ (%) reported
B&S Liquors	540.9	575.5	(6.0%)
B&S Beauty	675.7	646.1	4.6%
B&S Personal Care	276.4	262.6	5.3%
B&S Food	287.2	277.9	3.3%
B&S Health	46.7	55.2	(15.4%)
B&S Retail	42.5	44.5	(4.5%)
Holding & eliminations	0.1		
Total turnover	1,869.5	1,861.8	0.4%

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

Turnover split per segment

B&S Liquors

Over the year, turnover continued to be negatively impacted by product scarcity in the market and supply chain challenges, as well as continued focus on higher margin business at the expense of turnover.

B&S Beauty

Turnover increased as a result of geographical expansion and continued growth in online sales. Continued industry-wide product scarcity held back further growth. The EUR/USD exchange rate impacted reported sales levels in B2C although these effects partially reversed in Q4.

B&S Personal Care

Turnover increased as a result of sales growth to key customers and growth of private label assortment, both aided by the lifting of Covid-19 restrictions.

B&S Food

Sales grew compared to last year, driven by domestic business and outperformance of sales in the Middle East. This was counterbalanced to a large extent by the remote business. Turnover in this business line declined following withdrawal of troops from Afghanistan which was largely in line with expectations, yet the abrupt ending of all military related business in Afghanistan led to an even faster decline in H2.

B&S Health

Driven by product scarcity related to the pandemic, the decline of Covid-19 related sales when compared to 2020 and the slow recovery of the travel vaccine market, turnover decreased significantly.

B&S Retail

With travel restrictions gradually being lifter throughout the year, turnover increased as a result of higher passenger numbers and higher spend per passenger. In Q4, sales more than doubled when compared to Q4 last year.

Gross profit

Gross profit amounted to € 287.3 million (2020: € 254.9 million). As a percentage of turnover, margins increased from 13.7% to 15.4%. This was mainly the outcome of focus on higher margin business in the Liquor category as well as the traditionally higher margins of our e-commerce business that saw increased contribution to the overall business mix.

Operating expenses

Operating expenses increased from € 164.5 million to € 170.9 million. The increase of € 6.4 million is mainly the outcome of increased IT costs predominantly driven by investments in e-commerce and further harmonisation of our centralised ERP system as well as increased marketing costs driven by expanded Direct-to-consumer business.

EBITDA

As a result of the gross margin increase significantly outweighing the increase of the cost base, EBITDA increased 28.9% to € 116.4 million (FY 2020: € 90.3 million), therewith exceeding 2019 levels. EBITDA margin increased to 6.2% (FY 2020: 4.9%), therewith exceeding the 6.0% target for FY 2021.

Group result for the year

Depreciation of tangible fixed assets and amortisation of intangible fixed assets amounted to € 30.7 million (2020: € 32.5 million). Additionally, an impairment loss related to the food segment of € 10.2 million is accounted for. Although we have taken our measures within this segment and as such we foresee positive developments, we also considered less likely yet less positive scenarios. With the goodwill impairment test (as per IAS36) for the B&S Food Segment it became apparent that although the base case scenario didn't require an impairment, the less positive scenarios had a different outcome.

Financial expenses decreased to € 3.9 million (2020: € 7.0 million) as a result of decreased lending rates and less outstanding debt following reduced average working capital levels. This resulted in profit before tax of € 71.7 million (2020: € 51.2 million).

The effective tax rate stood at 23.9% compared to 20.6% FY 2020 following increased profits in high tax jurisdictions. As a result, net profit from continuing operations amounted to € 54.6 million (2020: € 40.6 million).

Net profit attributable to non-controlling interests amounted to € 16.1 million (2020: € 18.9 million). 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 € 38.5 million (2020: € 21.7 million).

Segmental performance

B&S Liquors

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	540.9	575.5	(6.0%)
Gross profit	56.9	36.6	55.5%
EBITDA	28.2	12.9	118.6%
EBITDA margin	5.2%	2.2%	

B&S Liquors saw sales decline by 6.0% while gross profit increased by 55.5% compared to FY 2020. EBITDA and EBITDA margin increased significantly as a result of enhanced commercial focus in selected higher margin areas and channels that can be served at similar staff costs.

Our European Liquor wholesale continued to see impact of the forced closures of bars and restaurants, yet our focus on selected EU countries reaped results in the second half of the year. Additionally, the launch of our B2C webshop that was rolled out across several European countries in the second half of 2022 started to contribute to results.

Our international Liquor distribution was still impacted by the pandemic with industry wide scarcity and container shortages that continued throughout the year. As a result, turnover levels were significantly below 2020 levels. However, our focus on higher margin business as well as product scarcity led to significant gross profit increase.

"EBITDA and EBITDA margin increased significantly as a result of enhanced commercial focus in selected higher margin areas."

Arben Hajrullahu
Managing Director B&S Liquors

B&S Beauty

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	675.7	646.1	4.6%
Gross profit	126.7	115.6	9.6%
EBITDA	62.4	65.4	(4.6%)
EBITDA margin	9.2%	10.1%	

"Online B2C continued growth, driven by international geographical expansion."

Willem Tuk
Managing Director B&S Beauty

B&S Beauty increased turnover and margin, yet saw a slight decline in EBITDA and EBITDA margin due to staff cost increase following the expansion of the online B2C business.
Q4 turnover was slightly behind on Q4 2020 following scarcity in the market.

B2B and B2R sales were impacted by product scarcity, yet partly counterbalanced by new business models. Both developments positively influenced gross profit margins in this business.

Online B2C continued growth, driven by international geographical expansion. The EUR/USD exchange rate impacted sales levels in B2C although these effects partially reversed in Q4. Further turnover growth was held back by product scarcity driven by the pandemic.
As expected, in the second half of 2021 margins for this business were back at pre-covid levels.

B&S Personal Care

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	276.4	262.6	5.3%
Gross profit	46.3	44.3	4.5%
EBITDA	25.3	22.7	11.5%
EBITDA margin	9.1%	8.6%	

Despite supply chain complexities driven by the pandemic, B&S Personal Care increased sales by 5.3% while gross profit increased by 4.5% compared to FY 2020. EBITDA margin increased as well.

This performance was driven by increased sales to key clients, partly following the lifting of Covid-19 restrictions in several European countries. Further sales growth in 2021 was held back by high container prices which put pressure on availability and prices of the private label assortment.

"Performance was driven by increased sales to key clients, partly following the lifting of Covid-19 restrictions in several European countries."

Bert Boersema
Managing Director
B&S Personal Care

B&S Food

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	287.2	277.9	3.3%
Gross profit	36.2	37.6	(3.7%)
EBITDA	3.1	3.9	(20.5%)
EBITDA margin	1.1%	1.4%	

"2021 saw an altered business mix, with less contribution of remote markets which come at higher margins."

Maurice Riegel
Managing Director B&S Food

B&S Food increased sales with 3.3% while gross profit was largely in line with 2020 levels. This is the result of an altered business mix, with less contribution of remote markets which come at higher margins. EBITDA margin stood at 1.1%. Q4 sales were well above last years levels driven by brand distribution activities.

The Government & Defence business saw turnover and gross profit decrease from Q1 onwards as a result of the withdrawal of troops from Afghanistan. Although the business decline for 2021 was largely anticipated, the abrupt ending of all military related business in Afghanistan in Q3 led to sharper turnover decline and higher wind down cost in H2 than originally projected.

Our brand distribution services performed in line with expectations on turnover, yet slightly underperformed on gross profit due to a number of new sizeable deals at the expense of gross profit margin. Duty-free and travel related markets still saw the impact of Covid-19 restrictions on sales.
The domestic markets on the other hand slightly increased turnover especially in the last quarter, albeit at slightly lower margins.

B&S Health

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	46.7	55.2	(15.4%)
Gross profit	7.9	10.3	(23.3%)
EBITDA	1.9	4.7	(59.6%)
EBITDA margin	4.1%	8.5%	

B&S Health saw sales decline by 15.4%, with a margin decrease of 23.3%. EBITDA margin significantly decreased as a result of the fixed cost base.

The first nine months of 2020 benefitted from Covid-19 related sales whereas the travel vaccines business in 2021 recovered only slowly, and delayed care treatments resulted in reduced demand for hospital supplies. Sales in Q4 were in line with the same quarter last year and driven by export business.

"Due to Covid-19, the travel vaccines business in 2021 recovered only slowly, and delayed care treatments reduced the demand for hospital supplies."

Rogier van Duin
Managing Director B&S Health

B&S Retail

€ million (unless stated otherwise)	FY 2021 reported	FY 2020 reported	Δ (%) reported
Turnover	42.5	44.5	(4.5%)
Gross profit	11.8	8.5	38.8%
EBITDA	(1.5)	(12.0)	87.5%
EBITDA margin	(3.5%)	(27.0%)	

B&S retail managed to realise turnover levels largely in line with last year, and - despite another round of temporary store closures at the end of Q4 - more than doubled its sales in the last quarter of 2021 when compared to Q4 last year. Gross profit increased and although break-even was not reached – as expected and communicated – EBITDA increased by 87.5% with positive EBITDA number in the second half of the year.

Virtually all shops were reopened by the end of 2021, and recovery towards the end of the year was aided by either slightly higher than expected passenger numbers or higher spend per passenger.

"EBITDA increased by 87.5% with positive EBITDA number in the second half of the year."

Guus Jonge Poerink
Managing Director B&S Retail

Balance sheet

€ million (unless stated otherwise)	31.12.2021	31.12.2020	Change
Intangible fixed assets	119.1	122.6	(3.5)
Tangible fixed assets	38.1	37.3	0.8
Right-of-use assets	60.7	66.1	(5.4)
Financial fixed assets	6.3	5.5	0.8
Non-current assets	224.2	231.5	(7.3)
Inventory	381.8	308.3	73.5
Trade receivables	195.0	195.6	(0.6)
Other current assets	44.2	33.2	11
Cash and cash equivalents	12.5	38.9	(26.4)
Current assets	633.5	576.0	57.5
Total assets	857.7	807.5	50.2
Equity	303.3	306.9	(3.6)
Non-current liabilities	291.7	162.1	129.6
Current liabilities	262.7	338.5	(75.8)
Total equity and liabilities	857.7	807.5	50.2

Non-current assets

Non-current assets decreased to € 224.2 million at year-end 2021, compared to € 231.5 million at the end of 2020. The decrease is mainly the result of the impairment of € 10.2 million at the B&S Food Segment. Investments mainly related to replacement capex and the further investment in our B&S Nfinity platform.

Current assets

Current assets stood at € 633.5 million at year-end 2021, compared to € 576.0 million at year-end 2020.

The main increase in our current assets relate to an increased inventory position. In 2020 with limited visibility on the market developments as a result of Covid-19 we minimalised the inflow of inventory. In order to be able to meet forecasted demand in Q1 2022 and with the current scarcity in the market we increased our inventory positions. The number of inventory days as such increased from 70 days in 2020 to 88 in 2021.

Trade receivables remained stable following our strict measures and credit management procedures.

Net working capital increased to € 470.1 million at year-end 2021, compared to € 401.4 million at year-end 2020, as a result of the increased inventory position. Working capital in days increased from 85 days in 2020 to 101 days in 2020.

Group equity

The Group's equity slightly decreased to € 303.3 million at year-end 2021, compared to € 306.9 million at the end of 2020. During 2021, the Group paid € 8.5 million dividend to owners of the company (2020 no dividend) and paid € 11.9 million dividend to non-controlling interests (2020: € 13.3 million). Group equity was further impacted for an amount of € 49.4 million as a result of the acquisition of the J.T.G. Holding B.V. and J.T.G. W.W.L. S.à r.l. shares and the following conversion of the remaining 8.21% shares in this company towards B&S Beauty B.V. shares.

Non-current liabilities

Non-current liabilities stood at € 291.7 million at the end of 2021, compared to € 162.1 million at year-end 2020. The increase of the non-current liabilities mainly is the result of the refinancing of the bank debt of the group. Where B&S previously was mainly funded by working capital facilities with the refinancing of the debt at the end of 2021 the company attracted long term funding to secure its financial position. At the end of 2020 non-current loans and borrowings amounted to € 49.5 million compared to € 181.0 million as per year-end 2021.

Current liabilities

Current liabilities decreased to € 262.7 million at year-end 2021, compared to € 338.5 million at the end of 2020, mainly the result of the indicated refinancing of bank debt.

Included in the current liabilities as per year end 2021 is an amount of € 38.5 million relating to the acquisition of the J.T.G. Holding B.V. shares payable in January 2022.

Financing

B&S was mainly financed through short-term working capital credit facilities. At December 30, 2021 B&S Group refinanced all its main credit facilities. B&S attracted a combination of unsecured bank loans and unsecured revolving credit facilities both on a committed and an uncommitted basis. Reference is also made to note 23 of this annual report.

Net debt (on a post IFRS 16 basis) increased from € 252.5 million as per year-end 2020 to € 294.7 million as per year-end 2021. Net debt / EBITDA ratio stood at 2.5 (FY 2020: 2.8).

Cash flow

€ million (unless stated otherwise)	2021	2020
Net cash from operations	14.8	147.0
Net cash from investing activities	(23.8)	(15.2)
Net cash from financing activities	(17.3)	(143.8)
	(26.3)	(12.0)

As a result of our inventory build-up towards year end, net cash from operations decreased from € 147.0 million in 2020 to € 14.8 million in 2021.

Investing activities mainly related to replacement capex, investments in our B&S Nfnity backbone and the investment in additional shares in J.T.G. Holding B.V.

Financing activities mainly related the refinancing of the B&S Group bank debt towards the end of 2021 and dividend payments to both the shareholders of B&S Group and the minority shareholders.

Divided proposal

At the Annual General Meeting to be held on May 17, 2022, B&S will propose the payment of € 0.18 per share, in cash (subject to withholding tax if applicable). This translates into a pay-out ratio of 40% of the annual Group results attributable to the owners of the Company.

Outlook

For 2022, uncertainties related to the prolonged pandemic are projected to remain, and we expect demand for digital supply chain solutions to develop further. B&S plans to expand its B&S Nfinity backbone and continue its focus on improved operational efficiency by accelerating innovations. We strive to expand sales with marketing and brand development solutions and plan to launch new direct-to-consumer business models in various geographies.

Overall, we focus on the product-market-channel combinations where we foresee growth, both in B2B and B2C and in all product categories, supported by our digitised services and e-com solutions. We strive to achieve 7.5% organic topline growth in 2022 and will continue efforts to further enhance profitability with ongoing focus on higher margin business combined with cost control measures and operational efficiency.

To maintain our healthy financial position, we remain focused on return on invested working capital in every operating segment and in particular Days of sales outstanding and aging of inventories.

business story

Resources and resourcefulness: the story of Perrier's target-breaking growth in the Caribbean

As King of Reach, we specialise in complex challenges in complex markets. Thanks to our scale and global presence, we can ship any product, in any quantity, to almost anywhere in the world. Our partnership with Nestlé Waters to grow sales of the Perrier brand in the Caribbean put our capabilities to the test.

Read the story

Delivered solutions: Distribution, Marketing, Brand development

Governance

Corporate Governance is an integral part of how B&S chooses to do business. The desire to pursue best practices is embedded in our corporate philosophy and policies.

Composition of the Executive Board

Tako de Haan, M (1960)

Position: CEO and member of the Executive Board since 2020. In his role as CEO he holds responsibility for corporate strategy, IT, business development, marketing and human resources.
End of current term: 2024
Nationality: Dutch
Previous positions held: over 25 years of experience in senior operations and managerial roles (mostly in capacity of COO) at renowned brands such as Triumph and Nike.

Peter Kruithof, M (1981)

Position: CFO and member of the Executive Board since 2020. In his role as CFO he holds responsibility for finance, tax, internal audit, treasury and risk management.
End of current term: 2024
Nationality: Dutch
Previous positions held: joined one of the B&S segments in 2008 as finance director. In this capacity he served as member of the Management Board before becoming the Company's Corporate Treasurer in 2016.

Bas Schreuders, M (1954)

Position: Member of the Executive Board since 2012 (re-appointed in 2020) and Senior Counsel. In his role as member of the Executive Board he holds responsibility for legal affairs.
End of current term: 2024
Nationality: Dutch
Other position: board member at Samson & Surrey Holdings Luxembourg S.à r.l.
Previous positions held: CEO of Intertrust Group until 2010, several senior legal positions at various banks.

Niels Groen, M (1987)

Position: Member of the Executive Board since 2017 (re-appointed in 2020) and Managing Director.
In his role as member of the Executive Board he supports the CFO in the responsibility for finance and risk management.
End of current term: 2024
Nationality: Dutch
Previous positions held: Started at B&S in 2011, held several senior finance positions before becoming Managing Director in 2020 for the Dubai operation of the Company.

Leadership Team

The Leadership Team of B&S supports the Executive Board in day-to-day decision making. This team consists of the non-statutory C-level functions and segmental Managing Director functions.

Arben Hajrullahu, M (1974)

Chief Commercial Officer and Managing Director B&S Liquors

Ken Lageveen, M (1977)

Chief Operations Officer

Willem Tuk, M (1969)

Managing Director B&S Beauty

Bert Boersema, M (1971)

Managing Director B&S Personal Care

Maurice Riegel, M (1978)

Managing Director B&S Food

Rogier van Duin M (1972)

Managing Director B&S Health

Guus Jonge Poerink, M (1977)

Managing Director B&S Retail

Composition of the Supervisory Board

B&S values good governance and is committed to compliance with the principles of Supervisory Board composition as laid down in the Dutch Corporate Governance Code.

Jan Arie van Barneveld, M (1950), Chairman

First Appointed: 2018, end of current term: 2022
Nationality: Dutch
Audit and Risk Committee (member), Selection, Appointment and Remuneration Committee (member)
Last position held: CEO of Brunel International N.V. until May 2018
Supervisory Board memberships and other positions: member of the Supervisory Board of Brunel International N.V., member of the Advisory Board of Boels Topholding B.V., member of the Supervisory Board of NCOI.

Willem Blijdorp, M (1952), Vice-Chairman

First Appointed: 2004, end of current term: 2022
Nationality: Dutch
Selection, Appointment and Remuneration Committee (member)
Last position held: Founder of Kamstra Shipstores – which currently forms part of the B&S Liquors segment - and CEO of B&S until 2004, member of the Supervisory Board since 2004
Other positions: chairman of the Board of Directors of Clinuvel Pharmaceuticals.

Rob Cornelisse, M (1958)

First Appointed: 2018, end of current term: 2024
Nationality: Dutch
Last position held: Tax partner at Loyens & Loeff N.V until 2018
Other positions: Professor of Tax Law at the University of Amsterdam and serves as of counsel at Loyens & Loeff N.V.

Mr. Willem Blijdorp, through Sarabel Invest S.à. r.l. ('Sarabel'), at year-end 2021 held 67.26% of the shares in B&S Group S.A.
Mr Leendert Blijdorp at year-end 2021 held 0.5% of the shares in B&S Group S.A. The other Supervisory Board members do not hold any ordinary shares or rigts to obtain ordinary shares.

Kitty Koelemeijer, F (1963)

First Appointed: 2018, end of current term: 2025
Nationality: Dutch
Selection, Appointment and Remuneration Committee (chair)
Position: Full Professor of Marketing & Retailing and Director Center of Marketing & Supply Chain Management at Nyenrode Business University.
Supervisory Board memberships and other positions: member of the Supervisory Board and chairman of the Audit Committee of Brunel International N.V., vice-chair of the Supervisory Board and chairman of the Remuneration Committee of Intergamma Coöp U.A., member of the Supervisory Board of CB Logistics, Vereniging Eigen Huis, NLinBusiness, and Handicapped Sports Fund, Board Member at VNPF.

Leendert Blijdorp, M (1988)

First Appointed: 2021, end of current term: 2025
Nationality: Dutch
Audit & Risk committee (chair)
Position: several board and committee member positions in companies related to Sarabel Invest S.à r.l.

Corporate Governance

B&S was incorporated on December 13, 2007 as a private limited liability company (S.à. r.l.), under the laws of the Grand Duchy of Luxembourg. In March 2018, the Company was converted into a public limited liability company (S.A.). The Executive Board and Supervisory Board are responsible for the Company's corporate governance structure. The corporate governance of B&S is determined by Luxembourg Law, the Articles of Association and – as these are underwritten by the Company - by the regulations of the Dutch Corporate Governance Code (the 'Code').

Executive Board

The Executive Board is responsible for day-to-day management, strategy and advocacy of general stakeholders' interest. The Executive Board may perform all acts necessary or useful for achieving the Company's corporate purposes, except for those expressly attributed to the General Meeting or Supervisory Board under Luxembourg legislation or the Articles of Association.

Composition, appointment and dismissal

The Articles of Association provide that the Executive Board must consist of at least two members. In the period under review, the Executive Board consisted of four members. The composition of the Executive Board and information about its members is provided on page 78 of this Annual Report.

Members of the Executive Board are appointed for a maximum period of four years and may then be reappointed for an unlimited amount of times, each time for a maximum of four years.

A member of the Executive Board may be removed or replaced with or without cause, at any time, by a resolution adopted by the Supervisory Board or by the General Meeting of Shareholders.

No member can simultaneously be a member of the Executive Board and of the Supervisory Board. However, in the event of any vacancy at the Executive Board, the Supervisory Board may appoint one of its members to act on the Executive Board until the following General Meeting. During that period, the duties of this person within the Supervisory Board will be suspended.

Meetings and decision-making

In the financial year under review, the Executive Board had 21 formal meetings. The majority was held by teleconference as a result of COVID-19 related measures.

The functioning of and decision-making within the Executive Board are governed by the Executive Board Rules which can be found on the corporate website.

According to the Executive Board Rules, the Company has installed an IT steering committee that assists the Executive Board in its oversight of the Company's IT function and prepares recommendations for the Company's IT policy.

Supervisory Board

The Supervisory Board is responsible for supervising and providing advice on the policy of the Executive Board. The Supervisory Board regularly discusses the strategy, the implementation of the strategy and the principal risks associated with it.

The Supervisory Board includes an account of its involvement in the establishment of the strategy, and how it monitors its implementation in its report, which can be found under 'Report of the Supervisory Board'.

Composition, appointment and dismissal

The Articles of Association provide that the Supervisory Board must consist of at least three members. In the period under review, the Supervisory Board consisted of five members. The composition of the Supervisory Board and information about its members is provided on page 80 of this Annual Report.

Members of the Supervisory Board are appointed for a maximum period of four years and may then be reappointed for a maximum period of four years. A Supervisory Board member may then subsequently be reappointed for a period of two years. This reappointment may be extended by a maximum of two years. For reappointment after an eight-year period, reasons must be provided in the report of the Supervisory Board.

A member of the Supervisory Board may be removed or replaced with or without cause, at any time, by a resolution adopted by the General Meeting of Shareholders.

In the event of one or more vacancies in the Supervisory Board, because of death, resignation or otherwise, the remaining members of the Supervisory Board may appoint one or more members of the Supervisory Board, as the case may be, to temporarily fill any such vacancy until the next General Meeting of Shareholders where a new member of the Supervisory Board will be appointed upon proposal by the Supervisory Board, subject to compliance with any applicable nomination rights as set out in the Articles of Association.

Meetings and decision-making

The Supervisory Board shall meet at least 4 times a year and as often as the business and interests of the Company require. Unless the Chairman decides otherwise, Supervisory Board meetings shall be attended by all members of the Executive Board.

In accordance with the Articles of Association, the functioning of and decision-making within the Supervisory Board are governed by the Supervisory Board Rules that can be found on the corporate website. The Supervisory Board can only validly adopt resolutions if at least two of its members are present or represented at a meeting duly convened in accordance with the Articles of Association and Luxembourg Law.

Resolutions of the Supervisory Board may also be adopted outside of a meeting, provided that such resolutions are adopted in writing and signed by each member of the Supervisory Board. Pursuant to the Articles of Association, certain specified resolutions of the Supervisory Board require the affirmative vote of majority shareholder Sarabel Invest S.à. r.l. ('Sarabel'), as long as it holds at least 30% of the ordinary shares.

Committees

The Supervisory Board has established two committees from among its members; the Audit and Risk Committee and the Selection, Appointment and Remuneration Committee. Their task is to assist and advice the Supervisory Board in fulfilling its responsibilities. These committees are governed by charters that have been drawn up in line with the Dutch Corporate Governance Code and can be found on the corporate website. The present composition of the committees are provided in this Annual Report under 'Report of the Supervisory Board'.

Remuneration

The remuneration of the Supervisory Board members is determined by the General Meeting of Shareholders. The General Meeting may grant a fixed remuneration to members of the Supervisory Board which is not dependent on the results of the Company and may grant an additional fixed remuneration to the Chairman and the vice-chairman. The remuneration of the Supervisory Board members should reflect the time spent and the responsibilities of their role.

Diversity

In the composition of the Boards, B&S strives for sufficient complementarity, pluralism and diversity with regard to age, gender and background. The main aim is to create a diverse mix of knowledge, skills, expertise and personal characters.

The Company views diversity as a relevant mix of required elements that evolves with time, based on business objectives and future needs of the Company. We treat diversity of the Boards as means for improvement and development rather than as an objective in itself.

In the selection of our new Supervisory Board member L. Blijdorp (appointed May 2021), the Supervisory Board took into account these views and focused on selecting a candidate with clear and distinctive expertise, contributing to pluralism in age, a focus on long-term value creation commitment towards B&S, and adding a personal character to the Board that balances but also challenges the Audit and Risk Committee and Supervisory Board composition.

Board conflicts of interest

Conflicts of interest should be handled in accordance with Art. 28 of the Articles of Association. If a member of the Executive Board or the Supervisory Board has a direct or indirect financial interest opposite to the interest of the Company in any transaction that requires approval from the Executive Board or the Supervisory Board, he or she should inform the Boards as per Art. 28.1 of the Articles of Association. The member may not take part in the deliberations relating to the transaction and may not vote on transaction related resolutions. For details on transactions, reference is made to note 32 of the financial statements in this report. Transactions were compliant with arm's length principles.

Herewith, the Dutch Corporate Governance Code best practice provisions regarding (reporting of) conflict of interests have been complied with.

General Meeting of Shareholders

At least once a year, the Company convenes a shareholder meeting. The Executive Board and Supervisory Board ensure that the General Meeting of Shareholders is properly informed and advised. The Company has, in accordance with best practice provision 4.2.2 of the Code, drawn up a Policy on bilateral contacts.

Shareholders who individually or jointly hold at least 5% of the issued share capital have the right to place items on the agenda and submit proposals for items included in the agenda. The Company will include the item on the agenda if it receives the substantiated proposal in writing clearly stating the item to be discussed, or a draft resolution, in writing at least 22 days prior to the meeting date.

The main powers of the General Meeting relate to:

- the composition, appointment and dismissal of members of the Executive Board and the Supervisory Board;
- approval of the remuneration policy of the Executive Board and the Supervisory Board;
- the adoption of the annual financial statements and declaration of dividends on Ordinary shares;
- discharge from liability of the members of the Executive Board and the Supervisory Board;

- any transaction or measure entailing an important change of the identity or character of the Company;
- the issuance of ordinary instruments under the Ordinary Shares Authorised Capital in the excess of 10% maximum set out in Art. 6.3(i) in the Articles of Association;
- amendments to the Articles of Association in accordance with Art. 12.3 in the Articles of Association.

For more information about the powers of the General Meeting, the Policy on bilateral contacts as well as Articles of Association, please visit our corporate website.

Share capital

The authorised share capital of the Company consists of one single category of shares: ordinary shares. All issued shares are fully paid up and each share confers the right to cast a single vote in the General Meeting. At year-end 2021, the total number of issued ordinary shares was 84,177,321. The ordinary shares are freely transferable at the stock exchange of Euronext Amsterdam.

Share ownership rights

There are no special control rights or restrictions on voting rights attached to the ordinary shares. However, shareholder Sarabel Invest S.à. r.l. ('Sarabel') has a right to nominate candidates for appointment as members of the Supervisory Board. Pursuant to Luxembourg law, if Sarabel, when making use of this nomination right, includes at least two candidates for each position in the proposal for appointment to the Supervisory Board, the General Meeting has to appoint one of the proposed candidates.

Furthermore, the Articles of Association require the affirmative vote of the current majority shareholder Sarabel in respect of reinforced approval matters of the Supervisory Board as long as he holds at least 30% of the ordinary shares.

There are no specific powers for the Executive Board and Supervisory Board to issue or buy back ordinary shares.

Preference shares

For a period of five years, starting March 22, 2018 the Executive Board, as per Article 6 of the Articles of Association, is authorised to issue preference shares to a foundation (Stichting Continuïteit B&S Company) up to a total number of voting rights, after the issue, of 33.33%. The object of the foundation is limited to the protection of the interests of (i) the Company, (ii) the business connected therewith and (iii) all involved stakeholders. Contravening influence threatening the continuity, the independence or the identity shall be averted as much as possible.
The Executive Board may only issue preference shares with the prior written consent of the current majority shareholder Sarabel as long as he holds at least 30% of the ordinary shares. In 2021, no preference shares were issued.

Share transactions by management

The chart of transactions by persons discharging managerial responsibilities (PDMR), which are members of the Executive Board and Supervisory Board of B&S Company S.A., is available on our corporate website. This overview contains any significant direct and indirect shareholdings within the meaning of the Transparency Directive.

Major shareholdings

The Dutch Financial Supervision Act and the Luxembourg Transparency law require investors who hold a share interest or voting interest exceeding (or falling below) certain thresholds to (inter alia) notify their interest with the Authority for the Financial Markets (AFM) in the Netherlands and the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg. This information is included in this Annual Report under the section "Share Information".

Financial reporting and role of auditor

Annual financial statements as prepared by the Executive Board must be examined by an external certified auditor before being presented to the General Meeting for adoption.

The General Meeting has the authority to appoint the auditor. The Supervisory Board nominates the auditor for (re-)appointment by the General Meeting, taking into account the advice of the Audit and Risk Committee. The auditor's assignment and remuneration are resolved on by the Supervisory Board, on the recommendation of the Audit and Risk Committee.

The external auditor attends Audit and Risk Committee meetings and meetings of the Supervisory Board in which the annual financial statements are to be approved and the year-end audit report of the external auditor is discussed. Half-year results and reports are discussed with the Audit and Risk Committee in the presence of the external auditors prior to publication.

Compliance with the Dutch Corporate Governance Code

As a public limited liability company organised under the laws of the Grand Duchy of Luxembourg, the Company is not subject to the Code. However, we acknowledge the importance of good governance and are committed to comply with the principles as set out in the Code. The Executive Board and Supervisory Board believe deviations or qualifications of some individual provisions of the Code are justified. These deviations or qualifications are explained below.

Deviations from the Code

Independence of Supervisory Board members

Under the best practice provision 2.1.7 and 2.1.8, three out of five members of the Supervisory Board are considered not to be independent. One member has a shareholding in the Company of at least ten percent and one member was appointed as representative of a legal entity which holds at least ten percent.
The third member has a relative by blood in the first degree that is a member of the management board or supervisory board – or is a representative in some other way – of a legal entity which holds at least ten percent of the shares in the Company.
The Company deviates from this provision as it finds it necessary for its Supervisory Board members to have a good understanding of the complex environment in which the Company operates. Furthermore, the representation of (persons in the direct line of descent to) the founder and majority shareholder of B&S, contribute to the long-term commitment towards value creation and continuity.

Establishment of committees

The Company reserves the right to deviate from provision 2.3.2 for practical reasons. The regulation of committees states that if the Supervisory Board consists of more than four members, it shall appoint an Audit committee, a Remuneration committee and a Selection and Appointment committee. In the period under review, this provision was deviated from as the Selection and Appointment committee and the Remuneration committee were combined to form one committee.

Cancelling the binding nature of a nomination or dismissal

Pursuant to the Articles of Association, shareholder Sarabel has a right to nominate candidates for appointment as members of the Supervisory Board. It is not possible under Luxembourg law to set aside the binding nature of the nomination right, which would result in a deviation from best practice principle 4.3.3.

Relevant documents on corporate website

- Articles of Association
- Executive Board Rules
- Supervisory Board Rules
- Charters of Committees
- Profile Supervisory Board
- Bilateral contacts policy
- Code of Conduct
- Whistleblower Policy

Risk Management

B&S is a globally operating listed Company with a focus on long term value creation. Being active in many different markets worldwide inherently entails risks, not only in the specific markets we are active in but also with regards to business strategy.

Companywide strategic objectives are defined by the Executive Board and include the encouragement of entrepreneurship and accountability on segmental level. The Executive Board, supported by the Leadership Team, has in place a well-embedded risk management and internal control system to continuously evaluate the degree to which the Company is in control. This helps to identify and mitigate potential risks and to balance risk and reward in line with the Company's risk appetite.

With the COVID-19 pandemic continuing in 2021, the impact on our operations is considered a main risk and as such an integral part of our principal risks:

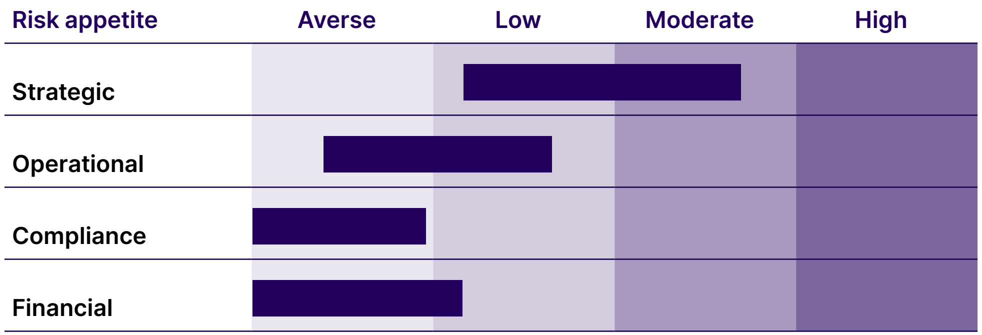
- International nature of our business
- IT & cybersecurity
- Inventory
- Liquidity and working capital management
- Credit

Risks related to climate change and sustainability are an integral part of a number of our main risks, such as reputational risks, international nature of our business and non-compliance with laws and regulations. The related risks are summarized in the compliance risk category.

We have reviewed our risk descriptions for these principal risks over the year and enhanced description where relevant to further reflect these developments. Other principal risks remain largely unchanged from last year.

Risk appetite

In general, B&S adapts a conservative approach to risk-taking within an entrepreneurial setting. The risk appetite differs per risk category and is defined as follows:



- To achieve **strategic** objectives, the Company accepts associated risks up to a moderate level
- The Company seeks to minimise the risks of **operational** failures within its business processes
- With respect to **compliance** risks, the Company takes a risk averse stance
- **Financial** risks are mitigated through a cautious financing structure and stringent cash management policy

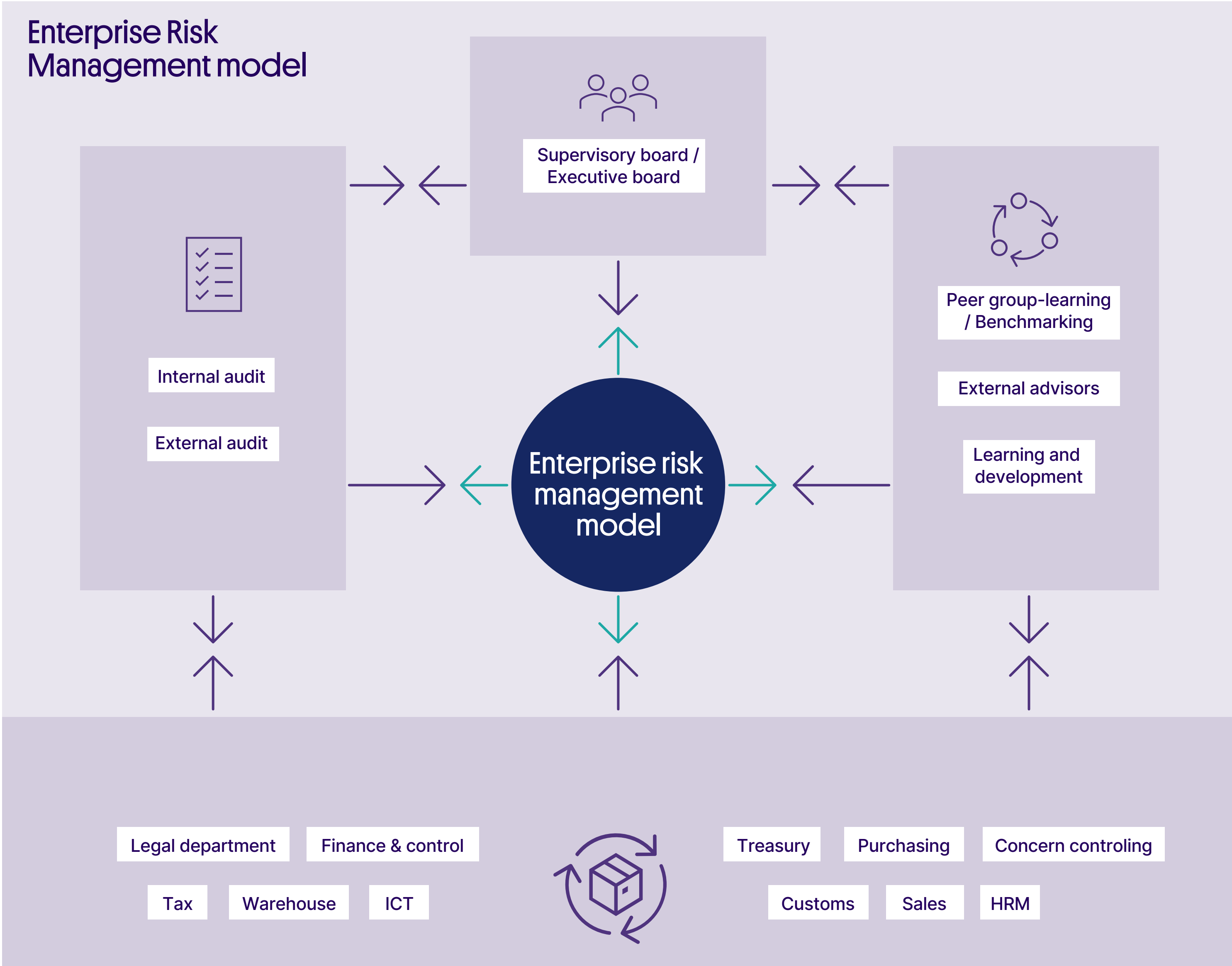
There may be risks or risk categories that are currently identified as not having a significant impact on the business but that could develop into main risks in the future. The objective of the Company's Enterprise Risk Management model ('ERM model') is to timely identify changes in risk profiles so that appropriate measures can be taken. The main risks per category are described below.

Risk	Description	Risk appetite			
Strategic					
International nature	The risk that trade protection measures, changes in taxation policies or other regulations will negatively impact revenues			✓	
Managing growth	The risk that the Company is unable to manage sustainable organic and acquisitive growth		✓		
Reputation	The risk of an incident occurring that will harm the B&S Company brand		✓		
Operational					
IT & Cybersecurity	The risk of critical IT systems being unavailable or not well maintained and of the Company being exposed to cyber crime	✓			
Staff	The risk of not finding or retaining qualified people to support our strategy and the business not achieving its full potential	✓			
Inventory	The risk of being unable to manage inventory successfully, leading to tied up capital and / or eroding margins The risk of scarcity or unavailability of goods impacting lead times and business continuity		✓		
Compliance					
Compliance standards	The risk of non-compliance with statutory laws and regulations in applicable jurisdictions or with internal policies and procedures	✓			
Customs & Certifications	The risk of losing any of or authorisations or certifications for our bonded warehouses could have negative impact on revenues	✓			
Climate change & sustainability regulations	The risk of non-compliance with climate change & sustainability laws and regulations	✓			
Financial					
Currency	The risk of inadequately monitoring exchange rate risk that leads to exchange rate losses	✓			
Credit	The risk of delayed or failed payment by customers	✓			
Liquidity & Working Capital Management	The risk that the business has insufficient free cash flow to fund its operations and stay within acceptable debt ratios	✓			

Enterprise Risk Management model

The Executive Board is responsible for establishing and maintaining adequate internal risk management and control systems. Risk identification is performed both top-down and bottom up, based on the Company's strategy and the environment in which we operate.

The Company has developed an ERM model which is continuously monitored by the Supervisory Board, Executive Board, Finance & Reporting, Internal Audit and the Leadership Team. We involve various internal and external stakeholders in the identification, assessment and monitoring of risks, which fits the Company's entrepreneurial and hands-on mentality. The risk management model is updated when required in order to reflect changes in either internal or external conditions.



Main risks and control measures

The main risks and control measures are presented below.

Risk type	Description	Mitigation by
Strategic		
International nature of our business	The international scope of our operations, particularly in certain developing countries and emerging markets, exposes the Company to risks related to trade protection measures, closure of borders and restriction of travel in case of a global pandemic, changes to taxation policies, changes in regulation, import/export licencing requirements, quotas or wage and price controls.	These risks are mitigated by diversification in markets, product groups, regions and client portfolio. The Company has spread its risk over various niche markets all over the world, making it less vulnerable to decline in specific market segments and / or to geographical risks. Although geographical economic recessions can have some effect, the risk of a disproportionally adverse impact will be limited because of the indicated market diversification and regional spread.
Managing growth	Quality of the Company's growth should always remain sustainable, manageable and well under control. The Company may fail to meet these standards by inefficient or inadequate controlled organisational aspects, challenging economic market conditions or adverse global events, i.e. pandemics. The Company may fail to acquire other businesses as contemplated by the growth strategy or may fail realise the expected benefits from such acquisitions.	The Company invests substantially in optimisation and digitisation of business processes and compliance procedures, and in expansion of warehousing and storage facilities. The diversification in markets, product groups, regions and client portfolio, makes the business less cyclical and less vulnerable to changing market conditions. Furthermore, the Company is continuously improving, digitising and controlling its processes in order to be able to adapt quickly to changing circumstances. Acquisitions are preceded by careful due diligence processes carried out by both internal and external experts to ascertain that an acquisition will provide adequate financial returns and will contribute towards the Company's synergy and integration demands. The added-value and cash flow contributions of intangible assets is tested regularly.
Reputation	The Company's reputation and relationship with suppliers and customers could be harmed by performance failures and incidents occurred by internal or external parties in the supply chain, such as fraud and corruption and cyber incidents. These reputational risks could be resulting in a loss of sales or other financial impact caused by a harmed reputation.	The Company is focused on adding value to its partners' businesses that provides long-term mutual growth, which results in trustworthy relationships. The focus on maintaining long term partnerships with customers and suppliers makes the Company less vulnerable to reputational damage. Also internal policies and guidelines regarding business agreements with new suppliers and customers are applied through an extensive Know Your Relation (KYR) procedure. Internal and external procedures and policies are in place to avoid incidents, such as fraud and corruption and cyber incidents and adequate reporting channels are in place in case such incidents occur.

Risk type	Description	Mitigation by
Operational		
IT and cybersecurity	The Company relies significantly on the integrity, reliability and efficiency of IT systems and on the services of its third-party IT and payment service providers. Inability to find qualified service providers or the failure of service providers to perform their obligations could have a material adverse effect on the business, financial condition and results of operations. With increased digitisation of company processes and business model and cyber criminals becoming increasingly active and sophisticated, the Company considers cybercrime to be a significant IT threat.	The Company has established partnerships with carefully selected IT providers that are acquainted with our business activities and associated needs, and pro-actively implement and continuously optimise the IT systems. The Company maintains a wide range of security measures including access and authorisation controls and back-up and recovery procedures. Compliance with these policies is monitored and controlled. Additionally, the IT systems and procedures are checked regularly by external experts while potential cyber-attacks on the Company's systems are externally monitored and internally mitigated by various protective and detective measures. Cyber specialists are also assigned to further develop the security policies and controls.
Dependency on key staff	The Company relies significantly on the skills and experience of the managerial staff as well as technical, sourcing and sales personnel. A loss of any key individuals or the failure to recruit suitable managers and other key staff, both for expanding operations and for replacing people who leave the Company, could result in an inability to meet customer demand resulting in a loss of customers.	This risk is mitigated by recruiting employees to cover both business growth and fluctuations in employee composition. In order to attract and retain staff, the Company offers a balanced remuneration package, development programs and a stimulating workplace offering attractive career opportunities.
Inventory risk	The Company holds sizeable inventory levels with a certain volatility throughout the year. The Company may be unable to manage our inventory successfully resulting in additional tied up capital, eroding margins or unavailability of goods.	The Company closely monitors inventory through dedicated inventory management departments which are divided into product categories. Critical stress tests are regularly carried out on the theoretical financial boundaries of inventory positions versus equity, covenants and financing. The financial boundaries itself are continuously assessed to safeguard the Company's ability to quickly respond to changing market circumstances, like for instance COVID-19.

Risk type	Description	Mitigation by
Compliance		
Non-compliance with laws and regulations	The Company is subject to various laws and regulations in the jurisdictions in which it operates. Changing laws might interfere with the Company's competitive advantage resulting in a loss of business. Litigation or investigations involving the Company, including those related to the infringement of intellectual property rights of third parties, could result in material settlements, fines, penalties or reputational damage. The business is subject to anti-money laundering, sanctions and anti-bribery laws and regulation and related compliance costs and third-party risks. Breaching these laws and regulations might result in the loss of contracts in our government and defence distribution operations.	Business partners are selected carefully and are only accepted after extensive screening that ensures that the Company's supply chain is transparent, not in breach with any regulations and that the Company is not infringing any intellectual property or trademarks. If deemed necessary, the Company relies on the services of local professional experts for designated compliance areas. Compliance is overseen by the both the Executive Board as well as the Legal department. Strict internal policies and guidelines regarding business agreements with new suppliers and customers are applied through an extensive Know Your Relation (KYR) procedure. In order to avoid corruption, bribery, fraud and other unethical behaviour, the new relations and their Ultimate Beneficiary Owner(s) are checked with the OFAC and the EU Sanctions list.
Customs and certifications	The Company has its own warehouses for storing both bonded and duty exempt goods, which requires extensive licensing and certification as an Authorised Economic Operator (AEO) by the customs authorities. Loss of any of the authorisations or certifications could impact the Company's ability to operate its business, fulfil our obligations towards customers or attract new customers. This may result in a loss of turnover or not realising the growth ambition. Also non-compliance with customs and excise laws and regulations may lead to fines and penalties.	In order to mitigate the risks from customs activities, the Company has its own expanding customs departments staffed by well-trained experts who are in close contact with customs authorities, which is overseen by the Company Tax Department. Staff follows on-going training courses to keep up to date with customs legislation and related developments. The Company is insured against the risks related to its customs activities and adequate customs guarantees have been issued for its activities. The financial consequences of customs related calamities are, therefore, covered as far as possible. Each year, the processes related to our AEO status are audited internally and periodically audited externally. The Company follows strict policies and performs crosschecks on compliance.

Risk type	Description	Mitigation by
Climate change & sustainability regulations	The international activities of the Company are exposed to risks of non-compliance with climate change & sustainability regulations, resulting from governmental ambitions in the parts of the world we are doing business. Relevant laws and regulations include, but are not limited to, European Green Deal, Non-Financial Reporting Directive (NFRD), Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy. While these risks are primarily compliance risks, these risks can also materialise as strategic, operational and financial risks, e.g. loss of clients and revenue and loss of competitive advantage.	Climate Change & sustainability compliance are overseen by the Executive Board, with the assistance of a QHSE manager and in 2021 assigned sustainability manager. Policies and commitments are in the process of being redefined and further developed to incorporate regulatory requirements, focussing on key material matters. In addition, KPI's and a key control framework will be set up as part of the sustainability strategy 2022 exercise. Further reference is made to "Sustainable operations" in the results section of this report
Financial		
Currency risks	The Company is exposed to currency exchange rate risk in the conduct of our business. Inadequate monitoring of our positions might lead to exchange rate losses.	The Company deals with risks from transactions in non-Euro currencies by matching incoming and outgoing cash flows as closely as possible in the same currency. Extraordinary currency positions and risks are dealt with at corporate level by a dedicated treasury department, which uses hedging instruments when appropriate and on a case-by-case basis to mitigate currency transaction risks. Derivative transactions are subject to continuous risk management procedures. Derivative financial contracts are only entered into with banks that have a good credit rating.
Credit risks	Delayed payment or failure to pay by our customers could have an adverse effect on our business resulting in the Company not being able to grow at the desired rate.	The Company applies strict internal policies and guidelines regarding credit risk management. All transactions must be secured, either by credit insurance, payment up front or by a secured payment instrument (guarantee or letter of credit). A centralised credit control department is in place to mitigate credit risks and to monitor compliance with internal credit management policies.

Risk type	Description	Mitigation by
Liquidity & Working Capital	Any inability to raise capital or to continue the existing finance arrangements could have a material adverse effect on the business, financial condition and results of operations.	The Company's activities are mainly financed on the basis of medium and short-term credit facilities. After the refinancing of the Company, which took place in December 2021 (reference is made to Note 23 of the financial report), the Company has adequate financing available to secure the financing for the future growth ambitions of the Company. Both short and long-term financing arrangements are discussed and negotiated exclusively at Company level by the Executive Board. The internal reporting allows for closely monitoring of the operating segments on profitability and compliance with the credit agreements. This also ensures that the companies within the Company are in a position to generate sufficient cash flows for upward dividend streams.

For more details about financial risk management see Note 31 in the consolidated financial statements. These notes are considered to be part of this report.

Internal Audit

Throughout the year, certain selected aspects of the execution, follow up and quality of the design and effectiveness of controls are reviewed by the Company's internal audit function. Priorities for internal audit are defined in dialogue with both the Executive Board and the Audit and Risk Committee of the Supervisory Board. The internal audit function has direct access to both the Executive Board and the Audit and Risk Committee and presents the results of the internal audit activities during the quarterly meetings of the Audit and Risk Committee.

In addition to these reviews, sensitivity analyses are conducted on various scenarios to identify focus areas for uncertainty reduction. These scenarios include the effect of rapid changes in market conditions, changes in gross margin, increases of interest rate and currency fluctuations.

Specific risk-mitigating actions in 2021

In the period under review specific control measures were taken on the following aspects:

Control Framework

In 2021, the internal control framework has been further developed and improved based on a reassessment of the (fraud) risk assessment. Improvements have been made in the accounting, period-closing and controlling processes, which have been optimised and harmonised based on the newly introduced reporting structure in April 2021. In addition we have increased the efficiency and effectivity of review activities and monitoring controls performed by both management and the internal audit department. These review activities and monitoring controls relate amongst others to compliance with trademark and customs laws and regulations, related party transaction and IT-controls.

ERP migrations

To support the enhancements of review activities and monitoring controls as set out above, we proceeded with the migration of the remaining entities that used to work with legacy systems in to the Company's inhouse developed and maintained ERP system BiT. Amongst others all entities from the Health segment and the main part of the companies in Dubai and Spain have been migrated to BiT. Also several migrations took place, to align the BIT environment with the newly introduced segment structure. The Internal Audit department reviewed all migrations to ensure accurate and complete conversion of critical data as well as proper segregation of duties within the new BiT environment. In 2022 this migration process will be continued for both existing as well as – when relevant - newly acquired companies.

"In 2021 we enhanced security controls to mitigate cyber security risks."

IT & Cyber security

In 2021 we have further enhanced our security controls in order to mitigate risks related to cyber security. These controls consist of both preventive as well as detective controls. An independent party ('ethical hacker') executed penetration tests on our network and e-commerce applications. Based on both the reported observations and the already existing internal agenda, the physical security has been improved by amongst others harmonization of security policies, further segmentation of the network and tightening of the external monitoring services. Next to that, the Company continued its cybersecurity awareness program amongst employees in order to ensure that everyone remains alert on possible threats.

Specific internal control activities planned for 2022

In 2022, the Company will proceed with the ongoing process of optimising and harmonising internal controls and procedures and the monitoring thereon by both Executive Board and the Internal Audit department. Main focus areas are related to controls within the inventory and sales processes, foreign and standalone entities, compliance with laws and regulations, IT and cyber security and the execution of a climate and sustainability risk assessment. All of this is aligned with and in support of the Company's strategic goals.

Share information

B&S Group S.A. shares have been listed on Euronext Amsterdam since March 23, 2018 and have been included in the Smallcap Index (AScX) since June 19, 2018. The issued share capital as at December 31, 2021 amounts to € 5,050,639.26. This is divided into 84,177,321 issued Ordinary Shares each with a nominal value of € 0.06.

KEY SHARE INFORMATION	
ISIN	LU1789205884
Euronext ticker	BSGR
Number of shares outstanding	84,177,321
Free float	31.0%

KEY FIGURES PER SHARE	
EPS	€ 0.46
Dividend yield[1]	2.5%
Highest price	€ 9.58
Lowest price	€ 6.45
Year-end share price	€ 7.10

Dividend policy

Barring exceptional circumstances, B&S aims to distribute a dividend of between 40-60% of annual results attributable to the owners of the Company, starting at the lower end of the target range. We envisage increasing dividends per share over time within the set target range.

The current dividend policy is to pay out annually, in the second quarter of the following year, following shareholder approval of the full-year financial statements.

Dividend proposal 2021

At the Annual General Meeting to be held on May 17, 2022, B&S Group will propose the payment of € 0.18 per share, in cash (subject to withholding tax if applicable).

This translates into a pay-out ratio of 40% of the annual results attributable to the owners of the Company.

Notification of capital interests

On December 31, 2021, the following major shareholders with a substantial participating interest (>5%) are known by based on a former notification by them in accordance with the Transparency Law[2].

Sarabel Invest S.à r.l	67.26%
Mondrian Investment Partners Ltd	5.18%
JNE Partners LLP	5.17%

1 The proposal to distribute divided payment over 2021 shall be submitted to the General Meeting of Shareholders on May 17, 2022.

2 Law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

FINANCIAL CALENDAR	
Q1 2022 trading update	May 16, 2022
Annual General Meeting	May 17, 2022
HY 2022 results	August 22, 2022
Q3 2022 trading update	November 7, 2022

Investor relations policy

B&S provides shareholders and other parties in the financial markets with information on matters that may influence the Company's share price via an annual report and an interim report, Q1 and Q3 trading updates and press releases. These documents are published on the B&S corporate website and submitted to the AFM (the Netherlands) and CSSF (Luxembourg).

B&S has a compliance officer who monitors and enforces strict compliance with any and all relevant laws and regulations. Together with the Executive Board and the Disclosure Committee, the compliance officer assesses whether and when information is price-sensitive and whether a disclosure obligation applies to said information. These regulations apply to both the Supervisory Board and the Executive Board, but also to the management layer below the Executive Board and all head office staff who come into contact with price-sensitive information.

Investor contact

B&S communicates with its investors and analysts throughout the year via meetings such as AGMs, roadshows, organised site visits and broker conferences.
The Company holds regular investor calls and meetings to provide the investment community with a well-balanced and complete picture of the performance, opportunities and challenges the Company faces, while taking into account insider trading and the equal treatment of shareholders.

General meeting

General Meetings of Shareholders are convened in accordance with the provisions of the Luxembourg law of May 24, 2011 on the exercise of certain rights of shareholders in general meetings of listed companies and the Articles of Association. The General Meeting of Shareholders will be held on May 17, 2022 in Luxembourg (provided the absence of travel restrictions due to Covid-19). Contacts with the capital markets are dealt with by the members of the Executive Board and the Investor Relations Manager.

Independent analyst reports

The following analysts covered B&S in the course of 2021:

ABN - ODDO BHF	Robert Jan Vos
ING	Tijs Hollestelle
Kepler Cheuvreux	Patrick Roquas

Statement of the Executive Board

The Executive Board has made a systematic assessment of the effectiveness of the design and operation of the internal control and risk management systems. On the basis of this assessment and in accordance with best practice 1.4.3 of the Dutch Corporate Governance Code of December 2016, article 68ter of the Luxembourg RCS Law[1] and article 3 of the Luxembourg Transparency Law[2], the aforementioned assessment and the current state of affairs, to the best of its knowledge and belief, the Executive Board confirms that:

- the internal risk management and control systems of the Company provide reasonable assurance that financial reporting does not contain any material inaccuracies;
- there have been no material failings in the effectiveness of the internal risk management and control systems of the Company;
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of the Company's operations in the coming twelve months after drawing up the report, and;
- drawing up the financial reporting on a going concern basis is justified based on the current state of affairs.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. Nor can they provide certainty that we will achieve our objectives.

In view of all of the above, the Executive Board declares that, to the best of its knowledge and belief, the financial statements presented in this annual report and prepared in accordance with IFRS standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the undertakings audited in the consolidation taken as a whole; and that the management report includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year and of the undertakings audited in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Company faces.

Mensdorf, G.D. Luxembourg, February 28, 2022

Executive Board

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

[1] Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings, as amended.
[2] Law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, as amended.

Supervisory Board report

Message from the chairman

2021 was undoubtedly a transformational year for B&S as the first year of the implementation of its 2021 – 2023 strategy. It was also a year marked by the ongoing challenges and uncertainties driven by the pandemic. Yet through resilience, entrepreneurship and adaptability of the B&S workforce around the globe, the Company improved its profitability and delivered on virtually all financial targets.

As the tech-oriented direction of B&S began to take solid form, e-commerce development and sustainable, profitable online growth were important topics for the Supervisory Board (SB). We looked specifically into profitability of the different business models and relevant parameters to track performance. The SB notes that the technology backbone (B&S Nfinity) made a promising start, and see it as a catalyst for furthering the digital transformation of B&S. I am positive that 2022 will be a significant year in this transformation as the appetite for digital supply chains that provide easy access and smart delivery is enormous around the globe.

The Supervisory Board would like to thank the Executive Board and also the Leadership team for their entrepreneurial approach to the challenges provided by the pandemic as well as the centralised approach that has been embraced unanimously. I would also like to thank my colleagues in the Supervisory Board for the smooth collaboration especially considering accelerated use of the online meeting environment during the pandemic.

Jan Arie van Barneveld
Chairman

“E-commerce development and sustainable, profitable online growth were important topics for the Supervisory Board.”

Jan Arie van Barneveld

Main topics

In exercising its tasks in 2021, the Supervisory Board (SB), after consultation with the Executive Board (EB) and members of the Leadership team identified a number of topics which would be SB priorities for the year.

At its request, the Supervisory Board was more closely involved in the **2021 – 2023 strategic plan** and progress made than in previous instances. After the strategy kickoff session in January 2021, the SB received regular status updates and discussed how the strategy and business model can further simplify operations and enhance synergies between the segments and business units globally. We also stressed the importance of adhering to the "Business in the lead" principle for maintaining local strength and business ownership to act on opportunities quickly. Throughout the year, possible implementation risks were discussed and the SB emphasized the need for clarity about responsibilities, a robust implementation program, strong leadership and role modelling from the top. The SB is optimistic about the outcome so far and is confident that the 2021 – 2023 strategy enables further growth in 2022 and beyond.

As part of the strategic plan, the SB was consulted on the composition of a **Leadership team** to support the Executive Board in day-to-day decision making and further the clarification of responsibilities. Over the course of 2021, Managing Directors for the newly introduced operating segment were officially appointed after consultation with the SB. On August 2, 2021 the Leadership team was extended with the appointment of Arben Hajrullahu as Chief Commercial Officer (CCO) to lead the development and execution of the Company's commercial strategy.

Regarding **digitisation**, we continued to discuss the IT project approach in each scheduled meeting with the Executive Board. By sharing suggestions and expertise in this field the SB contributes to further improvement of the Digital First approach of the Company. Topics discussed include the centralised project approach with PMO for streamlined execution, increased project delivery and quality. Also, harmonisation of data for company wide use, the role of data science across the board and the development of the overarching e-com platform - delivered end 2021 as B&S Nfinity – were frequent topics on the agenda.

The SB received regular updates on the progress in **centralisation of operations** to reduce costs and effective utilisation of centralised corporate support functions and shared services centers. In extension, recurrent attention was paid to safeguarding the healthy **financial position** of the company during the ongoing market unpredictability on the back of the pandemic. Priority was discussion to keep inventory management (and thus working capital management) priority for P&L responsible Managing Directors and embed it as a structural part of their responsibility. In addition, cash collection initiatives have been part of our discussions with the EB, including how to make DSO (days sales outstanding) a priority with the assigned Managing Directors and commercial staff of the six operating segments. The SB and EB are pleased with the progress made yet still see further potential for improvement in 2022.

Another key matter in multiple SB meetings was the **centralised refinancing proposal** presented by the EB to fit growth ambitions of the Company for the medium term. Both the proposed financing structure and implementation timelines were discussed and subsequently approved by the SB.

Lastly, the SB was pleased to see B&S accelerate its efforts in 2021 to embed **sustainability** practices in its own business operations as well as develop a roadmap for companywide strategic sustainability objectives to be implemented from 2022 onwards. The SB received regular updates on progress and is keen to see further steps executed in 2022.

Meetings

In 2021 the SB meetings were held via videoconference, as permitted by the laws on measures concerning the holding of meetings in companies and other legal persons due to Covid-19.

In 2021, the Chairman met with the Executive Board on multiple occasions, both pre-scheduled in preparation for meetings between the Supervisory Board and the Executive Board, as well as in impromptu meetings / conference calls. The full Supervisory Board in its current form met five times in the presence of the Executive Board.

Functioning of the Supervisory Board and Executive Board

We performed an annual assessment of the performance of the Supervisory Board and Executive Board that addressed various aspects of the performance of itself, the committees and individual members. The overall conclusion is that both Boards individually work well, with mutual respect and transparency. Also, the relationship between the Supervisory Board and the Executive Board and the Leadership team is very open and the level of information sharing is good. The committees operate as required, and the members in these committees complement each other in the areas of knowledge, experience and personalities.

Some points of attention were formulated under which maintaining regular conversations with the Leadership team, as well as with Directors of corporate support functions to provide functional updates on key projects progress relevant to company strategy.

Composition of the Boards

In the composition of the Boards, the Group strives for sufficient complementarity, pluralism and diversity with regard to age, gender and background. The main aim is to create a diverse mix of knowledge, skills, expertise and personal characters.
At the same time, the knowledge the Company requires in its key markets is still a key appointment criterium. The composition of the Supervisory Board is such that its members are able to provide the Executive Board with optimum support in any particular field of interest. Each member of the Supervisory Board has his or her own field of expertise, including expertise in retail markets, international trade, IT and online consumer behaviour, general management, finance and law. For the current composition of the Executive Board and the Supervisory Board and its committees, please refer to page 78 – 81 of this report.

Committees

The Supervisory Board has installed two committees, an Audit and Risk Committee and a Selection, Appointment and Remuneration Committee. These committees are also subject to the regulations that are available on the corporate website. The task of these committees is to support and assist the Supervisory Board in the performance of its designated tasks and to prepare the ground for the Supervisory Board's supervision of the Executive Board. The Supervisory Board as a whole remains responsible for how it exercises its tasks, including the preparatory activities carried out by the Audit and Risk Committee (ARC) and the Selection, Appointment and Remuneration Committee (SARCO).

Independence of the Supervisory Board members / Corporate governance

The Supervisory Board meets the requirements of the Dutch Corporate Governance Code with regards to independence of the Chairman. Three out of five members of the Supervisory Board do not qualify as independent members of the Supervisory Board within the meaning of the Code, it concerns Mr Cornelisse, Mr W. Blijdorp and Mr L. Blijdorp. Under the chapter Governance in this report, the governance structure of the Company as well as the deviations from the Dutch Corporate Governance Code – as these are underwritten by the Company - are described in more detail.

Audit and Risk Committee Report

Leendert Blijdorp (Chair) and Jan Arie van Barneveld (member).

Audit and Risk Committee Report

The Audit and Risk Committee (ARC) is responsible for interactions and meetings with the external auditor as well as establishing the procedure for the selection of the external auditor. It holds responsibility for recommendations to the Supervisory Board of an external auditor for nomination for appointment and its compensation, or dismissal by the General Meeting. In addition, the ARC assists the Supervisory Board in making recommendations to the General Meeting for the retention, oversight and termination of the external auditor. It also interacts with several financial and internal audit executives and assists in assessing and mitigating the business and financial risks of the Group. The members of the ARC are Mr Leendert Blijdorp (chairman) and Mr Van Barneveld.

Meetings

In 2021, the ARC had four regular scheduled meetings. Except for one occasion where the Finance Director was absent, all regular scheduled meetings were attended by the Group CFO, the Finance Director and the Director Internal Audit.

The ARC convened several additional meetings with the Executive Board and/or support teams, and with the CFO individually to address specific risk developments and actions taken to mitigate these. Specific focus areas during these meetings were related to the quality of financial reporting and closing procedures, IT and Cyber Security, fraud prevention systems and control, compliance with its policy and legislative requirements and the impact of Covid-19 and other business developments. The Chairman of the Committee also had regular meetings with the Director Internal Audit and external auditor, to provide additional opportunity for open dialogue and feedback.

It is customary that the ARC shares its main discussion points and findings and the minutes of these meetings in the Supervisory Board meeting following the ARC meeting.

During these meetings, the Company's results as well as the annual and semi-annual reports were discussed. The Audit Committee in particular paid attention to the more technical reporting aspects, and the reporting on Covid-19 developments.

Financial statements

The FY2021 financial statements were prepared by the Executive Board, and the external auditor subsequently issued an auditor's report on said financial statements. This report is included in the independent auditor's report. In its February 2022 meeting, the ARC discussed the financial statements in detail with the Executive Board and the Supervisory Board and discussed the audit of the financial statements with the external auditor.

Risk management and control framework

The main points of discussion throughout the year were the internal control framework and the execution of the 2021 internal audit calendar, with special attention to the harmonisation of month-end closing procedures and migration of BiT systems.

In each scheduled meeting, the Director Internal Audit presented main internal audit findings, and progress made with regard to the annual internal audit plan was discussed.

During the ARC meeting in February 2021, the harmonisation of the ERP systems and related IT-controls were discussed. Also the Director Internal Audit presented the audit report on the effectiveness of credit control procedures and the audit report regarding controls within the purchasing process.

In the May meeting, the improved related party transaction procedures were discussed and subsequently approved by the SB. Apart from that, the ARC discussed the developments regarding IT and cyber security.

In the August meeting the Director Internal Audit presented the audit plan for the second half year of 2021, focussing on compliance with laws and regulations, the quality of financial reporting and month-end closing procedures and controls within the ERP system.

During the November meeting a few specific reports and position papers from the Director Internal Audit were discussed, mainly focussing on month-end closing procedures, compliance with trademark laws and regulations and cyber security.

External auditor

Throughout the year the ARC discussed and assessed progress with external auditor Deloitte on their key audit findings. As is customary, the ARC also evaluated the performance of the external Auditor Deloitte. During the August meeting, the half year report was discussed as well as the external audit plan for 2021, which was approved. Also, in the November 2021 meeting, the management letter from the external auditor was discussed.

Financing

Throughout the year, substantial attention was devoted to the financing of the Company. The Executive Board kept in close contact with all its relationship banks and shared all relevant updates with the ARC accordingly. In 2020 a covenant holiday was granted by all banks for three test periods until HY 2021.

In 2021 regular meetings between the ARC and Executive Board also took place regarding the re-financing of the company. Reference is made to Note 23 of the financial statements.

FY2021 financial statements and dividend

The Supervisory Board has approved the FY2021 financial statements and recommends that the Annual General Meeting to be held on May 17, 2022 adopts these financial statements. The Supervisory Board also recommends that the Annual General Meeting discharges the members of the Executive Board for their management of the company and the members of the Supervisory Board for their supervision of said management for the financial year 2021.

The distribution of dividend over 2021 was topic of discussion in the Supervisory Board meeting of February 25, 2022. At the Annual General Meeting to be held on May 17, 2022, B&S will propose the payment of € 0.18 per share, in cash (subject to withholding tax if applicable). This translates into a pay-out ratio of 40% of the annual results attributable to the owners of the Company.

Remuneration report

The remuneration of the members of the Executive Board is determined by the Supervisory Board in accordance with the remuneration policy, as approved by the General Meeting of Shareholders; with exception of below mentioned discretionary adjustments. The General Meeting of Shareholders also approves the remuneration of the members of the Supervisory Board. The Selection, Appointment and Remuneration Committee (SARCO) advises the Supervisory Board regarding selection, appointment and remuneration matters of Board members, senior management and/or other personnel. Members of the SARCO are Ms. K. Koelemeijer (Chair), Mr. J. van Barneveld and Mr. W. Blijdorp. This report outlines the remuneration policy for the Executive Board and the Supervisory Board as applied in 2021.

Executive Board remuneration policy

The remuneration of the members of the Executive Board is the responsibility of the Supervisory Board. The objective of the remuneration policy for members of the Executive Board is to provide a remuneration structure that will allow the company to attract, reward and retain highly qualified members of the Executive Board and provide and motivate them with a balanced and competitive remuneration that is focused on sustainable results aligned with the long-term strategy of the company.

The remuneration policy follows best practice provision 3.1.2 of the Dutch Corporate Governance Code. The pay ratios within the Group are taken into consideration. The Supervisory Board believes that the remuneration policy expedites the short-term operational performance and the objectives for the strategy for long-term value creation within the meaning of best practice provision 1.1.1 of the Dutch Corporate Governance Code. Furthermore, the Supervisory Board believes that the value of the remuneration for the members of the Executive Board for 2021 also contributes to the aforementioned objectives and meets the

"The Covid-19 pandemic challenges in 2021 lasted longer than initially expected.The Supervisory Board recognised these challenges and weighed them at the assessment of the Executive Board performance.

We believe the Executive Board made clear progress in executing on the new strategy, making use of changing business dynamics to increase profitability."

Kitty Koelemeijer,
Chair of the Selection, Appointment and Remuneration Committee

remuneration policy. All substantial future changes to the remuneration policy will be submitted to the General Meeting of Shareholders for their advisory vote.

Remuneration policy review

The remuneration policy was last approved by the General Meeting of Shareholders on May 18, 2021, and involved changes with regards to the following aspects:

- ‘Share Appreciation Rights’ were added as a long-term variable remuneration component for eligible Executive Board members
- The conditional award of variable remuneration and a claw back arrangement have been added to stimulate fair long-term commitment and value creation.

As a result of the review, the current Remuneration Policy stimulates decision-making by the aforementioned Board Members that serves long-term sustainable growth in a long-term incentivised manner. Additionally, the conditional award of variable remuneration and a claw back arrangement contribute to a fair and reasonable way of remuneration payment.

Employment contracts

The effective dates of employment contract for members of the Executive Board and their contract term are shown in the table below.

Effective dates of employment contracts of the Executive Board members and their contract term

Name	Effective date contract	Contract term
Mr. de Haan[1]	August 11, 2020	4 years
Mr. Kruithof[2]	May 19, 2020	4 years
Mr. Schreuders[3]	May 19, 2020	4 years
Mr. Groen[4]	May 19, 2020	4 years

[1] Mr. de Haan was appointed to the Board on August 11, 2020.
[2] Mr. Kruithof was appointed to the Board on May 19, 2020.
[3] Mr Schreuders was reappointed to the Board on May 19, 2020.
[4] Mr Groen was reappointed to the Board on May 19, 2020.

The terms of the agreements with the Executive Board members are in line with B&S’s remuneration policy.

Remuneration structure

The remuneration structure for the Executive Board focuses on achievement of both short-term results and long-term value creation by pursuing growth opportunities through B&S’s capabilities as a tech company in the consumer goods industry with a very strong global network.

The total remuneration and the remuneration components are based on the going rates of what the Supervisory Board considers to be in line with international trade and distribution services market and globally benchmarked against companies which are similar to B&S in terms of scale and complexity.

Before the level of remuneration of individual board members is determined, scenario analyses with regards to the variable remuneration components are conducted to determine their consequences on the level of remuneration of these Board members.

The level and structure of the remuneration takes into account the previously described scenario analyses and the pay differentials within the company as well as financial and non-financial indicators relevant to the long-term objectives of the company.

Remuneration components

The members of the Executive Board express their views of their remuneration packages with the SARCO at least once a year. The SARCO includes all feedback when evaluating the Remuneration Policy. The remuneration package for members of the Executive Board, following the adoption of the remuneration policy, consists of the following components:

Fixed Compensation

The annual base pay salary of the members of the Executive Board was set by the Supervisory Board, taking into account a variety of factors such as level of responsibility, experience, scarcity of talent, scale and complexity of the Company. The aggregate annual base pay in 2021 for the members of the Executive Board was € 1,132,000.

Fringe benefits could include a company car. These benefits complement the competitive remuneration package for our Executive Board.

Pension could be included in the salary of a member of the Executive Board.

Termination arrangements / Severance payments

The management service agreements with members of the Executive Board contain termination arrangements. The management service agreement with the current CEO and CFO contains a severance payment equal to twelve months fixed salary. Payment is only provided in the event of termination on the day after which the Annual General Meeting is held in the year the current term expires, or by notice for termination given by the Company before that date, other than as a result of seriously culpable or negligent behaviour or after two years of illness. In all other cases of termination, e.g. in the event of termination at the CEO or CFO’s initiative, the CEO or CFO shall not be entitled to the severance payment.

Management service agreements for other current members of the Executive Board require payment of statutory severance payment.

Performance Incentive (PI)

The PI is an annual cash bonus that is applicable to the CEO and CFO of the Company and the Managing Director (MD) of our Dubai operations. The objective of the variable remuneration is to ensure that these members of the Executive Board are well incentivised to achieve their performance targets.

Performance criteria and targets that underlie the PI, are set yearly by the Supervisory Board based on the strategy aspirations and annual business plans and reviewed annually. The performance targets are challenging, yet realistic and measure the success of the execution of the strategy of B&S. The performance targets that have been agreed, contribute to long-term value creation and the PI is linked to measurable performance criteria.

The final assessment of the performance, based on the audited financial results at the end of the fiscal year, is done by the SARCO and proposed for decision making by the Supervisory Board. In preparation for that final assessment, the Supervisory Board members review the final outcomes as reported by the SARCO and the Audit and Risk Committee, to ensure complete alignment on performance by both committees.

Criteria	CEO	CFO	MD*
Financial performance targets			
1 Profit before tax	✓	✓	✓
2 Good working capital management		✓	✓
Non-financial performance targets			
3 Successful execution of Company strategy	✓		✓
4 Quality of information, administrative organisation and internal control		✓	

* Criteria for MD are related to the business operations in Dubai.

For 2021, the Supervisory Board determined the PI criteria as presented above. The financial performance targets (1 and 2) contribute to the Company's overall focus on longterm value creation by pursuing sustainable and profitable growth.

The non-financial performance target related to strategy (3), should contribute to the Company's goal of expansion of its role as value adding distribution partner whilst creating sustainable and profitable growth. This performance target supports overall focus on long-term value creation.

The non-financial performance target related to the quality of information, administrative organisation and internal control (4), supports investor communication and expectations, for the benefit of our relations with the investor community. Furthermore, a sound administrative organisation and good internal controls contribute to long-term value creation.

The Supervisory Board will determine suitable weightings per year, aligned with the strategic objectives. Financial measures will usually have a weighting of 40% and non-financial measures will usually weigh 60%. The Supervisory Board evaluates the performance of the Executive Board at least once a year, in which they assess to which extent the performance criteria have been met. The total annual performance cash incentive shall not exceed 50% of their fixed fee for CEO and CFO or 50% of the MD's directors fee.

Discretionary adjustments for granting PI over 2021

Following the longer than anticipated effects of the Covid-19 pandemic, in line with 2020 the Supervisory Board made use of its right to perform discretionary adjustments for the financial year 2021 with regards to granting annual cash bonus for the CEO and the CFO. The annual cash bonus for 2021 for the CEO and CFO was subject to approval of the Supervisory Board in its meeting of January 30, 2022. Considering the discretionary adjustments, pay-out for 2021 will be € 250,000 for the CEO and € 250,000 for the CFO. The annual bonus for the MD (Dubai) is discretionary proposed at € 100,000. The clear progress on the execution of the strategy has been the main driver of these adjustments. Despite both the direct and the indirect ongoing impact of the pandemic, beyond previous expectations, the financial performance of the Group significantly improved. The annual cash bonus will be paid in 2022 after approval of the Annual Accounts 2021 by the Annual General Meeting.

Share Appreciation Rights (SAR)

In 2021, SAR's over the financial year of 2020 were granted. The Board members may exercise these SAR's based upon the LTI SAR rules stated in the Remuneration Policy of May 2020. On February 22, 2021 the Supervisory Board granted 125,000 SARs to the CEO and 20,000 SARs to the CFO, which was approved by the Annual General Meeting of 2021. The exercise price is set at € 7.34. The vesting date for SARs will be three years (up until February 22, 2024). Options can be exercised during three years after vesting (from February 22, 2024 to February 22, 2027). The SARs and the application of a vesting period encourages commitment to the Company and long-term sustainability of the business, the strategy and interests of the Company and its stakeholders. The SAR scheme is approved by the Annual General Meeting of 2021. For the year 2021 no SARs are granted.

	2020	Total
T. de Haan	125,000	125,000
P. Kruithof	20,000	20,000
B.L.M. Schreuders	-	-
N.G.P. Groen	-	-
Range of exercise prices in €	7.34	

Pension contribution

For the CEO and CFO of the Executive Board, no pension contribution plan is in place. For the other members of the Executive Board, the defined contribution pension expense is included in the table 'Overview remuneration Executive Board 2021'.

Overview remuneration Executive Board 2021

Remuneration of Executive Board members for 2021[1]

€ x 1,000	Fixed Remuneration – annual base pay			Severance payments		PI – annual cash bonus plan	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
	Base salary	Fees	Fringe benefits	fixed	Variable				
T. de Haan, CEO	500	-	31	-	-	250	-	781	50%
P. Kruithof, CFO	320	-	18	-	-	250	-	588	78%
B.L.M. Schreuders, Senior Counsel	148	-	25	-	-	-	11	183	0%
N.G.P. Groen, MD	165	-	28	-	-	100	13	306	61%

[1] including payments from undertakings belonging to the same group with the meaning of Article 1711-1 of the amended law of 19 August 1915.

Loans

The company has issued no loans or guarantees to members of the Executive Board.

Comparative information on remuneration and company performance

According to the Supervisory Board, the Executive Board remuneration is proportional and acceptable compared to the company performance and the average remuneration of employees on a full-time equivalent basis.

Comparative table over the remuneration and company performance over the last reported financial years after the company's listing (RFY)

Annual Change € x 1,000	Information regarding the RFY	RFY-1	RFY-2	RFY-3
Remuneration				
J.B. Meulman	-	713	1,121	1,245
G. van Laar	-	121	467	508
T. de Haan	781	634	-	-
P. Kruithof	588	299	-	-
B.L.M. Schreuders	183	160	159	131
N.G.P. Groen	306	235	151	127
Company Performance				
Financial metric: Profit before tax	71.7	51.2	77.5	90.8
Average remuneration on a full-time equivalent basis of employees				
Employees of the group	63	62	58	58

Claw back

The remuneration policy of May 18, 2021 approved by the General Meeting of Shareholders, added a claw back arrangement. The Supervisory Board has the authority to claim back variable compensation that has been paid out, to the extent such payment was based on incorrect information, including financial statements concerning the achievement of targets or the occurrence of circumstances that the bonus was dependent on.

Conditionally awarded variable remuneration

The remuneration policy of May 18, 2021 approved by the General Meeting of Shareholders, added an arrangement for conditional award of variable remuneration. If in the opinion of the Supervisory Board, the termination of variable remuneration awarded in a previous year would produce an unfair result due to extraordinary circumstances that occurred during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value of such variable remuneration that would have been payable, thereby applying principles of reasonableness and fairness.

Supervisory Board remuneration

The Annual General Meeting of Shareholders determines the remuneration of the Supervisory Board members, and it may be reviewed annually and thereafter proposed to the Annual General Meeting of Shareholders. The remuneration of the members of the Supervisory Board consists of fixed annual fees for their role as Supervisory Board member. In addition, the Chairman receives a fixed annual fee for this role. The Group does not grant variable remuneration to the members of the Supervisory Board. Members of the Supervisory Board do not receive any performance or equity-related compensation and do not accrue any pension rights with the company. The company does not grant stock options, share appreciation rights or shares to the members of the Supervisory Board.

As per December 31, 2021, the members of the Supervisory Board have no loans outstanding with the Group.

Supervisory Board remuneration in 2021

The annual base pay for every Supervisory Board member was €50,000. After the Annual General Meeting of Shareholders (AGM) of May, 2021, this base pay was increased with €10,000, and put into effect from the AGM 2021 onwards.

The Chairman of the Supervisory Board received an additional annual fee of €5,000; after the AGM of May, 2021, this additional fee was increased to €10,000, and put into effect from the AGM 2021 onwards.

Supervisory Board remuneration 2021

	Amount (in €)
Supervisory Board member	
Jan Arie van Barneveld (Chairman)	64,000
Willem Blijdorp (Vice-chairman)	56,000
Coert Beerman (Until May 18, 2021)	22,500
Leendert Blijdorp (As of May 19, 2021)	37,233
Rob Cornelisse	56,000
Kitty Koelemeijer	56,000
Total	291,733

On behalf of the Supervisory Board
Jan Arie van Barneveld
Chairman

business story

The official launch of Ukiyo Spirits in Amsterdam

When you want to expand your spirits brand in multiple countries, you need a strong partner who is able to cross borders and beyond. So when Kirker Greer's Ukiyo Spirits brand was looking for a partner in Europe to introduce their Japanese Gin and Vodka, they found a perfect match in B&S. As one of the leading brand building distributors, we can build brands on European level and distribute them to multiple territories.

Read the story

Delivered solutions: Distribution, Marketing, Brand Development

Financial statements

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Consolidated statement of profit or loss

for the year ended December 31, 2021

x € 1,000	Note	2021	2020
CONTINUING OPERATIONS			
Turnover	6	1,869,507	1,861,760
Purchase value		1,582,206	1,606,869
Gross profit		287,301	254,891
Personnel costs	7	117,610	115,749
Amortisation	13	11,626	12,709
Depreciation	14	7,629	9,157
Depreciation right-of-use assets	24	11,455	10,580
Impairment of non-current assets	12	10,193	-
Other operating expenses	8	53,327	48,823
Total operating expenses		211,840	197,018
Operating result		75,461	57,873
Financial expenses	9	(3,889)	(7,004)
Share of profit of associates	15	159	305
Result before taxation		71,731	51,174
Taxation on the result	10	(17,157)	(10,536)
Profit for the year from continuing operations		54,574	40,638
Attributable to:			
Owners of the Company		38,471	21,697
Non-controlling interests		16,103	18,941
Total		54,574	40,638
Earnings per share (basic / diluted)			
From continuing operations in euros	11	0.46	0.26

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

Consolidated statement of profit or loss and other comprehensive income

for the year ended December 31, 2021

x € 1,000	2021	2020
Profit for the year from continuing operations	54,574	40,638
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
• Foreign currency translation differences net of tax	8,344	(9,891)
• Effective portion of changes in fair value of cash flow hedges net of tax	(1,112)	414
Other comprehensive income for the year net of tax	7,232	(9,477)
Total comprehensive income for the year	61,806	31,161
Attributable to:		
Owners of the Company	42,559	16,487
Non-controlling interests	19,247	14,674
Total	61,806	31,161

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

Consolidated statement of financial position

at December 31, 2021

x € 1,000	Note	31.12.2021	31.12.2020
Non-current assets			
Goodwill	12	65,092	62,337
Other intangible assets	13	54,061	60,258
Property, plant and equipment	14	38,078	37,327
Right-of-use assets	24	60,680	66,075
Investments in associates	15	2,783	2,630
Receivables	16	1,234	1,444
Deferred tax assets	17	2,300	1,417
		224,228	231,488
Current assets			
Inventory	18	381,763	308,273
Trade receivables	19	195,038	195,628
Corporate income tax receivables		6,090	4,312
Other tax receivables		17,023	11,295
Other receivables		21,027	17,619
Cash and cash equivalents		12,547	38,870
		633,488	575,997
Total assets		857,716	807,485

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

x € 1,000	Note	31.12.2021	31.12.2020
Equity attributable to			
Owners of the Company		264,164	256,375
Non-controlling interest	22	39,107	50,527
		303,271	306,902
Non-current liabilities			
Loans and borrowings	23	180,956	49,496
Lease liabilities	24	58,344	56,698
Deferred tax liabilities	25	10,966	10,684
Employee benefit obligations	26	1,359	1,001
Other provisions	27	1,002	1,500
Other liabilities	28	39,089	42,727
		291,716	162,106
Current liabilities			
Loans and borrowings	23	59,925	178,130
Lease liabilities due within one year	24	11,035	10,034
Trade payables		106,652	102,477
Corporate income tax liabilities		9,157	9,096
Other tax liabilities		9,791	11,425
Other current liabilities	29	66,169	27,315
		262,729	338,477
Total equity and liabilities		857,716	807,485

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

Consolidated statement of changes in equity

for the year ended at December 31, 2021

x € 1,000							2021
	Paid-up share capital	Hedging reserve	Translation reserve	Retained earnings	Total attributable to Owners	Non-controlling interest	Total equity
Balance as at January 1	5,051	1,066	(5,360)	255,618	256,375	50,527	306,902
Total comprehensive income							
• Profit for the year from continuing operations	-	-	-	38,471	38,471	16,103	54,574
• Other comprehensive income for the year	-	(1,097)	5,185	-	4,088	3,144	7,232
	-	(1,097)	5,185	38,471	42,559	19,247	61,806
Other transactions							
• Dividend	-	-	-	(8,418)	(8,418)	(11,986)	(20,404)
• Transactions under common control	-	-	-	(34,256)	(34,256)	(15,178)	(49,434)
• Profit share certificates	-	-	-	-	-	-	-
• Share-based payments	-	-	-	900	900	-	900
	-	-	-	(41,774)	(41,774)	(27,164)	(68,938)
• Reclassification to non-current liabilities	-	-	-	-	-	(3,503)	(3,503)
• Fair value adjustment non-current liabilities	-	-	-	7,004	7,004	-	7,004
	-	-	-	7,004	7,004	(3,503)	3,501
Balance as at December 31	5,051	(31)	(175)	259,319	264,164	39,107	303,271

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

x € 1,000	Paid-up share capital	Hedging reserve	Translation reserve	Retained earnings	Total attributable to Owners	Non-controlling interest	Total equity 2020
Balance as at January 1	5,051	643	273	236,704	242,671	49,096	291,767
Total comprehensive income							
• Profit for the year from continuing operations	-	-	-	21,697	21,697	18,941	40,638
• Other comprehensive income for the year	-	423	(5,633)	-	(5,210)	(4,267)	(9,477)
	-	423	(5,633)	21,697	16,487	14,674	31,161
Other transactions							
• Dividend	-	-	-	-	-	(13,262)	(13,262)
• Transactions under common control	-	-	-	(681)	(681)	(1,619)	(2,300)
• Profit share certificates	-	-	-	(79)	(79)	(292)	(371)
• Share-based payments	-	-	-	900	900	-	900
	-	-	-	140	140	(15,173)	(15,033)
• Reclassification to non-current liabilities	-	-	-	-	-	1,930	1,930
• Fair value adjustment non-current liabilities	-	-	-	(2,923)	(2,923)	-	(2,923)
	-	-	-	(2,923)	(2,923)	1,930	(993)
Balance as at December 31	5,051	1,066	(5,360)	255,618	256,375	50,527	306,902

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

Consolidated statement of cash flows

for the year ended December 31, 2021

x € 1,000	Note	2021	2020
Profit for the year from continuing operations		54,574	40,638
Adjustments for:			
Taxation on the result	10	17,157	10,536
Share of profit of associates	15	(159)	(305)
Financial expenses	9	3,889	7,004
Depreciation and impairment of right-of-use assets	24	19,105	10,580
Depreciation and impairment of property, plant and equipment	14	9,616	9,157
Amortisation and impairment of goodwill and other intangible assets	12, 13	12,182	12,709
Provisions		(365)	1,428
Non-cash share-based payment expense	20, 28	975	900
Other non-cash movements		1,104	(2,781)
Operating cash flows before movements in working capital		118,078	89,866
Decrease / (increase) in inventory		(73,490)	69,246
Decrease / (increase) in trade receivables		610	8,975
Decrease / (increase) in other tax receivables		(5,728)	(4,399)
Decrease / (increase) in other receivables		(3,310)	8,471
Increase / (decrease) in trade payables		4,124	(5,166)
Increase / (decrease) in other taxes and social security charges		(1,634)	161
Increase / (decrease) in other current liabilities		(475)	551
Cash generated by operations		38,175	167,705
Income taxes paid		(19,550)	(13,915)
Interest paid		(3,840)	(6,787)
Net cash from operations		14,785	147,003

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

x € 1,000	Note	2021	2020
Interest received		47	157
New loan to associates and third parties	16	-	(392)
Repayments on loans issued to associates	16	210	818
Net cash outflow on acquisition of subsidiaries	33	(11,234)	(2,457)
Payment for property, plant and equipment	14	(10,462)	(7,411)
Payment for intangible assets	13	(2,649)	(6,073)
Proceeds from disposals		274	122
Net cash from investing activities		(23,814)	(15,236)
Repayments on loans from banks	23	(53,667)	(11,932)
Repayments on lease liabilities	24	(11,091)	(9,966)
New loans received from banks	23	175,700	3,000
New loans received from third parties	23	-	3,000
Paid to profit share certificates		-	(371)
Transaction costs related to loans and borrowings	23	(250)	-
Dividend paid to owners of the Company	21	(8,418)	-
Dividend paid to non-controlling interests	22	(11,986)	(13,262)
Changes in credit facilities		(107,582)	(114,249)
Net cash from financing activities		(17,294)	(143,780)
Balance January 1,		38,870	50,884
Movement		(26,323)	(12,014)
Balance December 31,		12,547	38,870

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

Notes to the consolidated financial statements

1 General

B&S Group S.A. (the “Company”) has its registered office at 14 Rue Strachen, Mensdorf, G.D. Luxembourg. B&S Group S.A. is a holding Company of an international conglomerate of companies (together referred to as the “Group”). A detailed list of the Group’s main subsidiaries is enclosed in the appendix on page 185.

The consolidated financial statements of the Group for 2021 include the accounts of B&S Group S.A. and its subsidiaries, as well as the Company’s interests in associates.

The official version of the Annual Report B&S Group S.A. which includes the consolidated financial statements is the European Single Electronic Format (ESEF) version available with the Officially Appointed Mechanism (OAM) tool.

These consolidated financial statements are prepared in Euros, being the Company’s functional and reporting currency. All financial information in Euros is rounded to the nearest thousand. Foreign operations are included in accordance with the policies set out in note 3.

2 Adoption of new and revised International Financial Reporting Standards (“IFRS”)

On January 1, 2021 several new and amended standards and interpretations became effective for annual periods beginning on or after January 1, 2021. The impact of these changes on the Group’s consolidated financial statements is described in this note.

2.1 New and amended IFRSs that are effective for the current year

Impact of Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. In March 2021 the practical expedient has been extended to 30 June 2022. The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The amendment is not relevant to the Group given that it has not obtained rent concessions occurring as a direct consequence of Covid-19.

Amendments to IFRS Standards applicable to the Group

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after January 1, 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform - Phase 2)	The Group has adopted the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to Interest Rate Benchmark Reform – Phase 2, for the first time in the current year. Phase 2 amendments relate mainly to accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities and modification in leases due to the IBOR reform and impact on hedge accounting when an existing benchmark rate is reformed or replaced with an alternative risk free rate. The Group has not identified material changes in the contractual cash flow as a direct consequence of the reform or in case of a change in contractual cash flow, the new basis for determining the contractual cash flow is economically equivalent to the previous basis. Therefor the adoption of this amendment has not led to additional disclosure requirements or retrospective.

2.2 New and revised IFRS standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following relevant new and revised IFRS Standards that have been issued but are not yet effective (and, in some cases, have not yet been endorsed by the EU):

Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Endorsed
Improvements to IFRS 9, IFRS 16, IFRS 1, IAS 41	Annual Improvements to IFRS Standards 2018-2020	Endorsed
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	Endorsed
Amendments to IFRS 3	Reference to the Conceptual Framework	Endorsed
Amendments to IAS 1	Classification of liabilities as current or non-current	Not yet endorsed
Amendments to IAS 1 and IFRS Practice Statements 2	Disclosure of Accounting Policies	Not yet endorsed
Amendments to IAS 8	Disclosure of Accounting Estimates	Not yet endorsed
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Not yet endorsed
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet endorsed

The Group does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

3 Significant accounting policies

3.1 Statement of compliance

The 2021 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

The consolidated financial statements were approved by the Executive Board and authorised for issue on February 28, 2022.

3.2 Covid-19

The global outbreak of Covid-19 has affected the Group's results, consolidated statement of financial position and cash flows presented in these consolidated financial statements. The impact of the pandemic on specific reporting areas is included in the disclosure notes with respect to these areas. Other reporting areas have also been impacted, but not significantly and are therefore not separately disclosed.

3.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

3.4 Non-GAAP measures

Gross Profit Margin 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 and gross profit margin by dividing gross profit by 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'.

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	31.12.2021	31.12.2020
Lease liabilities due within one year	11,035	10,034
Loans and borrowings, current	59,925	178,130
Lease liabilities	58,344	56,698
Borrowings from banks	177,956	46,496
Cash and cash equivalents	(12,547)	(38,870)
	294,713	252,488

3.5 Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.6 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries made up to December 31st each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes (none in 2021) to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In case of incorporation and liquidation of a Company, the consolidation of a subsidiary begins as from the date of incorporation and the Company controls the investee and the consolidation terminates as from the date of liquidation.

3.7 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, less liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date.

Goodwill is measured as the fair value of the consideration transferred plus the recognised amount of any non-controlling interest in the acquiree less the net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in the consolidated statement of profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. The accounting for business combinations realised in 2021 has been completed.

3.8 Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associates is described below.

3.9 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is presumed to exist when the Group holds more than 20% of the voting power of the entity.

Associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. Initially, investments in associates are recognised at cost. Goodwill identified on the acquisition of the associate is included in the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Groups interests in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The consolidated financial statements include the Group's share of the net profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies with those of the Group.

3.10 Revenue recognition
The Group recognises revenue from the following major sources:
- Distribution of liquors, health and beauty products to wholesalers, specialty retailers and online end-customers;
- Specialty distribution of food, beverages, health and beauty products to maritime, remote and retail business to business markets;
- Specialty distribution of medical supplies to maritime and remote markets, pharmacies and travel clinics;
- Specialty retail with consumer goods at high traffic airports and remote locations.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from the sale of goods
Revenue from the sale of goods is recognised when control of the goods has transferred, at which time all the following conditions are satisfied:
- the performance obligation has been satisfied by the Group;
- the Group has transferred physical possession/control of the goods to the customer;
- the Group has transferred the significant risks and rewards related to the ownership of the goods to the customer;
- the Group has a present right to payment for the goods delivered, whereby it should be noted that financing components are not included in the Group's sales contracts;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably (it is noted that variable considerations hardly occur within the Group);
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Right of return
Our sales to end-customers have a right of return policy which is compliant with the local laws and regulations for consumer sales. In general terms the customers have a 30 day right of return. The expected return rates are being based on the actual return rates in the (recent) past periods. Based thereon the expected sales return is being determined and a refund liability for the amounts expected to be refunded is matched and recognised in the appropriate corresponding period. The right to receive the corresponding products in return is accounted for as far as the corresponding amount is material.

Rendering of services
Revenue from a contract for providing services, comprising logistical services related to the sold goods, is recognised at the same moment when the underlying sale of goods is recognised.

3.11 Purchase value
Purchase value represents the purchase price of trade inventory, including additional costs such as incoming freight, handling and other charges directly attributable to the purchase and/or sale of the goods and write-downs of inventories. The purchase price is net of discounts and supplier bonuses.

3.12 Leases
The Group assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the period of time in exchange for consideration. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term

leases (defined as leases with a lease term of twelve months or less) and leases of low value assets . For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate applied to the lease liabilities on December 31, 2021 was 1.7% (December 31, 2020: 1.7%).

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- The amount expected to be payable by the lessee under residual value guarantees;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is presented as a separate line in the consolidated statement of financial position.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a unilateral purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not applied this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3.13 Foreign currencies

Foreign currency transactions

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates prevailing at that date of the transaction.

Exchange differences on monetary items are recognised in the consolidated statement of profit or loss in the period in which they arise, except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Foreign operations

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euro using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

3.14 Government grants

In various countries within Europe, governments have initiated a wide variety of employment protection programs and fixed cost compensation following the Covid-19 outbreak and related economic downturn. These programs compensate for part of the salaries, social security charges, and other fixed cost incurred by the Group. The Group has accounted for these programs in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Since the Group complies with all the conditions as at December 31, 2021 and 2020 attached to the government grants and the grants were already received and could be matched with the related cost in 2021 and 2020 which they are intended to compensate, the grants have as such been recognised.

An amount of € 0.2 million has been recognised as a liability (to be repaid). For further details, reference is made to note 7 and 8.

3.15 Employee benefits

Share-based payment arrangements

A group of managers has received a share incentive plan, which are settled in equity. Annually, an equal amount will be recognised as an expense during the vesting period. Reference is made to note 20 for more details on the share-based payment.

The fair value of the amount payable to employees in respect of share appreciation rights (SARs), which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss. Reference is made to note 28 for more details on the share-based payment arrangements.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates various pension schemes. These schemes are financed through payments to insurance companies, industry branch pension funds or the collective pension funds.

The industry pension funds are treated as multi-employer pension funds as the plans are collectively negotiated by multiple employers and labour unions. Reference is made to note 26 for more details on the retirement and termination benefits.

Short-term and other long-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.16 Financial expenses
The Group's financial expenses include:
- interest expense;
- interest on lease liabilities;
- the foreign currency gain or loss on financial assets and financial liabilities;
- changes in the fair value of derivatives;
- changes in the fair value on contingent consideration classified as a financial liability;

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset or to the amortised cost of the liability.

3.17 Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year
Current and deferred tax are recognised in the consolidated statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.18 Intangible assets other than goodwill

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in note 13. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statement of profit or loss when the asset is derecognised.

Impairment of intangible assets
At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

3.19 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised based on the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method, on the following bases:

▪ Property	5% per annum
▪ Equipment	10% - 20% per annum
▪ Other	12.5% - 20% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

3.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of inventories are determined based on a first-in-first-out approach. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

3.21 Financial instruments

Financial assets

Financial assets are recognised when a Group entity becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets expire, or if the Group transfers the financial asset to another party and does not retain control of the asset. Purchases and sales of financial assets in the normal course of business are accounted for at settlement date (i.e., the date the asset is delivered).

At initial recognition, the Group measures its financial assets at fair value.
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The Group only has financial assets classified as debt instruments measured subsequently at amortised cost (amongst others trade and other receivables) except for a few derivatives that are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss to the extent they are not part of a designated hedging relationship. Fair value is determined in the manner described in note 31.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account based on the expected lifetime losses following the simplified approach as per IFRS 9. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statement of profit or loss.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Financial liabilities are initially recognised, they are measured at their fair value. All financial liabilities are measured subsequently at amortised cost using the effective interest rate method, except for derivatives and contingent considerations, which are measured at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 31.

Derivative financial instruments

The Group frequently enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks. During the year that ended December 31, 2021, no material derivative financial instruments were entered into by The Group.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in the consolidated statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated statement of profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

3.22 Hedge accounting
The Group designates certain financial instruments as hedging instruments in respect of foreign currency risk in cash flows. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Fair value hedges and hedges of net investments in foreign operations are not applied by the Group.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:
- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges
The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective

portion is recognised immediately in the consolidated statement of profit or loss, and is included in the 'financial expenses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the consolidated statement of profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to the consolidated statement of profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the consolidated statement of profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to the consolidated statement of profit or loss.

Movements in the hedging reserve in equity are detailed in note 21.

3.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4 Critical accounting judgements and key sources of uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, such as the impact of the global Covid-19 pandemic on the Groups' expected future cash flows and results. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing bases. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment testing

Following the assessment of the recoverable amount of goodwill allocated to the operating segments, the Group considers the recoverable amount of goodwill to be most sensitive to the achievement of the budgeted future cash flows.
The sensitivity analysis in respect of the recoverable amount of goodwill is presented in note 12.

Useful lives of tangible fixed assets

The Group assesses the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the Group has not determined any shortening of the useful lives of the property, plant and equipment.

Valuation of right-of-use assets

The Group evaluates whether (significant parts of) leased property is not in use in order to determine whether right-of-use assets could be subject to an impairment.

Useful lives of other intangible fixed assets

The useful lives are assessed at the end of every reporting period. The other intangible assets mainly consist of concessions, customer/supplier relationships and brand names.

Allowance for doubtful debts

The allowance for doubtful debts is based on the expected lifetime losses following the simplified approach as per IFRS 9. Estimations and assumptions are applied to determine the size of the allowance. Where the actual future cash flows based on these estimations and assumptions are less than expected, a material effect on this allowance may arise.

Provision for obsolescence of inventory

The provision for obsolescence of inventory is based on the Group's best estimates taking into account the market conditions and expectations on these market conditions. If market conditions significantly change during the coming years this may have a material effect on the provision.

5 Segment reporting

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’.

A summary of the results of the reportable segments is provided on the next pages. The Chief Operating Decision Makers assess the performance of the operating segments on the basis of the EBITDA from ordinary activities. The accounting policies applied by the operating segments are identical to those of the Group described in note 3. The EBITDA from ordinary activities per segment include the costs allocated at the Group level. Transactions between segments are at arm’s length.

As from 2021, the segments have been redefined to the above identified segments and subsequently the description has been updated in line with the rebranding of B&S. The new segment structure is in line with the new operating segments as identified and reported on the basis of internal management reporting as provided to the Executive Board and Supervisory Board.

x € 1,000	2021	2020*
Turnover		
B&S Liquors	540,867	575,520
B&S Beauty	675,727	646,090
B&S Personal Care	276,447	262,607
B&S Food	287,195	277,854
B&S Health	46,738	55,153
B&S Retail	42,518	44,532
Holdings & Eliminations	15	4
	1,869,507	1,861,760
Gross profit		
B&S Liquors	56,920	36,642
B&S Beauty	126,695	115,606
B&S Personal Care	46,271	44,291
B&S Food	36,173	37,562
B&S Health	7,941	10,303
B&S Retail	11,834	8,471
Holdings & Eliminations	1,467	2,016
	287,301	254,891
EBITDA		
B&S Liquors	28,175	12,888
B&S Beauty	62,362	65,400
B&S Personal Care	25,257	22,685
B&S Food	3,112	3,916
B&S Health	1,942	4,661
B&S Retail	(1,541)	(11,974)
Holdings & Eliminations	(2,943)	(7,257)
	116,364	90,319

* The comparative information has been re-presented due the new segment structure as per January 1, 2021.

x € 1,000	2021	2020*
Result before taxation		
B&S Liquors	24,721	6,726
B&S Beauty	54,002	53,678
B&S Personal Care	19,687	16,696
B&S Food	(15,009)	(4,937)
B&S Health	209	2,936
B&S Retail	(2,960)	(15,180)
Holdings & Eliminations	(8,919)	(8,745)
	71,731	51,174

x € 1,000	31.12.2021	31.12.2020*
Total assets		
B&S Liquors	253,935	299,012
B&S Beauty	373,871	366,348
B&S Personal Care	141,103	144,708
B&S Food	224,020	302,791
B&S Health	30,819	25,665
B&S Retail	43,301	43,974
Holdings & Eliminations	(209,332)	(375,013)
	857,716	807,485

x € 1,000	31.12.2021	31.12.2020*
Total liabilities		
B&S Liquors	207,559	246,948
B&S Beauty	232,201	209,447
B&S Personal Care	73,227	88,263
B&S Food	152,453	225,007
B&S Health	17,820	12,819
B&S Retail	30,942	26,825
Holdings & Eliminations	(159,757)	(308,726)
	554,445	500,583

6 Turnover

The revenue per product group is as follows:

x € 1,000	2021	2020
Liquors	551,994	587,437
Beauty	675,727	644,688
Personal Care	276,447	262,565
Food	292,230	288,933
Health	46,738	55,152
Electronics	26,371	22,985
	1,869,507	1,861,760

* The comparative information has been re-presented due the new segment structure as per January 1, 2021.

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

x € 1,000	2021	2020
Europe	1,002,004	929,688
America	360,127	333,191
Asia	293,991	352,366
Middle East	139,710	180,402
Africa	61,382	51,052
Oceania	12,293	15,061
	1,869,507	1,861,760

7 Personnel costs

The distribution of the personnel costs can be specified as follows:

x € 1,000	2021	2020
Salary costs	87,121	85,639
Social security charges	10,623	10,783
Pension costs	4,615	4,680
Government grants	(700)	(2,693)
Equity-settled share based payments	900	900
Cash-settled share based payments	75	-
Other personnel costs	5,400	5,849
	108,034	105,158
Temporary staff	9,576	10,591
	117,610	115,749

The remuneration of the Executive Board and the Supervisory Board is disclosed in the note on related parties (refer to note 32).

The number of employees in fulltime equivalents can be specified as follows:

	2021	2020*
B&S Liquors	99	85
B&S Beauty	470	402
B&S Personal Care	212	211
B&S Food	347	442
B&S Health	78	76
B&S Retail	187	274
Holdings & Eliminations	321	260
	1,714	1,750

* The comparative information has been re-presented due the new segment structure as per January 1, 2021.

Please note that the fulltime equivalents for acquired companies are included on a pro rata basis as from the closing date onwards, in line with the staff costs in the statement of profit or loss.

8 Other operating expenses

The other operating expenses can be specified as follows:

x € 1,000	2021	2020
Personnel related costs	4,067	3,162
Office / warehouse costs	9,036	8,696
Marketing costs	3,961	2,963
ICT costs	17,227	12,295
Insurance costs	4,265	4,074
External advisory costs	7,100	8,699
Other operating expenses	7,671	8,934
	53,327	48,823

During 2021, the Group repaid € 121,000 for received compensation for fixed costs as part of local Covid-19 support programs. In 2020 an amount of € 400,000 has been received as compensation for fixed costs.

The fees of Deloitte that are directly attributable to the financial year of the Group are incorporated in the 'External advisory costs' and specified as follows:

x € 1,000	Deloitte Audit S.à r.l.	Other Deloitte member firms	Total Deloitte
Audit fees for statutory audits	151	1,416	1,567
Other non-audit services	-	27	27
	151	1,443	1,594

9 Financial expenses

The financial expenses can be specified as follows:

x € 1,000	2021	2020
Interest related to bank facilities	3,478	5,176
Interest on lease liabilities	1,139	1,230
Currency exchange results	(745)	379
Other interest	332	232
Changes in the fair value of derivatives	(124)	134
Changes in the fair value of contingent considerations	(191)	(147)
	3,889	7,004

10 Taxation on the result

The taxation on the result can be specified as follows:

x € 1,000	2021	2020
Income tax current period	18,317	13,196
Income tax previous periods	67	366
Deferred taxes	(1,227)	(3,026)
	17,157	10,536

The following table shows the reconciliation between the nominal and effective corporate income tax rates for the Group:

x € 1,000	2021	2020
Result before taxation	71,731	51,174
Share of profit of associates	(159)	(305)
Non-deductible amortisation	7,246	8,116
Income not subject to income tax or charged with 0% income tax	(3,678)	(1,113)
	75,140	57,872
Blended tax charge ranging from 12.5% to 32.0%	18,317	13,196

11 Earnings per share

The basic earnings per share can be specified as follows:

x € 1	2021	2020
Basic earnings per share from continuing operations	0.46	0.26

The diluted earnings per share are equal to the basic earnings per share. The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2021	2020
Profit for the year attributable to Owners of the Company (x € 1,000)	38,471	21,697
Weighted average number of ordinary shares (x 1)	84,177,321	84,177,321

12 Goodwill

The movements can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	62,337	65,656
Acquired in business combinations	-	283
Impairment loss	(500)	-
Foreign currency translation	3,255	(3,602)
Balance as at December 31,	65,092	62,337

The carrying amount of goodwill has been allocated to the cash-generating units (CGUs) as follows:

x € 1,000	31.12.2021	31.12.2020*
B&S Liquors	2,096	2,096
B&S Beauty	42,781	39,526
B&S Personal Care	8,680	8,680
B&S Food	-	500
B&S Health	4,934	4,934
B&S Retail	6,601	6,601
	65,092	62,337

* Reference is made to note 5 segment reporting.

x € 1,000	31.12.2021	31.12.2020
The Netherlands	21,277	21,777
Rest of the world	43,815	40,560
	65,092	62,337

Impairment testing

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose and in all cases that is at the operating segment level, which represents the lowest level at which goodwill is monitored for internal management purposes.

Value in use calculation and main assumptions applied

B&S Liquors

The recoverable amounts of the cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets and financial long-term plans approved by the Executive Board covering a five-year period, and a discount rate of 7.4 per cent per annum (2020: 7.5 per cent per annum). Increases in market volume (due to increase of population and rising consumption) have been taken into consideration as well as the scarcity of products, growing market pressure on prices, government-induced or otherwise. Assumptions for average selling prices and cost of sales are based on historical experience and expectations of future changes in the market. Cash flows beyond the five-year period have been calculated using a steady 0.5 per cent (2020: 0.5 per cent) terminal growth rate. This growth rate does not exceed the inflation rate for markets in the territories B&S operates in. Company's assumptions used in the recoverable amount calculations, such as capital expenditure and other assumptions are inherently uncertain and may ultimately differ from actual amounts. The impairment testing for 2021 did not result in impairments for this CGU (2020: nil).

B&S Beauty

The recoverable amounts of the cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets and financial long-term plans approved by the Executive Board covering a five-year period, and a discount rate of 8.1 per cent per annum (2020: 7.5 per cent per annum). Increases in market volume (due to increase of population and rising consumption) have been taken into consideration as well as the scarcity of products, growing market pressure on prices, government-induced or otherwise. Assumptions for average selling prices and cost of sales are based on historical experience and expectations of future changes in the market. Cash flows beyond the five-year period have been calculated using a steady 0.5 per cent (2020: 0.5 per cent) terminal growth rate. This growth rate does not exceed the inflation rate for markets in the territories B&S operates in. Company's assumptions used in the recoverable amount calculations, such as capital expenditure and other assumptions are inherently uncertain and may ultimately differ from actual amounts. The impairment testing for 2021 did not result in impairments for this CGU (2020: nil).

B&S Personal Care

The recoverable amounts of the cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets and financial long-term plans approved by the Executive Board covering a five-year period, and a discount rate of 8.0 per cent per annum (2020: 7.5 per cent per annum). Increases in market volume (due to increase of population and rising consumption) have been taken into consideration as well as the scarcity of products, growing market pressure on prices, government-induced or otherwise. Assumptions for average selling prices and cost of sales are based on historical experience and expectations of future changes in the market. Cash flows beyond the five-year period have been calculated using a steady 0.5 per cent (2020: 0.5 per cent) terminal growth rate. This growth rate does not exceed the inflation rate for markets in the territories B&S operates in. Company's assumptions used in the recoverable amount calculations, such as capital expenditure and other assumptions are inherently uncertain and may ultimately differ from actual amounts. The impairment testing for 2021 did not result in impairments for this CGU (2020: nil).

B&S Food

The recoverable amounts of the cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets and financial long-term plans approved by the Executive Board covering a five-year period, and a discount rate of 7.8 per cent per annum (2020: 7.5 per cent per annum). Increases in market volume (due to increase of population and rising consumption) have been taken into consideration as well as the scarcity of products, growing market pressure on prices, government-induced or otherwise. Assumptions for average selling prices and cost of sales are based on historical experience and expectations of future changes in the market. Cash flows beyond the five-year period have been calculated using a steady 0.5 per cent (2020: 0.5 per cent) terminal growth rate. This growth rate does not exceed the inflation rate for markets in the territories B&S operates in. Company's assumptions used in the recoverable amount calculations, such as capital expenditure and other assumptions are inherently uncertain and may ultimately differ from actual amounts.

In the financial year turnover in our Food Segment has been subject to ongoing challenges like Covid-19, impacting the demand in its business lines Maritime & Industrial Catering and Duty Free. Furthermore although we anticipated on the withdrawal of troops from Afghanistan the effect of the abrupt ending of all military business in Afghanistan exceeded our expectations. Segment management counterbalanced the turnover impact with increased sales in other regions however the margin at these sales was significantly lower. The relatively high cost footprint of the segment in combination with the pressure on the gross profit margin puts a pressure on the EBITDA margin and cash generating capacity. Although management's base case assumptions resulted in a value in use calculation exceeding the operating asset at carrying value, we also considered less likely but also less positive scenario's given the limited headroom in the base case. Based thereon the carrying amount of this CGU was determined to be higher than its scenario based weighted recoverable amount of € 81,929,000 and an impairment loss of € 10,193,000 during 2021 (2020: nil) was recognised.

B&S Health

The recoverable amounts of the cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets and financial long-term plans approved by the Executive Board covering a five-year period, and a discount rate of 8.7 per cent per annum (2020: 7.5 per cent per annum). Increases in market volume (due to increase of population and rising consumption) have been taken into consideration as well as the scarcity of products, growing market pressure on prices, government-induced or otherwise.

Assumptions for average selling prices and cost of sales are based on historical experience and expectations of future changes in the market. Cash flows beyond the five-year period have been calculated using a steady 0.5 per cent (2020: 0.5 per cent) terminal growth rate. This growth rate does not exceed the inflation rate for markets in the territories B&S operates in. Company's assumptions used in the recoverable amount calculations, such as capital expenditure and other assumptions are inherently uncertain and may ultimately differ from actual amounts. The impairment testing for 2021 did not result in impairments for this CGU (2020: nil).

B&S Retail

The recoverable amounts of the cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets and financial long-term plans approved by the Executive Board covering a five-year period, and a discount rate of 8.6 per cent per annum (2020: 7.5 per cent per annum). Increases in market volume (due to increase of population and rising consumption) have been taken into consideration as well as the scarcity of products, growing market pressure on prices, government-induced or otherwise. Assumptions for average selling prices and cost of sales are based on historical experience and expectations of future changes in the market. The global outbreak of Covid-19 has affected the Group's results, consolidated statement of financial position and cash flows presented in these consolidated financial statements. The impact of the pandemic has been explicitly notable within the Travel Retail Industry and as such in our B&S Retail Segment. The projected turnover levels applied in the value in use calculations are, amongst others, dependent on the recovery in international air traffic. Management has applied both general market Traffic Forecast (e.g. Airports Counsil International "ACI") as well as airport specific information when available. Cash flows beyond the five-year period have been calculated using a steady 0.5 per cent (2020: 0.5 per cent) terminal growth rate. This growth rate does not exceed the inflation rate for markets in the territories B&S operates in. Company's assumptions used in the recoverable amount calculations, such as capital expenditure and other assumptions are inherently uncertain and may ultimately differ from actual amounts. The impairment testing for 2021 did not result in impairments for this CGU (2020: nil).

Discount rates and terminal growth rates applied in the calculation of the value in use:

	2021					
	B&S Liquors	B&S Beauty	B&S Personal Care	B&S Food	B&S Health	B&S Retail
Discount rate	7.4%	8.1%	8.0%	7.8%	8.7%	8.6%
Terminal growth rate	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

The discount rate represents the current market assessment of the risks specific to each cash-generating unit, taking into account the time value of money and individual risks of the underlying assets that have not been included in the cash flow estimate. The discount rate is based on the weighted average cost of capital (WACC) that is relevant to the assets of the cash-generating unit. The WACC consists of the cost of equity and the costs of debt. The beta factors are evaluated annually and are based on the publicly available Market data and differ per cash-generating unit. The (interest) risk per country is taken into account based on the revenue per country, based on publicly available country risk premium.

Impairment loss

The indicated impairment loss for B&S Food is allocated as follows:

x € 1,000		2021	2020
Goodwill	12	500	-
Other intangible assets	13	56	-
Property, plant and equipment	14	1,987	-
Right-of-use assets	24	7,650	-
		10,193	-

Impairment loss

The goodwill attributed to the CGU B&S Food of € 500,000 has been impaired as at December 31, 2021. The impairment loss on goodwill and the indicated non-current assets has been included in the line-item impairment of non-current assets.

Sensitivity to changes in assumptions

The Group has conducted an analysis of the sensitivity of the impairment test model to changes in the key assumptions used to determine the recoverable amount for each of the cash-generating units to which goodwill is allocated. The realisable value is influenced by factors such as projections of future economic conditions and expectations regarding market developments and operations. The estimates made for these factors may change over time, which could lead to impairment recognised as a profit or loss in the income statement. The recoverable amount also depends on the discount rate used, which is based on an estimate of the weighted average cost of capital for the unit concerned.

The following aspects provide an indication of the sensitivity of the impairment tests to changes in key assumptions used:

- If the discount rate is assumed to be 1% higher than applied in the separate impairment tests, no impairments would have been required for the cash-generating units B&S Liquors, B&S Beauty, B&S Personal Care, B&S Health and B&S Retail.
- If future annual sales growth rate is set 5% lower than applied in the separate impairment tests, whilst maintaining cost levels on the original assumptions, no impairments would have been required for the cash-generating units B&S Liquors, B&S Beauty, B&S Personal Care, B&S Health and B&S Retail.
- gross margins were to show a decrease of 1% over the coming years, while maintaining the other assumptions applied in the separate impairment tests, no impairments would have been required for the cash-generating units B&S Liquors, B&S Beauty, B&S Personal Care, B&S Health and B&S Retail.

13 Other intangible assets

The other intangible assets can be specified as follows:

x € 1,000	31.12.2021	31.12.2020
Software	12,610	14,370
Brand names	2,953	3,110
Concessions	837	944
Customer portfolios	6,460	7,603
Supplier portfolios	23,717	26,157
Private labels	5,979	6,336
Other	1,505	1,738
	54,061	60,258

x € 1,000	31.12.2021	31.12.2020
The Netherlands	23,218	27,319
Rest of the world	30,843	32,939
	54,061	60,258

Intangible assets are amortised over their useful economic life, defined at the moment of acquisition. These intangible assets are amortised between 10% and 33%. Similar as in the previous year, no intangible assets have been pledged as security for liabilities.

The movements can be specified as follows:

x € 1,000	Software	Brand names	Concessions	Customer portfolios	Supplier portfolios	Private labels	Other	2021 Total
At cost:								
Balance as at January 1,	22,958	5,011	6,004	9,595	37,840	8,177	4,845	94,430
Additions	2,474	153	-	-	-	-	22	2,649
Acquired in business combinations	-	-	-	297	-	-	-	297
Reclassification from PP&E	146	-	-	-	-	-	-	146
Impairment loss	(5)	-	-	(51)	-	-	-	(56)
Foreign currency translation	251	214	-	-	2,349	682	287	3,783
Disposals	-	(48)	-	-	-	-	-	(48)
	25,824	5,330	6,004	9,841	40,189	8,859	5,154	101,201
Accumulated amortisation:								
Balance as at January 1,	(8,588)	(1,901)	(5,060)	(1,992)	(11,683)	(1,841)	(3,107)	(34,172)
Reclassification from PP&E	(88)	-	-	-	-	-	-	(88)
Foreign currency translation	(158)	(58)	-	-	(529)	(320)	(189)	(1,254)
Amortisation	(4,380)	(418)	(107)	(1,389)	(4,260)	(719)	(353)	(11,626)
	(13,214)	(2,377)	(5,167)	(3,381)	(16,472)	(2,880)	(3,649)	(47,140)
Balance as at December 31,	12,610	2,953	837	6,460	23,717	5,979	1,505	54,061

x € 1,000								2020
	Software	Brand names	Concessions	Customer portfolios	Supplier portfolios	Private labels	Other	Total
At cost:								
Balance as at January 1,	18,743	4,783	6,004	9,368	40,438	8,932	5,152	93,420
Additions	5,602	461	-	-	-	-	10	6,073
Acquired in business combinations	143	-	-	227	-	-	-	370
Foreign currency translation	(278)	(233)	-	-	(2,598)	(755)	(317)	(4,181)
Disposals	(1,252)	-	-					(1,252)
	22,958	5,011	6,004	9,595	37,840	8,177	4,845	94,430
Accumulated amortisation:								
Balance as at January 1,	(5,275)	(1,504)	(4,286)	(651)	(7,982)	(1,117)	(2,857)	(23,672)
Acquired in business combinations	(103)	-	-	-	-	-	-	(103)
Disposals	1,251							1,251
Reclassification from PP&E	(25)							(25)
Foreign currency translation	157	48	-	-	325	364	192	1,086
Amortisation	(4,593)	(445)	(774)	(1,341)	(4,026)	(1,088)	(442)	(12,709)
	(8,588)	(1,901)	(5,060)	(1,992)	(11,683)	(1,841)	(3,107)	(34,172)
Balance as at December 31,	14,370	3,110	944	7,603	26,157	6,336	1,738	60,258

14 Property, plant and equipment

Property, plant and equipment can be specified as follows:

x € 1,000	31.12.2021	31.12.2020
Land and property	16,184	17,316
Equipment	15,157	13,131
Other	6,737	6,880
	38,078	37,327

x € 1,000	31.12.2021	31.12.2020
The Netherlands	31,208	31,080
Rest of the world	6,870	6,247
	38,078	37,327

The movements can be specified as follows:

x € 1,000

				2021
	Land and property	Equipment	Other	Total
At cost:				
Balance as at January 1,	47,951	39,798	27,397	115,146
Additions	1,464	6,762	2,236	10,462
Acquired in business combinations	-	-	29	29
Foreign currency translation	10	312	606	928
Impairment loss	(487)	(1,258)	(242)	(1,987)
Reclassification to Other intangible assets	-	-	(146)	(146)
Reclassification within PP&E	-	(299)	299	-
Disposals	(213)	(224)	(742)	(1,179)
	48,725	45,091	29,437	123,253
Accumulated depreciation:				
Balance as at January 1,	(30,635)	(26,667)	(20,517)	(77,819)
Acquired in business combinations	-	-	(5)	(5)
Disposals	113	128	627	868
Foreign currency translation	(10)	(218)	(450)	(678)
Reclassification to Other intangible assets	-	-	88	88
Reclassification within PP&E	-	19	(19)	-
Depreciation	(2,009)	(3,196)	(2,424)	(7,629)
	(32,541)	(29,934)	(22,700)	(85,175)
Balance as at December 31,	16,184	15,157	6,737	38,078

x € 1,000				2020
	Land and property	Equipment	Other	Total
At cost:				
Balance as at January 1,	44,821	38,858	27,380	111,059
Additions	3,141	1,793	2,477	7,411
Acquired in business combinations	-	32	21	53
Foreign currency translation	(11)	(315)	(546)	(872)
Reclassification within PP&E		(127)	127	-
Disposals	-	(443)	(2,062)	(2,505)
	47,951	39,798	27,397	115,146
Accumulated depreciation:				
Balance as at January 1,	(28,801)	(22,860)	(20,086)	(71,747)
Acquired in business combinations	-	(17)	(9)	(26)
Disposals	-	444	1,968	2,412
Foreign currency translation	10	195	469	674
Reclassification to Other intangible assets			25	25
Reclassification within PP&E		(165)	165	-
Depreciation	(1,844)	(4,264)	(3,049)	(9,157)
	(30,635)	(26,667)	(20,517)	(77,819)
Balance as at December 31,	17,316	13,131	6,880	37,327

The depreciation rates applied are as follows:

Land	0%
Property	5%
Equipment	10%-20%
Other	12.5%-20%

Unlike previous year, no property, plant and equipment has been pledged as security for non-current loans and borrowings and current liabilities provided by credit institutions.

15 Investments in associates

Investments in associated companies can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	2,630	2,517
Share of profit of associated companies	159	305
Foreign currency translation	(6)	(177)
Other changes	-	(15)
Balance as at December 31,	2,783	2,630

The principal associated companies of the Group are as follows:

	2021	2020
Comptoir & Clos SAS, France (in liquidation)	50%	50%
Next Generation Parfums B.V., the Netherlands	50%	50%
STG Logistica Y Depositos S.L., Spain	50%	50%
Capi-Lux South Africa (PTY) Ltd., South Africa	49%	49%

These companies have the same principal activities as the Group. The aggregate financial data of the principal associated companies are shown below, broken down into total assets and liabilities and the most important items in the income statement.

Next Generation Parfums B.V.:

x € 1,000	31.12.2021	31.12.2020
Current assets	4,069	2,521
Non-current assets	3,666	2,729
Current liabilities	718	310
Non-current liabilities	4,196	2,488
Turnover	7,977	6,395
Profit (loss) for the year	389	783
Net assets of the associate	2,821	2,452
Carrying amount of the Group's interest	1,603	1,409

STG Logistica Y Depositos S.L.:

x € 1,000	31.12.2021	31.12.2020
Current assets	101	119
Non-current assets	117	101
Current liabilities	82	86
Non-current liabilities	150	150
Turnover	630	621
Profit (loss) for the year	(1)	-
Net assets of the associate	(14)	(16)
Carrying amount of the Group's interest	2	2

Capi-Lux South Africa (PTY) Ltd.:

x € 1,000	31.12.2021	31.12.2020
Current assets	2,595	2,581
Non-current assets	142	140
Current liabilities	328	236
Turnover	1,937	2,204
Profit (loss) for the year	(72)	(140)
Net assets of the associate	2,409	2,485
Carrying amount of the Group's interest	1,178	1,220

16 Receivables

The receivables can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	1,444	3,520
Acquired in business combinations	-	(1,650)
New loans issued	-	392
Repayments	(210)	(818)
Balance as at December 31,	1,234	1,444

This item consists of the following loans as at December 31, 2021:

- In 2019 the Company granted a loan to a minority shareholder for the original amount of € 1,088,000. The applicable interest rate is 3,5%. The loan will be repaid in total within seven years. No securities have been provided.
- In 2020 the Company granted a loan to an associate, STG Logistica Y Depositos S.L., for the original amount of € 150,000, no maturity date has been set. The applicable interest rate is 10%. No securities have been provided.
- In 2020 the Company granted a loan to a third party for the original amount of € 242,000, no maturity date has been set. The applicable interest rate is 10%. No securities have been provided.

17 Deferred tax assets

The movements in the deferred tax assets can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	1,417	366
Additions	1,458	-
Transfer to / from profit or loss	(574)	1,049
Foreign currency translation	(1)	2
Balance as at December 31,	2,300	1,417

The deferred tax assets relate to the following items:

x € 1,000	31.12.2021	31.12.2020
Property, plant and equipment	140	171
Intangible fixed assets	29	29
Right-of-use assets	1,883	321
Carry forward interest costs	-	491
Other	248	405
	2,300	1,417

18 Inventory

The inventory can be specified as follows:

x € 1,000	31.12.2021	31.12.2020
Value of trade goods	322,542	274,196
Prepayments on trade inventory	65,539	40,480
Provision for obsolescent inventory	(6,318)	(6,403)
	381,763	308,273

The amount of the write-down during 2021 amounts to € 1,744,000 (2020: € 2,136,000) and has been recognised in the statement of profit or loss as a loss. Unlike previous year, no inventories have been pledged as a security for non-current loans and borrowings and current liabilities provided by credit institutions. The cost of inventories recognised as an expense during the year in respect of continuing operations was € 1,460 million (December 31, 2020: € 1,477 million).

19 Trade receivables

The trade receivables can be specified as follows:

x € 1,000	31.12.2021	31.12.2020
Trade receivables	197,345	198,313
Allowance for doubtful debts	(2,307)	(2,685)
	195,038	195,628

The allowance for doubtful receivables provides a fair reflection of the risk of none or late payments at the balance sheet date. Accordingly the carrying amount of the trade receivables is approximately equal to its fair value. The provision has been recognised at nominal value, given its current nature. An allowance for doubtful debts was formed during the financial year amounting to € 342,000 (2020: € 1,975,000) that was charged to the profit or loss. No interest is charged on past due trade receivables.

The movement in the allowance for doubtful debts can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	2,685	769
Acquired in business combinations	-	7
Transfer from profit or loss	342	1,975
Amounts written off as uncollectable	(720)	(66)
Balance as at December 31,	2,307	2,685

The working capital tied up in trade receivables is expressed in Days of Sales Outstanding (DSO). The average DSO for 2021 was 38 days (2020: 38).
The provision for doubtful receivables, taking into account the expected lifetime losses following the simplified approach as per IFRS 9, relates entirely to trade receivables past the contractually agreed due date for payment. Items that are considered doubtful have been fully provided for. Estimations and assumptions are applied to determine the size of the provision. Those estimates and assumptions are based on age analysis and specific developments in terms of market conditions and credit risks. In the judgement of the Group, the credit quality for receivables past due at the balance sheet date but not provided for is sufficient.

The age of the receivables that are past due but not impaired are as follows:

x € 1,000	31.12.2021	31.12.2020
Trade receivables less than 30 days due	26,042	29,854
Trade receivables between 30 and 60 days due	14,897	8,413
Trade receivables more than 60 days due	12,183	7,591
	53,122	45,858

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. Based on an individual assessment of all the due receivables it was concluded that impairment was not required for these receivables due to the credit quality not being significantly changed.

The tax receivables include an amount of € 5,700,000 with a possible long-term character. The maturity period of all other receivables is less than one year.

20 Share capital

Refer to the consolidated statement of changes in equity for information on the composition, amount and changes of equity. Details of the share capital are set out below. Information on other elements of equity (reserves) is set out in the next note.

Issued share capital

The issued share capital as at December 31, 2021 amounted to € 5,050,639.26 and consists of 84,177,321 Ordinary shares with a nominal value of € 0.06 each. Since March 23, 2018 the Company is listed on the Amsterdam Stock Exchange. There have been no movements in the share capital in both 2021 and 2020.

Share-based payment

As per March 23, 2018, a group of managers has received a share incentive amounting to € 4.5 million from the pre-IPO shareholders of B&S Group S.A., Sarabel Invest S.à r.l. and Lebaras Belgium BVBA. A number of existing Ordinary Shares (310,345) representing a total amount of € 4.5 million as per March 23, 2018, have been provided to Stichting Administratiekantoor B&S Participations (STAK). The Ordinary Shares referred to will be held by the STAK and depositary receipts for such Ordinary Shares have been issued to the managers pro rata to their respective entitlements.

Five years following March 23, 2018, the managers will be entitled to acquire the underlying Ordinary Shares from the STAK for no consideration. In the event any of the managers ceases to be employed by B&S Group S.A. prior to the period of five vesting years having been lapsed, the Ordinary Shares held by the STAK for his benefit will be transferred back to the pre-IPO shareholders without any compensation. During the vesting period the € 4.5 million will be charged to the consolidated statement of profit or loss.

21 Reserves

Direct changes in equity are recognised net of tax effects. The following elements of reserves can be specified as follows:

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment). The movement can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	1,066	643
Effective portion of changes in fair value of cash flow hedges	(1,097)	423
Balance as at December 31,	(31)	1,066

Reserve for translation differences

The reserve for translation differences comprises all cumulative translation differences arising from the translation of the financial statements of activities in currencies other than the euro. The reserve is not freely distributable.
The movement can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	(5,360)	273
Foreign currency translation through OCI	5,185	(5,633)
Balance as at December 31,	(175)	(5,360)

Retained earnings

The retained earnings comprise all cumulative profit or loss movements less cumulative changes. The movement can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	255,618	236,704
Profit for the period	38,471	21,697
Dividend to the owners of the Company	(8,418)	-
Transactions under common control (note 33)	(34,256)	(681)
Share-based payments	900	900
Other changes	-	(79)
	252,315	258,541
Fair value adjustment non-current liabilities	7,004	(2,923)
Balance as at December 31,	259,319	255,618

Proposed appropriation of the result for 2021

The Executive Board proposes to pay a dividend of € 15,152,000 and to add € 23,319,000 to the reserves.

This proposed appropriation has not been accounted for in the consolidated financial statements.

Profit appropriation 2020

The 2020 consolidated financial statements were approved during the General Meeting on May 18, 2021. The General Meeting approved the proposed profit appropriation.

22 Non-controlling interest

The non-controlling interest consist of the third-party share in the following companies:

	31.12.2021	31.12.2020
J.T.G. Holding B.V., the Netherlands	-	24.62%
J.T.G. WWL S.à r.l., G.D. Luxembourg	8.21%	24.62%
Topbrands Europe B.V., the Netherlands	32.83%	32.83%
FNet Acquisition Company LLC, Delaware, United States	25%	25%
FNC International B.V., the Netherlands	25%	25%
B&S HTG B.V., the Netherlands	5%	5%
Lagaay Medical Group B.V., the Netherlands	30%	30%
Europort Groep B.V., the Netherlands	20%	20%
J.T.G. Distribution HK Ltd, Hong Kong	22.50%	22.50%
B&S Beauty B.V., the Netherlands	5%	-
Profit Rights:		
B&S Investments B.V., Delfzijl, the Netherlands	100%	100%

The movement in the non-controlling interest can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	50,527	49,096
Share of profit of associated companies	16,103	18,941
Foreign currency translation	3,159	(4,258)
Effective portion of changes in fair value of cash flow hedges	(15)	(9)
Transactions under common control	(15,178)	(1,619)
Dividend paid to non-controlling interest	(11,986)	(13,262)
Reserves transferred to profit right certificates	-	(292)
	42,610	48,597
Reclassification to 'Other non-current liabilities'	(3,503)	1,930
Balance as at December 31,	39,107	50,527

The reclassification to 'Other non-current liabilities' relates to the 25% non-controlling interest in FNet Acquisition Company LLC. Reference is made to note 28 for further details on this reclassification.

23 Loans and borrowings

The loans and borrowings can be specified as follows:

x € 1,000	31.12.2021	31.12.2020
Borrowings from banks	177,956	46,496
Borrowings from third parties	3,000	3,000
Non-current liabilities	180,956	49,496
Unsecured borrowings from banks	58,810	166,393
Borrowings from banks due within one year	1,115	11,737
Current liabilities	59,925	178,130

x € 1,000					31.12.2021				31.12.2020
	Interest	Year of maturity	% Nominal interest rate	Maximum amount	Nominal value	Carrying amount	Maximum amount	Nominal value	Carrying amount
Unsecured bank loans	variable[1,2]	2024	1.0%	175,000	175,000	174,016	-	-	-
Unsecured revolving credit facilities	variable[1,2]	2024[3]	1.3%	145,000	48,633	48,113	-	-	-
Unsecured overdraft facilities	variable[1,2]	Until further notice	1.2%	290,000	8,000	8,000	-	-	-
Other bank loans	fixed	2022-2025	1.7%	5,055	5,055	5,055	57,867	57,867	57,867
Other revolving credit facilities	variable[2]	2022	1.7%	10,650	2,697	2,697	258,000	100,752	100,752
Secured overdraft facilities	variable[2]	2021	1.7%	-	-	-	225,000	65,641	65,641
Borrowings from third party	when conditions are met		0%	3,000	3,000	3,000	3,366	3,366	3,366
Total loans and borrowings				628,705	242,385	240,881	544,233	227,626	227,626
Lease liabilities		2022-2037	1.7%			58,344			56,698
Lease liabilities due within one year			1.7%			11,035			10,034
Total interest bearing loans and borrowings				628,705		310,260	544,233		294,358

1 Based on covenants with financial institutions and the Group's leverage ratio.

2 Reference rate depending on the currency drawn: EURIBOR, SOFR, SONIA, TONAR, EIBOR.

3 Two extensions options of one year each.

Borrowings from banks

At December 30, 2021, the Group completed its refinancing efforts by repaying most of its pre-existing bank debt and centralised the majority of its financing agreements on the level of B&S Group S.A. The Group has entered into multiple bilateral term loans and committed revolving credit facilities to provide surety and maturity to its financing portfolio while renewed overdraft facilities contribute to the necessary flexibility to counter swings in working capital and to provide headroom for potential business opportunities. The bilateral agreements are entered into with five major European banks and are provided on equal terms and conditions. Long-lasting relationships existed with these financing institutions that all previously provided financing and cash management solutions to entities within the Group. Unlike with previous borrowings and credit facilities, no assets have been pledged as security for the loans and borrowings provided. Instead, guarantees of companies within the Group are provided.

The unsecured bank loans of € 175 million consist out of three fully drawn term loans that are to be fully repaid at maturity in 2024. These loans form the basis of the debt provided by financial institutions.

The unsecured revolving credit facilities of € 145 million have all been entered into for three years until 2024. The Group holds two extension options of one year each, possibly prolonging the agreements until 2026. These unsecured revolving credit facilities are drawn on demand utilising multicurrency ancillary facilities.

The unsecured overdraft facilities of € 290 million are provided on an 'until further notice' basis by the financial institutions and provide the Group with necessary headroom and flexibility. Similar to the revolving credit facilities, they are drawn on demand using ancillary facilities. To support future growth and liquidity needs, the unsecured overdraft facilities could possibly be converted to revolving credit facilities when utilisation has become structural.

The quarterly tested financial covenants for the new financial agreements applicable to the Group are:
- A maximum of 4.0 of Total Net Debt / Adjusted EBITDA
- A maximum of 4.5 of Total Net Debt / Adjusted EBITDA after a considerable acquisition
- A minimum of 4.0 of Interest Coverage Ratio

Adjusted EBITDA is a non-GAAP measurement and is defined as follows in all applicable agreements:
(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.

As part of the refinancing the existing bank loans and the revolving credit facilities were repaid except for the existing bank loans and the revolving credit facilities for the Spanish subsidiaries. These Spanish facilities have a maximum amount of € 15.550.000 and will mature between 2022 and 2025.

For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 31.

Borrowings from third parties

Borrowings from third parties exists of two loans of € 1.5 million each.
The applicable interest rate for both loans is 2.5%, but will only become applicable after fulfilment of certain conditions. No securities are provided. Repayment is dependent on fulfilment of beforementioned conditions.

24 Leases

The leases can be specified as follows:

x € 1,000	31.12.2021	31.12.2020
Property	58,537	64,565
Vehicles	2,143	1,510
	60,680	66,075

The movements in the Group's right-of-use assets can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	66,075	71,498
Additions	13,051	5,930
Impairment loss	(7,650)	-
Depreciation right-of-use assets	(11,455)	(10,580)
Foreign currency translation	659	(773)
Balance as at December 31,	60,680	66,075

x € 1,000	31.12.2021	31.12.2020
The Netherlands	43,708	56,227
Rest of the world	16,972	9,848
	60,680	66,075

The Group leases several assets including buildings and vehicles. The average remaining lease term is 4 years. At December 31, 2021, the Group is committed to € 1.2 million for short-term leases. The total cash outflow for leases amounts to € 12.2 million.

The movements in the lease liabilities can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	66,732	71,666
Additions	13,051	5,930
Repayments on lease liabilities	(11,091)	(9,966)
Foreign currency translation	687	(898)
	69,379	66,732
Reclassification to 'Current liabilities'	(11,035)	(10,034)
Balance as at December 31,	58,344	56,698

The maturity and related value of lease liabilities can be specified as follows:

x € 1,000				31.12.2021
	< 1 year	1 <> 5 years	> 5 years	Total
Lease liabilities	11,035	34,308	24,036	69,379
	11,035	34,308	24,036	69,379

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The amounts recognised in the profit or loss can be specified as follows:

x € 1,000	2021	2020
Depreciation expenses on right-of-use assets (Property)	10,573	9,683
Depreciation expenses on right-of-use assets (Vehicles)	882	897
Impairment loss on right-of-use assets (Property)	7,650	-
Interest expense on lease liabilities	1,139	1,230
Expenses relating to short-term leases and leases of low value assets	1,189	1,585
	21,433	13,395

25 Deferred tax liabilities

The movement in deferred tax liabilities can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	10,684	12,986
Acquired in business combinations	75	57
Addition	1,458	-
Transfer to profit or loss	(1,823)	(1,904)
Foreign currency translation	572	(702)
Reclassification from 'Current corporate income tax liability'	-	247
Balance as at December 31,	10,966	10,684

The maturity and related value of the deferred tax liabilities can be specified as follows:

x € 1,000	31.12.2021			
	< 1 year	1 <> 5 years	> 5 years	Total
Deferred tax liabilities	1,885	7,112	1,969	10,966
	1,885	7,112	1,969	10,966

The deferred tax liabilities relate to the following items:

x € 1,000	31.12.2021	31.12.2020
Property, plant and equipment	1,500	88
Intangible fixed assets	8,934	9,999
Other	532	597
	10,966	10,684

26 Retirement and other employee benefit obligations

The movements for the provision can be summarised as follows:

x € 1,000	2021	2020
Balance as at January 1,	1,001	893
Paid during the financial year	(20)	(209)
Transfer to/from profit or loss	378	317
Balance as at December 31,	1,359	1,001

The provision for pension obligations consists of a provision for pensions of former personnel that have taken effect and are valued at fair value. The maturity of these obligations is less than five years.

This provision also includes an end-of-service indemnity payable to employees at the reporting date in accordance with the U.A.E. labour laws, and is based on current remuneration and cumulative years of service at the reporting date. This provision is considered as a defined benefit plan. Total amount of end-of-service indemnity provision as per 2021 was € 440,000 (2020: € 320,000).

Defined contribution plans

The Company operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Company in funds under the control of trustees. When employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total expense recognised in the profit or loss of € 4,615,000 (2020: € 4,680,000) represents contributions paid or payable by the Group at rates specified in the rules of the plans. As at December 31, 2021, contributions of € 512,000 (2020: € 375,000) due in respect of the 2021 (2020) reporting period had not been paid over to the plans and hence were included in the short-term liabilities. These amounts were paid after the end of the reporting period.

Pension plan pension fund “Stichting Het nederlandse pensioenfonds”

Until August 2020, the Group operated defined contribution retirement benefit plans for employees for whom the benefit plan was accommodated by the company pension fund “Stichting Pensioenfonds B&S” (also referred to as ‘Company pension fund’). The defined contribution plan (Pension Plan) was administered by a fund that is legally separated from the entity. On August 1st, 2020, Stichting Pensioenfonds B&S, transferred the pension entitlements of all participants to “Stichting Het nederlandse pensioenfonds (Hnpf)”.

According to the pension plan the employer has the obligation to pay a fixed annual premium to the pension fund of two-third of 22% of the pension base, the remaining one-third is paid by the employee. The return on the contribution payments has not been guaranteed. The only liability for the employer is to pay the annual premium as the employer has no obligation to pay additional contributions, neither to compensate for inflation nor to supplement in case the fund does not hold sufficient assets to fund the pension obligations. In the last case, the fund would need to take other measures to restore its solvency, such as reductions of the entitlements of the plan members.

The pensionable salary accommodated by Hnpf is limited to € 112,189 (2020: € 110,111). The pension base is the difference between the pensionable (current) salary of the employee and the state retirement benefit. Hnpf has stated that the funding ratio is 102.9% at December 31, 2021 (2020: 98.8%).

Based on IAS 19, the Pension Plan as such is accounted for as a defined contribution plan. The Group presents the employer contribution in the profit or loss item “Personnel costs”.

Industry pension schemes ‘Bedrijfstakpensioenfonds voor de Detailhandel’

Pursuant to the Dutch pension system this plan is financed by contributions to an industry pension fund. Participation in the industry pension fund is required by the collective labour agreement applicable to Koninklijke Capi-Lux Holding B.V, Anker Amsterdam Spirits B.V. and Square Dranken Nederland B.V.

The related accrued entitlements are always fully financed in the related calendar year through – at least – cost effective contribution payments. The pension plan is a career average plan including – for both active and inactive participants (former employees not yet retired and retired persons) – conditional granting of supplements. The granting of supplements depends on it the investment return.

The annual accrual of the pension entitlements amounts to 1.4% of the pensionable salary that is based on the gross wage net of a deductible (of € 14.447). The pensionable salary is capped (at € 58,311). The annual employer-paid contribution is 24.75% of which 6.1% is contributed by the employee. Based on the funding ratio and expected returns the board of the industry pension fund sets the contribution on a yearly basis.

The related industry pension fund has stated that the funding ratio is 119.2% at the end of 2021 (2020: 111.0%). Based on the administrative regulations the group has no obligation to make additional contributions in the event of a deficit other than through higher future contributions.

Based on IAS 19, the Pension Plan as such is accounted for as a defined contribution plan. The Group presents the employer contribution in the profit or loss item “Personnel costs”.

Other defined benefit plans

In several countries, defined benefit plans are in place. However due to the limited number of employees and limited financial risk these plans are accounted for as defined contribution plans. Pension plans for which the pension fund cannot provide data on an individual company basis are, in line with IAS19, accounted for as a defined contribution plans. In 2021 the premium related to these plans charged to the consolidated statement of profit or loss amounts to € 304,000 (2020: € 347,000).

27 Other provisions

The movements in the ‘Other provisions’ can be specified as follows:

x € 1,000	2021	2020
Balance as at 1 January	1,500	-
Transferred to profit or loss	(498)	1,500
Balance as at 31 December	1,002	1,500

This item comprises of a provision for an onerous concession contract within the Retail segment. Based on the contractual minimum guaranteed rental amounts combined with the passenger expectations during the remaining contracted years, management does expect a loss of € 1.0 million resulting from operating under the terms of this concession contract. The provision will be released to the profit or loss gradually over the remaining years of the contract.

28 Other liabilities

The other liabilities can be specified as follows:

x € 1,000	2021	2020
Option FragranceNet	38,349	41,850
Subsidy (IPR)	652	686
Contingent consideration Lagaay	-	191
Share appreciation rights	75	-
Other non-current liabilities	13	-
	39,089	42,727

Option FragranceNet

The movements in 'Option FragranceNet' can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	41,850	40,857
Reclassification from 'Non-controlling interest'	3,503	(1,930)
	45,353	38,927
Fair value adjustment	(7,004)	2,923
Balance as at December 31,	38,349	41,850

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.

Subsidy (IPR)

The movements in 'Subsidy (IPR)' can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	721	756
Installments	(34)	(35)
	687	721
Reclassification to 'Current liabilities'	(35)	(35)
Balance as at December 31,	652	686

This item comprises an "InvesteringsPremieRegeling (IPR)" subsidy with an original amount of € 1,264,000 which is being reduced with € 35,000 per year and released to the profit or loss.

Contingent consideration Lagaay

The movements in 'Contingent consideration Lagaay' can be specified as follows:

x € 1,000	2021	2020
Balance as at January 1,	401	546
Paid during the fiscal year	(210)	-
Transfer to profit or loss	(191)	(210)
Charged interest	-	65
	-	401
Reclassification to 'Current liabilities'	-	(210)
Balance as at December 31,	-	191

This contingent consideration relates to the acquisition of Lagaay Medical Group B.V.

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 year-end 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 December 31, 2021 is € 75,000. An amount of € 75,000 related to the cash-settled share-based payments (SARs) has been recognised in the personnel costs.

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 obligation, 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:

	2021	Grant date 22.02.2021
Fair value	€ 1.86	€ 2.56
Share price	€ 7.10	€ 7.34
Exercise price	€ 7.34	€ 7.34
Expected volatility (weighted-average)	53.10%	59.36%
Expected life (weighted-average)	2.17 years	3.00 years
Expected dividends	2.00%	2.00%
Risk-free interest rate (based on government bonds)	(0.670)	(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.

29 Other current liabilities

The other current liabilities can be specified as follows:

x € 1,000	2021	2020
To be paid for additional shares J.T.G. Holding B.V. and J.T.G. W.W.L. S.à r.l.	38,500	-
Other Current liabilities	27,669	27,315
	66,169	27,315

30 Contingent liabilities and contingent assets

Concession fee

The Group has entered into long-term concession agreements. The maturity of these agreements varies up to 9 years. The amounts involved are based on the turnover of the particular agreement.

Guarantees

The Group has issued guarantees. These guarantees can be specified as follows:

x € 1,000	31.12.2021	31.12.2020
Total maximum level of guarantees facility granted to the Group	22,500	22,500
Issued guarantees in relation to import duties	5,683	8,249
Issued guarantees in relation to rental agreements	2,783	2,530
Other issued guarantees	834	1,468
	9,300	12,247

31 Risk management and financial instruments

Financial instruments by category

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

x € 1,000	Amortised cost	FVTPL	FVTOCI	Total			31.12.2021
					Level 1	Level 2	Level 3
Financial assets not measured at fair value							
Receivables, non-current assets	1,234	-	-	1,234			
Trade receivables	195,038	-	-	195,038			
Cash and cash equivalents	12,547	-	-	12,547			
	208,819	-	-	208,819			
Financial liability measured at fair value							
Option FragranceNet	-	-	38,349	38,349	-	-	38,349
Share appreciation rights		75		75			75
	-	75	38,349	38,424	-	-	38,424
Financial liabilities not measured at fair value							
Borrowings, non-current liabilities	180,956	-	-	180,956			
Lease liabilities	69,379	-	-	69,379			
Unsecured borrowings from banks	58,810	-	-	58,810			
Borrowings from banks due within one year	1,115	-	-	1,115			
Trade payables	106,652	-	-	106,652			
	416,912	-	-	416,912			

x € 1,000	Amortised cost	FVTPL	FVTOCI	Total			31.12.2020
					Level 1	Level 2	Level 3
Financial assets not measured at fair value							
Receivables, non-current assets	1,444	-	-	1,444			
Receivables, current assets	-	-	-	-			
Trade receivables	195,628	-	-	195,628			
Cash and cash equivalents	38,870	-	-	38,870			
	235,942	-	-	235,942			
Financial liability measured at fair value							
Option FragranceNet	-	-	41,850	41,850	-	-	41,850
	-	-	41,850	41,850	-	-	41,850
Financial liabilities not measured at fair value							
Borrowings, non-current liabilities	49,496	-	-	49,496			
Lease liabilities	66,732	-	-	66,732			
Unsecured borrowings from banks	166,393	-	-	166,393			
Borrowings from banks due within one year	11,737	-	-	11,737			
Supplier finance arrangements	-	-	-	-			
Trade payables	102,477	-	-	102,477			
	396,835	-	-	396,835			

Measurement of fair values

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Option FragranceNet	EBITDA multiplier: The valuation model is based on the EBITDA realized 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 expected future consideration is discounted against long term US government bond yields plus a company specific mark-up.	Realized EBITDA 12 months preceding the exercise (December 31, 2021 € 34 million) Expected EBITDA growth (December 31, 2021 5.0%) Discount rate (December 31, 2021: 2.6% and 3.9%)	The estimated fair value would increase (decrease) if: • The EBITDA realized 12 months preceding the exercise were higher (lower); or • The EBITDA growth rate in the years prior to the exercise date were higher (lower); or • The discount rate were lower (higher).

Financial risk management objectives

As a result of its activities, the Company is exposed to various financial risks. The Company applies a Group-wide treasury policy for the adequate management of cash flows and financing flows combined with management of the related financial risks, such as currency risks and interest rate risks.

A summary of the main financial risks is provided below. The risks are linked to the Company's core objectives and categorised as currency risks, interest rate risks, credit risks and liquidity risks. Also mentioned is how the Company manage these risks.

Foreign currency risk

The Group purchases and sells internationally in different currencies however mainly in USD, GBP and JPY. The Group as such has positions in non-functional currencies being, purchase and sales obligations (recorded purchase and sales orders) and forecasted sales (inventory destined to be invoiced in a non-functional currency, for example inventory destined for a USD market). If B&S Group would not hedge these positions it would run transactional risk until the moment the cash is received. Since the Group does not want to be subject to these risks the positions are hedged on a daily basis. The positions are hedged by maintaining a bank balance in the matching currency. On a daily basis via spot FX purchases and sales, the bank balance in foreign currencies is matched with the outstanding exposure following the sales orders, purchase orders and forecasted sales (inventory).

Foreign currency sensitivity analysis

The Group is mainly exposed to the US Dollar as indicated in the next table. Assuming the Euro had strengthened (weakened) 3% against the US Dollar compared to the actual 2021 rate with all other variables held constant the hypothetical result on income before taxes would have been a change of € 243,000 if no cash flow hedge accounting has been applied. A 3% increase or decrease of the other currencies the Group is trading in would not have a significant impact on both the income before taxes and the equity of the Group.

x 1,000 Foreign currency	31.12.2021		31.12.2020	
	Assets	Liabilities	Assets	Liabilities
USD	426,029	416,864	408,313	236,107
GBP	8,883	7,936	5,857	6,753
JPY	246,012	340,794	339,125	317,095

Interest rate risk

The Group is exposed to interest rate risks because the entities are financed by both fixed and variable rate interest borrowings.

On the basis of the financing position as at year-end 2021, B&S Group S.A. estimates that an increase of 1 percentage point in the euro money market interest rates would have a negative effect of approximately € 2.3 million on net finance costs and thus the result before taxes and a negative effect of € 1.7 million on equity. Fluctuations in long-term interest rates had a limited direct effect on the result, as the interest rate terms are fixed.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty in a financial instrument fails to meet its contractual obligations. The risk for B&S Group S.A. arises mainly from trade receivables, for which credit concentration is limited.

The activities of the B&S Retail segment consist mainly of retail activities in exchange for direct cash. The Group has a significant number of customers and accordingly there is no material concentration of credit risk.

As the Company trades with a large number of clients around the world, strict internal policies and guidelines have been drawn-up regarding business agreements with new clients as well as the setting of payment terms and credit risk management. The Corporate rule is that trade transactions must be secured, either by payment up front, insurance or by a secured payment instrument (guarantee or letter of credit). Before doing business with new clients their creditworthiness is checked by the credit risk department.

The credit risk department also monitors outstanding payments on a daily basis using an automated and sophisticated credit risk monitoring system. This process meets the requirements specified by the insurance institutions. The rigid handling of new client acceptance and payment control means the Company's debtor risk is fairly limited and well under control. The average outstanding debt period is less than 60 days, which is within the limits set by management and acceptable for global trading. As a result of our stringent debtor policies, debtor write-offs are limited.

Management is aware of the deteriorating creditworthiness of clients in a number of countries due to Covid-19 related trade issues. Given the outstanding relationship with their credit insurers the group was able to remain in a good dialogue with their clients and maintain the required credit insurance lines in place.

Liquidity risk

Liquidity risk is the risk that B&S Group S.A. is unable to meet its financial obligations at the required time. Liquidity management is based on the principle that sufficient liquidity is maintained in the form of credit facilities or cash and cash equivalents to meet the obligations in both normal and exceptional circumstances. Cash flows are forecasted within the Group on a regular basis and the extent is determined to which the Group has sufficient liquidity for the operating activities while maintaining sufficient credit facilities (headroom).

As a result of the refinancing of the Group, as presented in note 23, the loans and borrowings provided, excluding borrowings from third party, amounted to € 626 million as at December 31, 2021, meaning a headroom of € 388 million under the existing facilities. Different from previous years is that the available headroom is not subject to borrowing base restrictions and can be utilised as long as the Company remains within the agreed covenants. The Company therefore has credit facilities that are sufficient for the existing and expected credit requirements of the Group.

The extent of the risk that covenants agreed with financial institutions are breached is tested and reported on a regular basis. With the present Total Net Debt/Adjusted EBITDA and Interest Coverage Ratio, B&S Group S.A. is comfortably within the covenants agreed with the various financial institutions of a maximum Total Net Debt/Adjusted EBITDA of 4.0 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.

A 10% decrease in our operating result (defined for this purpose as operating result before depreciation of property, plant and equipment and amortisation of intangible assets and impairments) would increase Total Net Debt/Adjusted EBITDA by 0.3 points, at unchanged Net Debt. The Total Net Debt/Adjusted EBITDA covenant agreed with financial institutions is set at a maximum of 4.0 points. This covenant would only be breached if the operating result decreases by more than 36%.

A 10% decrease in our operating result would reduce interest coverage by 1.5 points, at unchanged interest rates on interest-bearing debt. The interest coverage ratio covenant agreed with financial institutions is set at a minimum of 4.0 points. This covenant would only be breached if the operating result decreases by more than 71%.

The following table represents the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables contain the non-discounted cash-flows as per the first date the Group can be required to pay.

x € 1,000					31.12.2021
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		106,652	-	-	106,652
Lease liabilities	1.7%	11,035	34,308	24,036	69,379
Variable interest rate instruments	1.36%	59,925	177,956	-	237,881
Fixed interest rate instruments	2.5%	-	3,000	-	3,000
Closing balance at 31.12.2021		177,612	215,264	24,036	416,912

x € 1,000					31.12.2020
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		102,477	-	-	102,477
Lease liabilities	1.7%	10,034	34,675	22,023	66,732
Variable interest rate instruments	1.71%	178,130	46,496	-	224,626
Fixed interest rate instruments	2.5%	-	3,000	-	3,000
Closing balance at 31.12.2020		290,641	84,171	22,023	396,835

The following table detail the Group's expected maturity for its non-derivative financial assets.

x € 1,000					31.12.2021
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		195,038	-	-	195,038
Fixed interest rate instruments	5.4%	-	1,234	-	1,234
Cash and cash equivalents		12,547	-	-	12,547
Closing balance at 31.12.2021		207,585	1,234	-	208,819

x € 1,000					31.12.2020
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		195,628	-	-	195,628
Fixed interest rate instruments	5%	-	1,344	100	1,444
Cash and cash equivalents		38,870	-	-	38,870
Closing balance at 31.12.2020		234,498	1,344	100	235,942

In 2021, there was no covenant breach related to the applicable covenants which belong to the prior loans and borrowings.

Capital risk

The refinancing of the Group, as presented in note 23, provides the Company with additional surety and maturity of its financing portfolio and a stable basis for the years to come. As the majority of the financing agreements are on an equal basis and centralised, this facilitates provide the possibility to further diversify the overall capital portfolio of the Company. In general our policy is to preserve a healthy financing structure that maintains a balance between adequate solvency, the availability of adequate working capital and sufficient available funding. The Company's balance sheet structure, cash flow generation, and available headroom remains strong over years. This enables us to continue to grow organically and through acquisitions.

32 Related party transactions

The members of the Executive Board and the members of the Supervisory Board together are the key management of the Company.

Remuneration of members of the Executive Board

During 2021 the Executive Board consisted of the following members:

- Mr. T. de Haan
- Mr. P. Kruithof
- Mr. B.L.M. Schreuders
- Mr. N.G.P. Groen

The table below sets out the remuneration of the Executive Board:

x € 1,000	2021	2020
Gross salary	1,133	1,375
Social security charges	61	43
Pension charges	24	131
Severance payments	-	1,718
Cash-settled share-based payments	75	-
Variable short-term remuneration	600	524
	1,893	3,791

Remuneration of members of the Supervisory Board

During 2020 the Supervisory Board consisted of the following members:

- Mr. J.A. van Barneveld
- Mr. W.A. Blijdorp
- Mr. J.C. Beerman (until May 18, 2021)
- Mr. R.P.C. Cornelisse
- Ms. K. Koelemeijer
- Mr. L.D.H. Blijdorp (as per May 18, 2021)

The table below sets out the remuneration of the Supervisory Board:

x € 1,000	2021	2020
Annual fee	292	255
	292	255

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	31.12.2021		31.12.2020	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	10,674	337	7,584	1,800
Purchase of products and services	12,176	227	67,592	17,181
Premises rented	7,739	858	7,431	726
Other receivables	-	231	-	231
Loans received	-	1,500	-	1,500
Operating expenses	602	-	469	-
Charged costs	(1,923)	4,004	163	1,999

Additionally, in 2020 the Group acquired the remaining 49% of the shares of STG Holding Import-Export S.L. from a related party, for a consideration at arm's length of € 1,500,000.

Associated companies

The associated companies consist of the following entities:

- Comptoir & Clos SAS, France (in liquidation)
- Capi-Lux South Africa (PTY) Ltd., South Africa
- STG Logistica Y Depositos S.L., Spain
- Next Generation Parfums B.V., the Netherlands

The table below sets out the transactions with these companies:

x € 1,000	31.12.2021		31.12.2020	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	413	88	866	126
Purchase of products and services	758	38	754	-
Interest received on loans issued	40	-	10	-
Loan	-	150	-	150

33 Acquisitions

During the financial year the Group acquired the following company:

	%	Date
Diplomatic Supply Europe B.V., the Netherlands	100%	29.07.2021

Diplomatic Supply Europe B.V. offers a wide range of products, expertise in customs and door-to-door delivery on a frequent basis to individual diplomats.
The acquisition is fully consolidated from the date on which the Group gained control, which was July 29, 2021. The acquisition price is € 300,000. The acquisition is accounted for using the acquisition method.

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

x € 1,000	
Non-current assets	
Other intangible fixed assets	297
Property, plant and equipment	24
Current assets	
Trade receivables	20
Other receivables	91
Cash and cash equivalents	8
Current liabilities	
Trade payables	(50)
Other current liabilities	(2)
Non-current liabilities	
Deferred tax liabilities	(75)
Borrowings	(13)
	300

No goodwill arises based on the acquisitions, which can be specified as follows:

x € 1,000

Total considerations	300
Less: fair value of identifiable net assets acquired	(300)
	-

The Group incurred acquisition-related costs of € 1 thousand on external legal fees and due diligence costs. The acquisition-related costs are included in the other operating expenses.

Impact of acquisition

The acquisition contributed € 315 thousand revenue and a loss of € 35 thousand to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition had been completed on the first day of the financial year, Group revenues for the year would have been € 467 thousand higher and Group profit would have been € 66 thousand higher.

Transactions under common control

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 € 48,500,000 of which € 38,500,000 will be paid in January 2022. The difference between the acquisition price and the non-controlling interest in the assets and liabilities is accounted for in the retained earnings.

At October 1, 2021 certain shares of subsidiaries of B&S HTG B.V. are transferred from B&S HTG B.V. to B&S Beauty B.V. at their carrying amount, by a share premium payment by B&S HTG B.V. to B&S Beauty B.V. At the same time, the Group acquired the remaining 8.21% of the shares of J.T.G. Holding B.V. in return for 5% of the shares of B&S Beauty B.V. and an amount of € 934,000. The linked transaction took place at carrying amounts of the assets and liabilities, no revaluation to fair value took place.

34 Subsequent events

There were no material events after December 31, 2021 that would have changed the judgement and analysis by Management of the financial condition as at December 31, 2021 or the result for the year of the Group.

Other information

Other information

Independent auditor's report

To the Shareholders of B&S Group S.A.
14, rue de Strachen
L-6933 Mensdorf
Grand Duchy of Luxembourg

Report of the reviseur d'entreprises agree

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of B&S Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation Nº 537/2014, the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *"Commission de Surveillance du Secteur Financier"* (CSSF). Our responsibilities under the EU Regulation Nº 537/2014, the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *"réviseur d'entreprises agréé"* for the Audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill impairment test — Refer to Notes 3.8, 4 and 12 to the consolidated financial statements

Key audit matter description

As disclosed in note 12, the Group's goodwill balance amounts to € 65,092,000 as at December 31, 2021. In accordance with IFRS (IAS 36 Impairment of Assets) management is required to perform a yearly impairment test to ensure that the Group's goodwill is not carried at a value exceeding its recoverable amount.
The impairment assessment is subject to significant management judgement and estimation in the following areas:

- assessment and determination of the expected cash flows from the businesses also considering the uncertainty associated with the unprecedented nature of the COVID-19 pandemic;
- setting appropriate terminal growth rates; and
- selection of the appropriate discount rate.

The audit procedures carried out on the valuation of goodwill are regarded as a key audit matter as the valuation of goodwill is susceptible to management judgment and estimates and is based on assumptions that are affected by future market and economic conditions.

How the matter was addressed in the audit?

Our audit procedures included, but were not limited to:
With the assistance of our Valuation Specialists, we have addressed the goodwill valuation by testing the assumptions, discount rates, methodologies and financial data used. Specific focus was given to the sensitivity in the available headroom of cash-generating units (CGUs) where a reasonably possible change in the underlying assumption could cause the carrying amount to exceed its recoverable amount. We have also assessed management's internal controls with regard to the goodwill impairment test.

Related party transactions – Refer to Note 32 to the consolidated financial statements

Key audit matter description

As disclosed in note 32, the Group has multiple transactions with related parties including but not limited to purchases of products and services amounting to EUR 12,176 thousand and rent of premises of EUR 7,739 thousand for the year ended December 31, 2021. These transactions are concluded with entities over which one or more Board members have (joint) control or significant influence.
The Supervisory Board and Executive Board members as well as the entities they control that are not part of the Group are considered to be related parties. There is an inherent risk that transactions with these related parties do not comply with the arm's length principle. Due to the number and size of the Group's transactions with these related parties for the year ended December 31, 2021, and the potential magnitude of the implied risk of non-compliance with the arm's length principle, we considered this area to be a key audit matter.

How the Key Audit Matter was addressed in our audit?

Our audit procedures included, but were not limited to:

- Obtaining an understanding of the Group's related parties relationships and transactions
- Obtaining an understanding of the Group's process for engaging in transactions with related parties as well as the design & implementation of related relevant controls
- Meeting with the Executive Board of Directors and Audit & Risk Committee and other executive management representatives to understand the business rationale and status of significant related party transactions
- Obtaining input from specialists in respect to the identification of related parties
- Reviewing the information prepared by the Group for ensuring that transactions of the Group with related parties are complete and also comply with the arm's length principle

- Obtaining from the Group's management the exhaustive list of the Group's related parties
- Sharing this list with select component auditors requesting them:
    - To report to the Group Audit Engagement Team any related party not included in this list as well as any transaction and / or relationship with related parties that was not disclosed to them as such
    - To report to the Group Audit Engagement Team any event of non-compliance with the Group's policies for transactions and relationships with related parties
    - To identify all the component's transactions with related parties and test, on a sample basis, related contracts for compliance with the arm's length principles

We also assessed the adequacy of the Group's related party transactions disclosures in note 32 to the consolidated financial statements.

Other Information

The Executive Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report.

Responsibilities of the Executive Board of Directors and Those Charged with Governance of the Group for the consolidated financial statements

The Executive Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Executive Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Executive Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format as amended ("the ESEF Regulation").

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *"réviseur d'entreprises agréé"* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation Nº 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation Nº 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board of Directors.
- Conclude on the appropriateness of the Executive Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *"réviseur d'entreprises agréé"* to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *"réviseur d'entreprises agréé"*. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Our responsibility is also to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as *Réviseur d'Entreprises Agréé* by the General Meeting of the Shareholders on May 18, 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is four years.
The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the consolidated management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the consolidated financial statements of the Group as at December 31, 2021 with the relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements.

For the Group it relates to:
- Financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at December 31, 2021, identified as B&S Group S.A. Annual Report 2021 iXBRL pack, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014, on the audit profession were not provided and that we remain independent of the Group in conducting the audit.

For Deloitte Audit, Cabinet de révision agréé
Jan van Delden, Réviseur d'entreprises agréé
Partner

March 2, 2022
20 Boulevard de Kockelscheuer
L-1821 Luxembourg
Grand Duchy of Luxembourg

List of subsidiaries

Set out below are B&S Group S.A.'s significant subsidiaries at December 31, 2021. The disclosed significant subsidiaries represent the largest subsidiaries and represent approximate 90% of the total result before taxation of the Group. All subsidiaries are 100% owned unless stated otherwise.

Anker Amsterdam Spirits B.V., the Netherlands
B&S B.V., the Netherlands
B&S Beauty B.V., the Netherlands (95%) (established August 9, 2021)
B&S Brand Distribution B.V., the Netherlands
B&S Foodservice B.V., the Netherlands
B&S HTG B.V., the Netherlands (95%)
B&S International B.V., the Netherlands
B&S Investments B.V., the Netherlands
B&S LMCS DMCC, U.A.E.
B&S New Horizons B.V., the Netherlands
B&S Retail Holding B.V., the Netherlands
B&S World Supply DMCC, U.A.E.
Capi-Lux Netherlands B.V., the Netherlands
Checkpoint Distribution B.V., the Netherlands
F.C.T. B.V., the Netherlands
FragranceNet.com Inc., U.S.A.
HTG Liquors B.V., the Netherlands
JTG B.V., the Netherlands
J.T.G. Holding B.V., the Netherlands (2021: 100%, 2020: 75.38%)
Koninklijke Capi-Lux Holding B.V., the Netherlands
Lagaay Medical Group B.V., the Netherlands (70%)
New World Distribution DMCC, U.A.E.
Paul Retail B.V., the Netherlands
Topbrands Europe B.V., the Netherlands (67.17%)
World Class Products Group N.V., Netherlands Antilles

Contact

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B&S

King of Reach