VALUE ANNUAL ADDING REPORT DISTRIBUTION PARTNER 2020

B&S group

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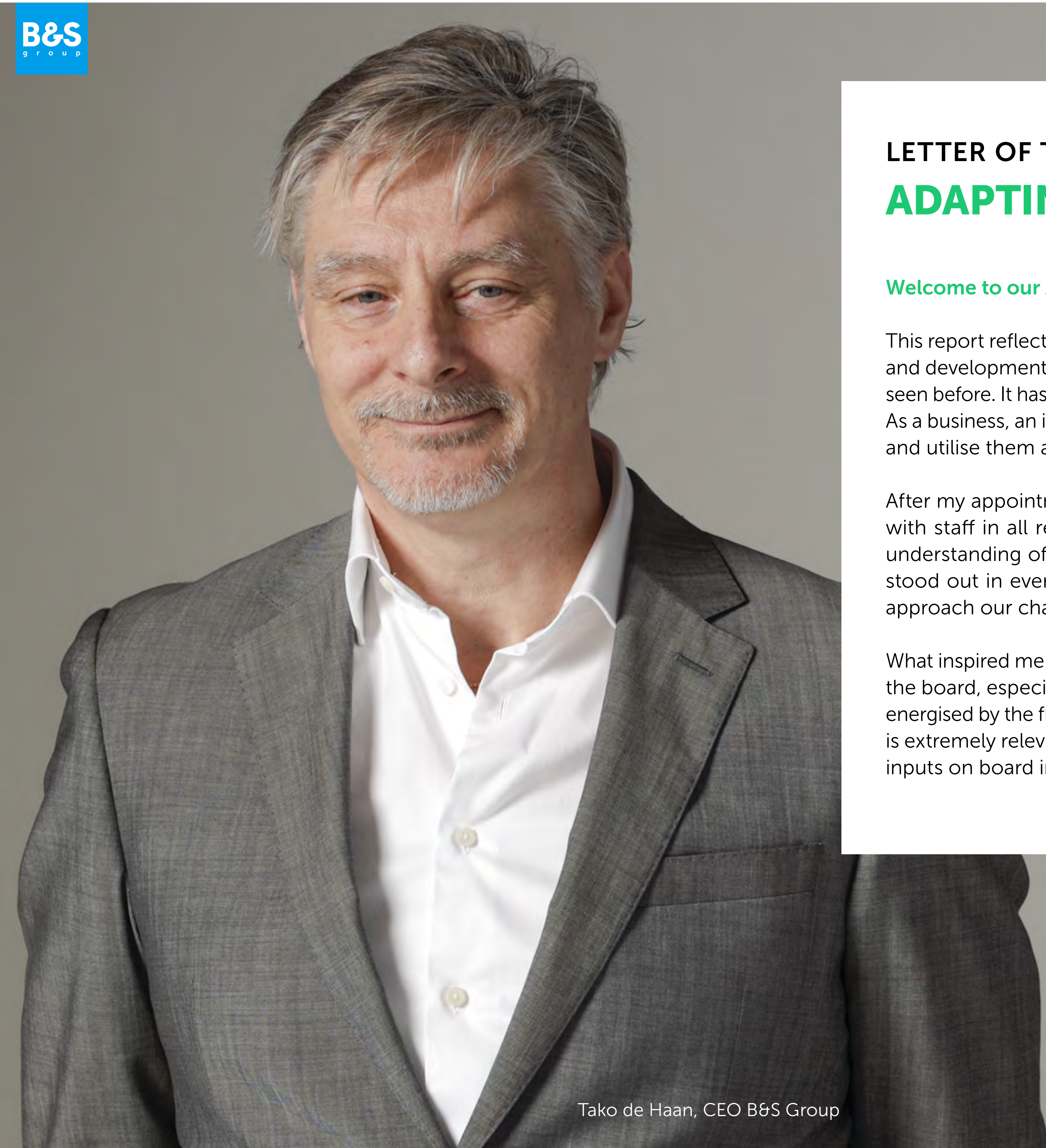

LETTER OF THE CEO

ADAPTING TO WIN

Welcome to our Annual Report 2020 — my first as CEO of B&S Group S.A.

This report reflects a year of unpredictability and adjustments, but also of resilience and development. The Covid-19 pandemic has brought challenges we have never seen before. It has altered our ways of working and forced us to rethink the everyday. As a business, an important priority in 2020 has been to recognise these challenges and utilise them as a catalyst for change.

After my appointment to the Executive Board on August 11, I have (digitally) met with staff in all regions. I familiarised myself with all our businesses to get an understanding of the key traits that connect the diversity of our activities. What stood out in every (sub) segment was the spirit of our people and the way we approach our challenges: with entrepreneurship, capability and flexibility.

What inspired me most, was the enthusiasm for improvement opportunities across the board, especially in light of the new Covid reality we all had to adapt to. I was energised by the flexibility and open mindset that our people demonstrated – which is extremely relevant in a diversified business environment like ours. I took all their inputs on board in the review of our business model in my first 100 days as CEO.

Tako de Haan, CEO B&S Group

Business in the lead

It led to the introduction of our new business principle **Business in the lead**. All our choices should support this principle towards creating a streamlined and easy-to-understand organisation with a reduced cost base that facilitates the business in scalable, profitable growth.

Digital first

We made steady progress with the centralisation of operations on Group level. The introduction of our Project Management Office (PMO) streamlined the selection and execution of companywide projects to enhance synergies and increase efficiency. Covid-19 has also pushed us to accelerate the implementation of our Digital First approach, in the first place to rebalance our costs with reduced turnover in certain (sub) segments. The further automation of work flows across the board remains key in facilitating operational agility and controlling cost levels structurally to realise profitable growth.

Focus on adding value

Our segmental IT departments were restructured into specialisms on Group level to boost our Digital First approach further. Marking e-commerce a dedicated IT specialism within our organisation enhanced the roll out of our digital strategy, which has already proven effective: we have risen to the global e-fulfilment challenges presented by Covid-19. These capabilities enable us to reach out to suppliers and customers digitally and provide unmatched service levels to manage our value chain for growth – from the source all the way to the online end-consumer.

Brand development

And as we move closer to the end-consumer, the need for a compelling brand identity becomes more vital than ever. The pandemic placed even greater focus on the importance of responsible business. It provides opportunity for building trust and lifting confidence in B&S Group as a brand – towards all our stakeholders.

This can only be realised if we commit to further developing our business for people and planet, not just profit. Last year, we launched our three business priorities for long term value creation. These were further defined in 2020 in light of our Business in the lead principle and focus on Digital First. A vital part in our 2021 – 2023 strategy is to link each of our business priorities to corresponding key performance indicators and targets defined by our strategy. In doing so, we will monitor our progress and make ourselves accountable to all our stakeholders in a transparent way.

Conclusion

Beyond Covid-19 there is still a huge amount of uncertainty and change. But if one thing, our team has proven in 2020 that we are agile and able to adapt to difficult and changing circumstances. A heartfelt thank you goes out to all our people for their commitment and resilience. Also to all our business partners and shareholders for their continued trust in B&S Group in these exceptional times.

I am confident that our disciplined and focused approach will create value for shareholders and make a positive contribution to society for many years to come. We are adapting to win.

Tako de Haan
CEO B&S Group

B&S group

KEY FIGURES

x € million (unless stated otherwise)	2020 reported	2019	2018*
PROFIT OR LOSS ACCOUNT			
Turnover	1,861.8	1,978.8	1,746.5
Gross profit	254.9	271.9	242.3
Gross profit margin	13,7%	13.7%	13.9%
EBITDA	90.3	114.4	108.8
EBITDA margin	4.9%	5.8%	6.2%
Depreciation & Amortisation	32.5	26.6	10.7
Profit before tax	51.2	77.5	90.8
Profit for the year	40.6	60.3	71.4
Earnings per share (in euro)	0.26	0.56	0.72
FINANCIAL POSITION			
Inventory in days	70	80	92
Working capital in days	85	95	113
Net cash from operations	147.0	113.4	3.5
Solvency Ratio	38.0%	31.9%	34.3%
Net Debt*	185.8	295.7	312.7
Net Debt/EBITDA*	2.3	2.8	2.9

* On Pre-IFRS 16 basis.

KEY HIGHLIGHTS

Consumer goods

5 key markets
4 main categories

Turnover (in million)

↓5.9%

€1,861.8

2019: € 1,978.8

EBITDA (in million)

↓21.1%

€90.3

2019: € 114.4

Global spread of customers

> 100

countries

Net cash from operations (in million)

€147.0

2019: € 113.4

↑29.6%

Employees

2,158

53 nationalities on 4 continents

2020 KEY DEVELOPMENTS

FEB

Covid-19 first wave

MARCH

Asian markets affected by lock down

Cruise & travel retail business severely hit

Online business growth

MAY

Peter Kruithof appointed as CFO

Working capital program enhanced

Strict OPEX reduction measures

AUGUST

Covenant holiday arranged

Tako de Haan appointed as CEO

Acceleration Digital First approach

OCTOBER

Introduction Business in the lead

Development matrix organisation

DECEMBER

Covid-19 second wave

WINNING BY REACH

B&S Group is a **value adding distribution partner** for consumer goods in a growing number of attractive channels and specialised markets worldwide.

We focus on serving distinct niche markets around the globe that are generally difficult to serve efficiently due to their specific demands and characteristics.

Our increasingly digitised services make us a distribution partner unlike any other, providing unmatched reach in diversified markets.

OUR BUSINESS MODEL

ADDING VALUE SINCE 1872

Our proposition distinguishes itself in its high level of complexity, and we are recognised for consistently delivering to the right place, at the right time. Our flexible, well-invested and highly efficient distribution platform comes with strong barriers to entry:

Differentiated 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.

Supply chain expertise

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 the end-customer.

We operate a fully bonded supply chain with warehouses that have a registered status with the Dutch government 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.

Automated and digitised procurement

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 BiT, our proprietary ERP system.

Scale and reach

Our global scale gives access to a vast range of suppliers 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.

Our logistics expertise enables us to serve difficult to reach markets, while our increasingly digitised service allows 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.

Trusted partnerships

Our focus on building long-term business relations is nurtured by our business principles and values that foster trusted partnerships aimed at mutual growth.

OUR BUSINESS

Our increasingly digitised services and marketing capabilities make us a distribution partner unlike any other, serving unmatched reach by:

- providing essential distribution services;
- solving supply chain complexities;
- offering compelling value along the value chain.

By providing these tailored services throughout the supply chain, we link suppliers and customers that would otherwise find it difficult to connect.

Suppliers

We engage in mutually beneficial relationships with our suppliers, seeking to simplify the supply chain while enabling them to expand their business and increase brand exposure in markets they cannot reach on their own. By partnering with B&S Group, our suppliers benefit from market intelligence, deep customer knowledge and (digital) marketing support.

Customers

At the other end of our value chain, we offer our **B2B customers** a one-stop solution with a large and diversified portfolio at competitive prices, while adhering to strict compliance standards and arranging customs handling and transportation to locations that are often hard to reach. Adding to this, we simplify their operations with (digital) inventory management services and automated procurement solutions.

For our **end-customers** both in specialty retail markets and in e-commerce, we add the service of a long-tail and relevant assortment that is available on demand and at attractive prices, delivered to their doorstep.

HIGHLIGHT

SUPPLIER BRAND DEVELOPMENT

To extend our service to suppliers, in 2020 we launched our **'brand development' proposition** to help A-brand suppliers better achieve their growth ambitions. It combines our traditional distribution strength with digital solutions to advance supplier brand potential in our specialised channels and markets.

Market proximity & Customer know-how

Our sales satellites and partnerships with local parties in selected locations provide in-depth knowledge and expertise of local markets. Having feet on the ground simplifies distribution for our suppliers and speeds their time-to-market, while local trend watching enables portfolio optimisation.

Boost sales activity with hyper-targeting

We implemented the use of new technology to better reach relevant audiences. With targeted digital campaigns we reach key B2B audiences to drive sales within high entry markets and reach consumers to increase brand awareness and drive e-commerce and in-store sales for our B2B partners.

Performance management

In 2020 we introduced the first personalised performance dashboards for suppliers, based on agreed KPIs and available to access real-time on a 24/7 basis.

Digitised partnership

In Q1 2021 we started a trial with selected supplier partners to handle their ongoing business with B&S Group fully online. The development is set to continue in 2021 together with these selected partners to take further steps in optimising functionality and user experience.

PRODUCT OFFERING

We offer a wide variety of fast moving consumer goods across multiple categories mostly from A-brands.

HEALTH & BEAUTY
52%
OF TURNOVER FY 2020

LIQUORS
33%
OF TURNOVER FY 2020

FOOD & BEVERAGES[1]
12%
OF TURNOVER FY 2020

CONSUMER ELECTRONICS & OTHER
3%
OF TURNOVER FY 2020

MARKETS

With our diversified assortment we serve five fragmented key markets.

RETAIL B2B
Value for money, E-commerce platforms, Underserved & duty-free markets, Secondary channels

ONLINE B2C
Consumers on our e-commerce platforms

REMOTE
Remote industrial sites, Peacekeeping missions, Government & defence operations

MARITIME
Ship supply and cruise lines

RETAIL B2C
Consumers in our (travel) retail outlets

[1] Including Medical assortment.

Serving 100+ countries and complex end-markets

Turnover per region

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BUSINESS SEGMENTS

HTG HEALTH & BEAUTY

Distribution of perfumes, cosmetics and toiletries to specialty retailers (value for money, e-commerce) and online consumers in Europe, USA and Asia

see page 41

Turnover (in million)

€908.7

EBITDA (in million)

€87.0

HTG LIQUORS

Distribution of bonded liquors to specialty retailers (e-commerce, underserved, duty-free, secondary) in Europe and Asia

see page 41

Turnover (in million)

€474.6

EBITDA (in million)

€8.4

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BUSINESS SEGMENTS

B&S

Distribution of food, beverages and medical products to retail (underserved & duty-free), remote and maritime markets

see page 42

Turnover (in million)

€433.9

EBITDA (in million)

€12.1

RETAIL

Specialty retail at high traffic airports and remote locations

see page 43

Turnover (in million)

€44.5

EBITDA (in million)

€(12.0)

OUR ORGANISATION
BUSINESS IN THE LEAD

All our business segments benefit from our centralised backbone that provides efficiency, support and control.

To further enhance our corporate support, in 2020 we introduced our **business in the lead** principle.

During the year we reshaped our corporate support functions on Group level to better facilitate our business in maximising efficiency and profitability, and introduced additional corporate functions to support our strategic direction. Most of these functions were recruited internally from different segmental departments and appointed to head up the function on corporate level.

IT

Our centralised IT function offers enhanced collaboration and interaction between our segments and provides data-driven insights that support integrated communication.
Our BiT ERP system is fully tailored to our operations, enabling us to track and manage inventory levels across our platforms and to plug newly acquired businesses into our centralised backbone in no-time.

IT is the driver behind our automated and high-capacity warehouses that especially benefits our online proposition to e-commerce platforms. In our e-commerce operations to end-customers, we utilise proprietary technology that continuously strengthens our sourcing network, buying power and assortment by self-learning and matches supply directly to demand of the end-customer.

- *In the second half of 2020 we restructured IT into specialisms on Group level to boost our Digital First approach further. E-commerce was marked a dedicated IT specialism to enhance the roll out of our digital strategy.*

Finance & control

Our strategy is defined by the Executive Board in close cooperation with broader senior management and includes the encouragement of entrepreneurship and accountability. To mitigate strategic and financial risks throughout the organisation, our Enterprise Risk Management (ERM) is an integral part of our day-to-day operations. Risk management procedures are performed in accordance with our ERM model and combine various internal and external sources of information. *More information on Risk Management can be found under Governance.*

Legal & Compliance

Our compliance function, both at group level and at segment level, focuses on supplier and customer acceptance procedures, export controls, customs, tax, data protection and general legal matters. We have very strict customs, quality control and food safety standards that are vital to the organisation and top of mind throughout the whole company. We are certified as an Authorised Economic Operator in the Netherlands, making us a trusted partner to customs and related authorities.

HR

Our people are our most important resource and we safeguard recruitment, development and retention through a centrally-led HR function. Our strategic programmes are typically developed centrally and executed locally. The nature of our business requires an integrated approach from staff in all departments and we believe their mindset is critical to identifying and capturing business opportunities. Our Company DNA is instilled through our People & Development program in which we train our talent at every stage of their careers.
More information on People and Culture can be found in the Report of the Executive Board.

Operations

Our warehouses are equipped with highly efficient and automated storage mechanisms that increase workforce efficiency and reduce warehouse space requirements. This, combined with the quick turn-around of our assortment, ensures optimal use of storage capacity. The continued expansion of automation in our e-commerce procurement boosts the speed of operations, supports our online proposition and enables us to directly serve the end-customer. The outsourcing of transport to key partners enables us to focus on our core competences and provide flexibility in capacity and costs.

- *Our project management office (PMO) was introduced and implemented in our Operations function in 2020 to coordinate and prioritise projects between our different commercial units. The role of PMO is to streamline the internal organisation and intensify segmental collaboration, in order to further optimise the success rate of companywide projects.*
- *Our Facility discipline (including Safety & Security and Quality) was added to the overarching Operations function and a Facility Director on Group level was appointed to further streamline costs levels and efficient use of resources across the board.*
- *In January 2021 we announced extension of our Executive Team with a COO to enhance progress on the implementation of the 2021 – 2023 strategic plan.*

Marketing

- *This function was introduced on Group level end 2020 to fuel commercial objectives by accelerating marketing of our added value to suppliers and customers and support our online proposition.*

Corporate communications

- *This function was introduced on Group level end 2020 to support our focus on positioning our corporate B&S Group brand and simplifying communications on corporate strategy towards all stakeholders.*

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OUR MISSION AND VALUES

MORE THAN THE SUM OF PARTS

Our business builds on the mission: bringing together supply and demand for fast moving consumer goods in niche markets around the globe. And by doing so, being the preferred partner for our (end-) customers and suppliers. This mission drives us in continuously expanding our reach by adding new customers, new markets and new channels to complement and extend our business portfolio.

Our values are recognised across the Group and support our entrepreneurial culture. They ensure that every colleague understands what is important, how we work together as a team and how our growth strategy 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.

Reliable
we serve our customers with a consistently high level of quality and service that meets and exceeds their expectations

Ambitious
we foster entrepreneurship and co-ownership in every level of the company to keep up with increasing scale of markets and demands from customers (both offline and online)

Successful
we build on a strong and healthy financial foundation with a long and proven track record in innovative value adding distribution

Unique
we focus on business diversification in selected product-market combinations while creating operational synergies between our segments

Professional
we select prospective employees based on professional characteristics, their potential for development and their ambition to get the job done

Efficient
we uphold a goal-oriented approach with constant business process innovation that is supported by digitisation and automation

Flexible
we showcase customer-driven flexibility, dealing creatively and effectively with unusual challenges and opportunities

Personal
we concentrate on long-term relationships with suppliers, customers and employees that are based on trust, transparency and understanding

SUSTAINABLE AND PROFITABLE GROWTH

Our overall focus lies on long term value creation by pursuing sustainable and profitable growth.

The ability to **respond and adapt** to changing circumstances and demands from the market, our business partners and society is key in executing on our strategy.

In our response to Covid-19, in 2020 we enhanced focus on optimising internal processes and digitising our operations driven by our Digital First approach.

OUR STRATEGIC FOCUS AREAS FOR ORGANIC GROWTH

Centralisation of 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

Focus on growth markets

- Focus on niche markets driven by mega trends (digitisation, globalisation, market disruption)
- Invest in unique positions with compelling advantage
- Complemented by selective M&A to strengthen niche positions

Digital transformation

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

Organic expansion

- Capture opportunities for geographical expansion in all business segments
- Explore new Product Market Combinations in adjacent channels or product/category per segment
- Drive organic growth through data driven customer services

In 2020, we accelerated our focus on centralisation of operations and digital transformation, driven by our Digital First approach.

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.

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 Group'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 as distributor towards the end-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.

In 2020, main focus was on the continuance and growth of our existing business. For 2021, we look to further execute on our acquisition strategy.

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

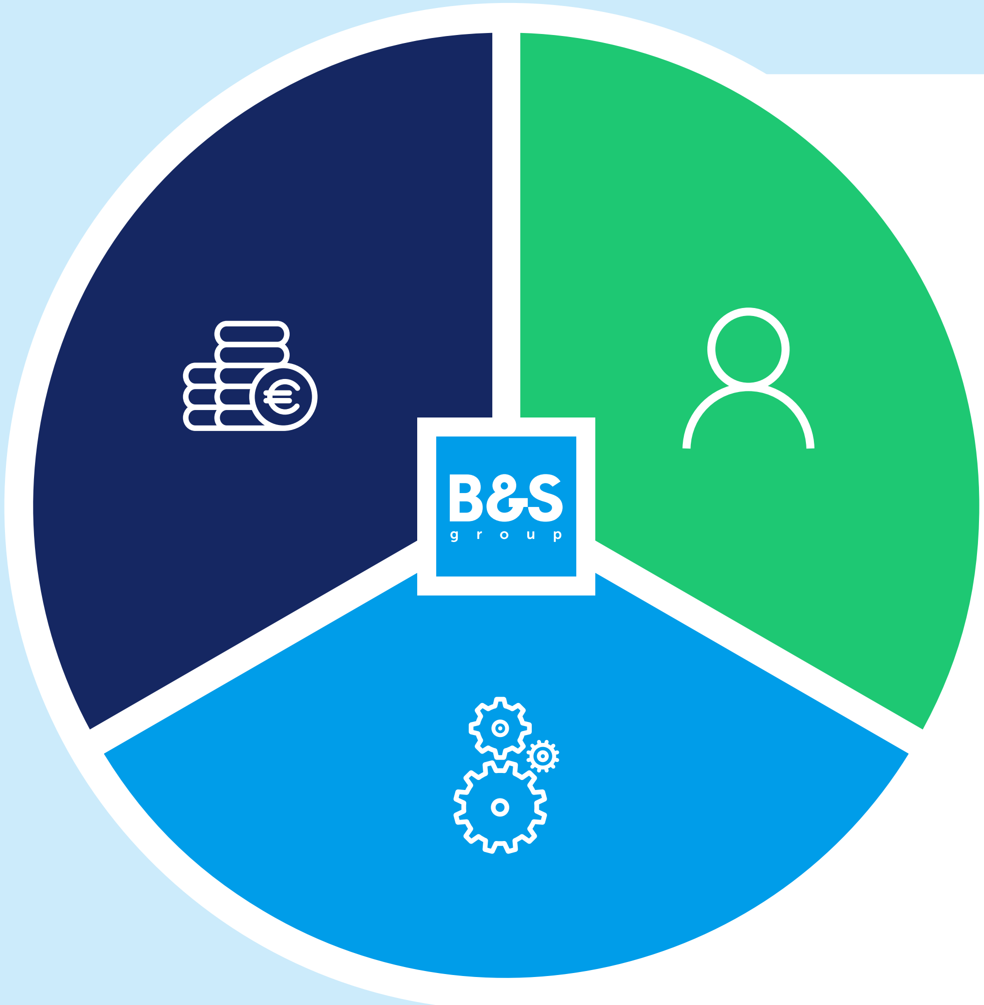
2017
Acquisition Alcodis

2018
Acquisition FragranceNet.com

2019
Acquisition Lagaay Medical Group

2020
Acquisition Airport shops Weeze & Rotterdam

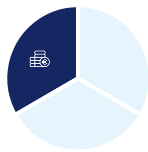
Acquisition Top Care



BUSINESS PRIORITIES

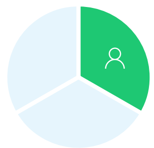
In executing our strategy, we are committed to our three business priorities that support long term value creation. Our overarching priority in 2020 has been the safety and well-being of all our stakeholders. The progress per business priority in 2020 is presented in the report of the Executive Board.

Financial performance



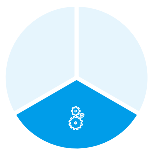
- Creating long term value for our stakeholders by pursuing sustainable and profitable growth
- Clear focus on building and expanding unique positions in diversified markets
- Expanding our role in the value chain

Empowered people



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

Sustainable value chain



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

STRATEGIC CONTEXT

We continuously adapt and develop our organisation to benefit from changing conditions in our business environment that support sustainable and profitable growth. In 2020, Covid-19 has accelerated certain trends in digitisation, market disruption and sustainability. In this new reality, we consider the following trends most relevant to our operations:

Globalisation

Globalisation asks for distribution partners that can work seamlessly around the globe. With operations in Europe, Asia, Africa and the US we can use our global network to support our suppliers and customers in nearly any location. This further supports our diversification strategy and focus on expansion into new geographies and adjacencies.

Digitisation

Further accelerated by Covid, digital technologies open new possibilities to serve customers more efficiently and change the way we work. They also provide opportunities for additional services to our current customer portfolio as well as new business opportunities in our diversified markets, with the main growth driver being e-commerce.

Geopolitical factors

Geopolitical factors such as trade wars and the Brexit have a noticeable impact at a macroeconomic level. Because of our highly fragmented activities in diverse geographies and markets, the impact of these developments are limited to specific parts of our operations.

Selected distribution

In general, there is a clear demand from A-brand suppliers and manufacturers 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 distribution 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 distribution partner enables them to outsource their business operations in selected geographical areas and significantly simplify their route-to-market.

Additionally, the specific distribution requirements to various end markets in terms of delivery times and reliability are expected to continue to drive the trend among suppliers and manufacturers of outsourcing part of their sales to a smaller number of specialty distributors.

Retail value chain redesign / disruption

Increasing demands from end-customers in delivery time and quality, require continuous IT and automation development to provide efficient and innovative distribution solutions.

The rise of value channels and shift from physical stores to online platforms has further increased customer concentration into these non-traditional channels and into the winning retailers within these channels. This redesign of the retail value chain asks for new capabilities and services along the value chain such as digital lead generation, offering marketing as a service to brand owners and offering data analytics insights to both supplier and customers in these channels.

Additionally, more intense and more rapid communications allow customers everywhere to purchase products made 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.

Sustainability and regulatory compliance

Consumers are more in touch with the impact the products and services they buy have on people and environment, while the role companies have on society and the environment is more relevant than ever in shaping corporate image.

This impacts regulations for example in product information transparency throughout the supply chain, which is particularly relevant in our food distribution. It requires continuous upgrades of facilities and processes related to food safety, quality controls and customs compliance.

Disruptions in the value chain ask for new capabilities and services such as digital lead generation and data analytics.

STAKEHOLDER ENGAGEMENT

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.

Employees

Our people are our most important asset. Our experienced and highly-qualified employees are making the difference when it comes to serving our customers, suppliers and other 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 in order to align interests we foster a climate of mutual awareness and understanding. We focus on long-term partnerships based on expertise and engagement, which enables us to embed sustainable practices that meet diverse customer needs.

Suppliers

We maintain relationships with over 1,200 suppliers globally, engaging in mutually beneficial relationships to simplify the supply chain. All our suppliers 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 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 the Group and society. We are involved in numerous partnerships and collaborations with educational institutions, human rights organisations and sector associations to share our knowledge and know-how and to provide better living conditions for those in need.

MATERIALITY SURVEY

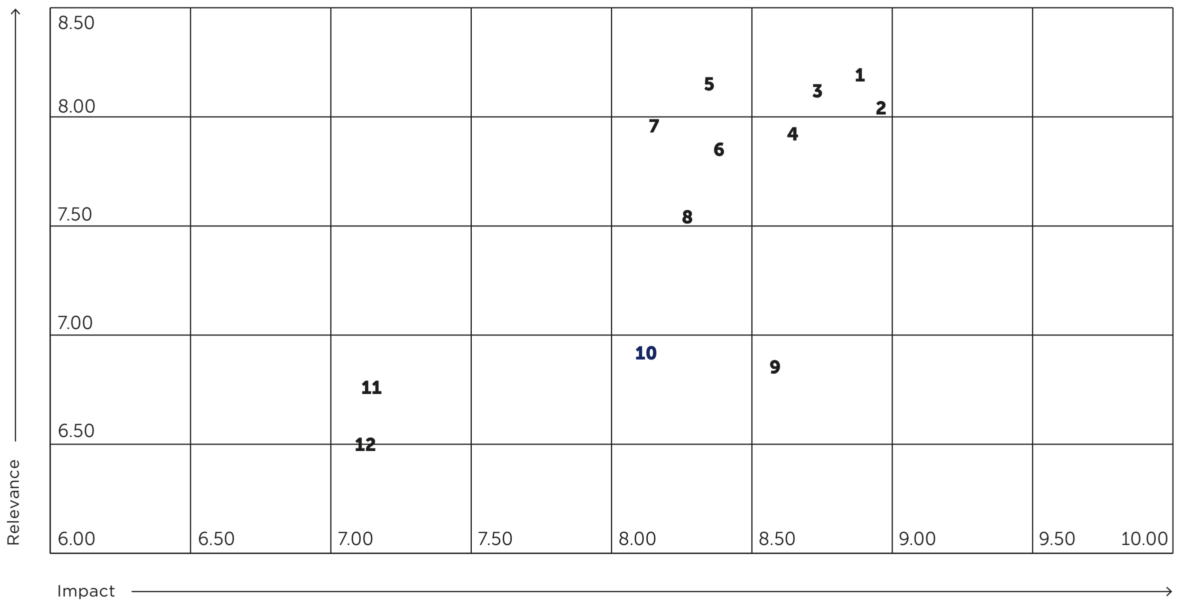
Based on our stakeholder analysis, in 2019 we conducted a materiality survey among stakeholder representatives that was based on a list of 12 material topics. These material topics were the result of an assessment of 21 initial topics drawn up together with an independent third party and based on ESG 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.

As part of our 2021 - 2023 strategic review, we will undertake a materiality survey to align the interests of our stakeholders with our strategic objectives and business priorities.

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	Financial performance	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	Financial performance	Investors, suppliers, customers
People development	Committing to hire, manage, develop and retain talented employees	Empowered people	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	Empowered people	Employees
Cyber security & data privacy	Setting up and adhering to the right policies and control framework to keep business, customers and employees' data safe	Empowered people	Employees, customers, suppliers

Material topic	Description	Business priority	Relevant to
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	Empowered people	All stakeholders
Waste management	Reducing waste and optimizing opportunities for recovery, reuse or recycling of by-products, and disposing of waste appropriately	Sustainable value chain	All stakeholders
Innovative supply chain	Promoting innovative technology to create new ways of conducting business	Sustainable value chain	All stakeholders
Customs compliance	Ensuring compliance with all relevant rules and regulations to uphold our relationship and status with customs authorities	Sustainable value chain	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 value chain	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 value chain	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 for the coming years.

Financial performance

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

Empowered people

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 value chain

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)

SUSTAINABLE DEVELOPMENT GOALS

We support the Sustainable Development Goals (SDGs) directed at 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 the B&S Group 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 Group rather than in all the business activities we undertake. We are working on the development of more detailed communication, where our initial focus is to define our SDG contributions in key markets and activities and develop a framework for reporting on progress in a consistent manner.

B&S Group is committed to further developing our business for people and planet as part of our 2021-2023 strategy, to make a positive contribution to society for many years to come.

SDG	Contribution by
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 2,100 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 an innovative and sustainable distribution solution that connects suppliers and customers, reduces inefficiencies in sourcing, services and distribution in the consumer goods 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	As long year member of the UN Global Compact, we contribute to the development and implementation of international norms and standards. By focussing in the areas of anti-corruption, labor rights and human rights in all our operations and by our distribution activities to government, defence and peacekeeping operations, we contribute to advancing peace and development.

Value creation model

INPUT

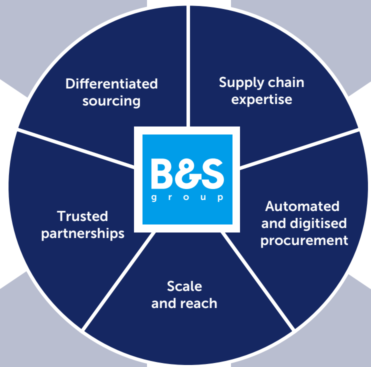
Financial performance
- Equity and loans help us to invest in the growth of our business to service our stakeholders

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

Sustainable value chain
- 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

VALUE CREATION

Linking suppliers and customers that are difficult to connect



Delivering consumer goods to the right place, at the right time

OUPUT

Financial performance
- Turnover € 1,861.8 million
- EBITDA € 90.3 million
- Net debt / EBITDA 2.3 (pre IFRS 16)
- Net cash from operations € 147.0 million

Empowered people
- 2,158 Employees
- 53 Nationalities on 4 continents
- Retention of 6.1 years

Sustainable value chain
- >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

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
- Proposed dividend of € 0.10 per share

Authorities
- Trustworthy partner with strict focus on compliance

Society
- Contribution to 4 relevant SDGs
- Social and economical inclusion

EXECUTIVE BOARD REPORT

STRATEGIC EVOLUTION, SUSTAINABLE FUTURE

Besides our actions taken in response to the profound impact of Covid-19, B&S Group continued to invest and plan for future growth. This was supported by change in leadership and corporate structure to support our strategic evolution. The composition of our Executive Board was transformed with the appointment of Peter Kruithof as CFO in May, followed by the appointment of Tako de Haan as CEO in August. Further extension of the team was initiated with the appointment of Ken Lageveen as COO in January 2021.

These developments in leadership combined with the impact of Covid-19, led to further review of the Groups strategic direction. Besides prioritising the optimisation of internal processes and digitisation of our operations driven by our Digital First approach, we sharpened the strategic focus areas and business priorities as initiated in 2019. We made the clear and conscious choice to put **business in the lead** in all strategic decisions – and initiated the embedding of centralised support functions to create a simpler and more productive company that is financially stronger and sharply focuses on shareholder returns.

Peter Kruithof, CFO

Tako de Haan, CEO

COVID-19 RESPONSE

The first priority throughout our Covid-19 response has been the health and safety of our people, and supporting the health & safety of everyone involved in our value chain. With the strong engagement of our workforce and the decisive approach from our segmental leadership team, we were able to take swift action in reducing and minimising impact within and outside our operations.

“Covid-19 transformed the world in 2020, touching every corner of society and shaking the global economy. B&S Group quickly realised that our ability to continue our operations through the pandemic, depended on swift response to keep our people, business relations, financial position and the communities where we have presence safe and healthy.”

Financial performance

When Covid-19 hit, we had the financial strength and agility to implement strict control measures to keep our people safe while ensuring business continuity.

We implemented various measures related to working capital and cost control, concentrated on aligning net debt and EBITDA levels to allow the group to keep operating within its covenants. Our working capital focus was on aligning the inflow levels of our inventory with the outflow of our sales and as such decreasing our net debt position. As an example, all purchases for our European cruise distribution were cancelled and we limited the inflow for our duty-free markets. Cost control was mainly focused on reduction of operating expenses by layoffs for temporary staff and expiration of fixed time contracts. It also led to the difficult but necessary decision to carry out reorganisations in sub segments that were severely hit by the pandemic.

In order to mitigate the risk of becoming limited by our balance sheet as soon as business opportunities would arise, we pro-actively engaged with our relationship banks to agree on a covenant holiday for three test periods (HY 2020, FY 2020 and HY 2021).

Our strict measures reduced net debt amidst the pandemic, ensuring a strong balance sheet and healthy solvency level in these volatile times.

Empowered people

To facilitate social distancing and minimise infection risk, we reduced numbers of people at our work locations through split-shifts at our warehouses, working from home arrangements for all non-essential functions and strict requirements for business-critical workers at our office locations. We ceased face to face meetings very early in the pandemic, implemented strict social protocols, prohibited traveling between work locations for all non-essential staff as well as non-essential site visits from external parties.

We also worked with our site-based suppliers (such as cleaning and maintenance) to implement shared resilience plans and include social distancing and safety measures in their on-site procedures to keep our people safe and our operations running.

Our IT team supported our response to Covid-19, aiding all teams globally and rapidly. They enabled our people to work remotely while ensuring the stability and security of enterprise and operations systems. We accelerated the implementation of our proprietary BiT ERP system in all segments to increase connectivity and enhance collaboration between local operations. We also increased availability of support services for our people, including a range of communication tools, online training facilities and greater communication opportunities to keep our people and teams connected.

Sustainable value chain

We kept in close communication with our supplier partners and adhered to our regular payment terms as much as possible – especially with smaller parties - to support our partners in relieving financial pressure as a result of the pandemic.

The impact of Covid-19 disruptions on our customers' operations and our engagement and arrangements with them to mitigate these, were exemplary for our focus on long term relationships.

In our own operations, we focused on turning Covid-19 challenges into opportunities: we revised our organisational structure and took action to build more lean and agile management teams with clear responsibility and support from corporate expertise. The introduction of our Business in the lead principle together with our Digital First approach enabled the business in developing more digital and value adding services to strengthen our business relationships in this new reality. An example being our brand development service for brand owners.

Our focus on implementing our e-commerce strategy was further enhanced to seize business opportunities in online channels and further develop our proposition towards end-consumers.

More information on specific actions we took in 2020 in relation to our business priorities, is available throughout the Executive Board report.

FINANCIAL PERFORMANCE

Turnover (in million)
€1,861.8

Organic growth
(8.1%)

Acquisitive growth
2.2%

Earnings per share
€0.26

EBITDA (in million)
€90.3
4.9% EBITDA margin

Net cash from operations
€147.0

Profit for the year (in million)
€40.6

Net debt/EBITDA (pre IFRS 16)
2.3
(2019: 2.8)

Inventory in days
70
(2019: 80)

Working capital in days
85
(2019:95)

"On the back of Covid-19 developments that heavily influenced some of our markets, we managed to limit turnover decline to 5.9% with a gross proft margin similar to FY 2019. Our efforts to reduce operational expenses to match sales volumes as much as possible has resulted in EBITDA margin of 4.9%.

Together with our segmental leadership team we implemented stricter working capital management which has contributed to a healthy financial position. We realised a net debt reduction of 37% and a net debt / EBITDA of 2.3 at year end 2020."

Peter Kruithof, CFO

Financial performance

Non-IFRS financial measures

The table on the right 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 realised 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
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

Profit or loss performance

€ million (unless otherwise indicated)	FY 2020 reported		FY 2019 reported		Δ (%) reported
Profit or loss account					
Turnover	1,861.8		1978.8		(5.9%)
Gross profit (margin)	254.9	13.7%	271.9	13.7%	(6.2%)
EBITDA (margin)	90.3	4.9%	114.4	5.8%	(21.1%)
Depreciation & Amortisation	32.5		26.6		22.2%
Profit before tax	51.2		77.5		(34.0%)
Profit for the year	40.6		60.3		(32.7%)
EPS (in euro)	0.26		0.56		(53.6%)
Inventory in days	70		80		
Working capital in days	85		95		
Net cash from operations	147.0		113.4		
Financial position					
Solvency Ratio	38.0%		31.9%		
Net Debt (pre IFRS 16)	185.8		295.7		
Net Debt/EBITDA (pre IFRS 16)	2.3		2.8		

Turnover

The 2020 turnover decline of 5.9% was mainly driven by Covid-19 developments. Organically, turnover declined by 8.1%. The decline was driven by travel restrictions and lockdowns due to the global pandemic, having severe impact on our travel retail business in the Retail segment and our cruise business and duty-free related business in the B&S Segment. This decline was partly counterbalanced by growth in our Liquor segment and the resilient performance in Health & Beauty, mainly driven by online channels.

Turnover split per segment

€ million (unless otherwise indicated)	FY 2020 reported	FY 2019 reported	Δ (%) reported
HTG Segment	1,383.3	1,375.7	0.6%
▪ Liquors	474.6	462.9	2.5%
▪ Health & Beauty	908.7	912.7	(0.4%)
B&S Segment	433.9	463.5	(6.4%)
Retail Segment	44.6	139.6	(68.1%)
Total turnover	**1,861.8**	**1,978.8**	**(5.9%)**

Gross profit

Gross profit amounted to € 254.9 million (2019: € 271.9 million). As a percentage of turnover, margins were similar to 2019. This was the outcome of lower margins in our Liquor category and fast moving consumer goods (FMCG) activities in Asia as a result of oversupply in the market caused by the lockdown, which were compensated by the traditionally higher margins of our e-commerce business that gained even more momentum during Covid-19 and saw increased contribution to the overall business mix.

Operating expenses

Operating expenses increased from € 157.4 million to € 164.5 million. The increase of € 7.1 million is the outcome of:

- Increase of staff costs (€ 5.1 million) primarily due to the inclusion of severance arrangements of departing Executive board members, reorganisation costs at the B&S and Retail Segments, full year consolidation of the acquired Lagaay Medical Group and the increased staff costs at FragranceNet.com related to company growth. This was partly counterbalanced by decline in temporary staff costs, reorganisations and utilisation of government support;
- Increase of IT costs mainly driven by investments in e-commerce, further harmonisation of our centralised ERP system and other digitisation projects.

This was offset to an extent by reduced travel and marketing costs due to global lockdowns and shops being temporarily closed.

EBITDA

Due to the fixed cost base combined with the 5.9% turnover decline, our EBITDA decline outpaced the decline in turnover and arrived at € 90.3 million (2019: € 114.4 million) or -21.1% when compared to FY 2019, with an EBITDA margin of 4.9% (2019: 5.8%). The measures taken to mitigate the Covid-19 effect on our EBITDA were concentrated on reducing variable operating expenses (which mainly comprise of staff costs) by bringing temporary staff in line with sales volumes, utilising government support in the countries we are present, termination of fixed term employee contracts and carrying out reorganisations in the B&S and Retail segment.

Group result for the year

Depreciation of tangible fixed assets and amortisation of intangible fixed assets amounted to € 32.5 million (2019: € 26.6 million) mainly as an effect of the full year inclusion of Lagaay Medical Group and investments in software. Financial expenses decreased to € 7.0 million (2019: € 10.7 million) as a result of decreased lending rates and less outstanding debt following reduced working capital levels. This resulted in profit before tax of € 51.2 million (2019: € 77.5 million).

The effective tax rate stood at 20.5% compared to 22.2% FY 2019 following the change of business mix due to Covid-19, which caused decrease of business in our travel related markets that are charged in higher tax jurisdictions. As a result, net profit from continuing operations amounted to € 40.6 million (2019: € 60.3 million).

Net profit attributable to non-controlling interests amounted to € 18.9 million (2019: € 13.4 million) as a result of growth in e-commerce (FragranceNet.com) and medical supply (Lagaay Medical Group) as well as resilience of the value retail business (Topbrands) during the Covid-19 pandemic. Net profit attributable to the owners of the Company amounted to € 21.7 million (2019: € 47.0 million).

SEGMENTAL PERFORMANCE

HTG Segment TOTAL*

€ million (unless stated otherwise)	FY 2020 reported	FY 2019 reported	Δ (%) reported
Turnover	1,383.3	1,375.7	0.6%
Gross profit	190.1	176.2	7.9%
EBITDA	97.4	88.1	10.4%
EBITDA margin	7.0%	6.4%	

* HTG Segment consists of HTG Liquors and HTG Health & Beauty. The details per sub segment are presented on the next page.

HTG Liquors

€ million (unless stated otherwise)	FY 2020 reported	FY 2019 reported	Δ (%) reported
Turnover	474.6	462.9	2.5%
Gross profit	28.2	30.1	(6.3%)
EBITDA	8.4	12.6	(33.8%)
EBITDA margin	1.8%	2.7%	

HTG Health & Beauty

€ million (unless stated otherwise)	FY 2020 reported	FY 2019 reported	Δ (%) reported
Turnover	908.7	912.7	(0.4%)
Gross profit	159.9	143.3	11.6%
EBITDA	87.0	76.5	13.7%
EBITDA margin	9.6%	8.4%	

"Our diversified business portfolio within the HTG segment assured resilience to the Covid-19 impact on our overall segmental results. Where our physical retail distribution to Asia and Europe declined in the Health & Beauty category amidst the pandemic, online business in this category profited from the lockdown measures globally. Our Liquor business to physical retail in Asia and Europe also severely declined due to restrictions on social gatherings, but our investments in e-commerce in this category resulted in modest turnover growth of our European liquor business in H2 2020."

Arben Hajrullahu, Manager Director HTG Segment

The **HTG Liquor** Segment realised turnover growth of 2.5% with a gross profit decline of 6.3% compared to FY 2019. EBITDA amounted to € 8.4 million, resulting in an EBITDA margin of 1.8%.

Our liquor distribution to Asia, and particularly China, was severely impacted by Covid-19 in the first months of 2020, albeit traditionally always a slow quarter after the seasonal peak in Q4. When lockdowns in this area were gradually lifted end Q1, the first signs of early recovery of sales volumes in this market were noticeable. This market recovery gained further momentum in Q2 and continued in Q3 and Q4, albeit at low margins compared to 2019 levels due to supply-demand imbalance in this market.

Liquor wholesale in Europe was impacted by the social restrictions on end-customers and the closing of public venues across Europe that started in March 2020. Throughout Q2, this impact accelerated as more and more countries in Europe declared a temporary lockdown or prolonged the initial period of their lockdown, particularly in relation to public gatherings.

In Q3 of 2020, Liquor wholesale in Europe saw turnover increase when compared to Q2 2020 and the same quarter in 2019. This was the result of both new and intensified relationships mainly within e-commerce. However, due to the second Covid-19 wave and consequent lockdowns and social restrictions in Q4, this positive effect was offset by sales decline to physical wholesale.

The **HTG Health & Beauty** Segment saw a sales decline of 0.4% with a gross profit increase of 11.6% compared to FY 2019. EBITDA amounted to € 87.0 million, resulting in an EBITDA margin of 9.6%. This was mainly the result of a changed business mix due to Covid-19, with more sales in online B2C and declined sales in physical B2B retail, of which the former comes at higher margins.

Our online distribution business to platforms and end-customers showed resilience in Q1, performed even better than anticipated in Q2 and continued to show strong performance in Q3 and Q4. This was driven by increased demand and more favorable sourcing conditions related to Covid-19.

On the other hand, the temporary lockdowns of a vast number of countries and the closing of physical shops throughout 2020 had an effect on our health & beauty distribution to physical retail outlets mainly in the value retail in certain European countries. End of Q1 we were confronted with the closing of all non-essential shops, including value and discount retail. With convenience retail shops in several countries opening again in Q2, our distribution to these channels began to show a slow but noticeable upward trend. This resulted in sales recovery to 2019 levels towards the end of Q2, and brought Q3 sales in these channels back in line with 2019 levels. This Q3 performance was however offset by our perfume distribution to physical retail outlets in Europe, which declined as consumers shifted to online channels.

In Q4 new lockdowns throughout Europe were declared, again affecting our distribution to physical retail outlets. Moreover, the distribution to physical retail in Asia declined due to market oversupply.

B&S Segment

€ million (unless stated otherwise)	FY 2020 reported	FY 2019 reported	Δ (%) reported
Turnover	433.9	463.6	(6.4%)
Gross profit	56.3	59.7	(5.7%)
EBITDA	12.1	19.3	(37.3%)
EBITDA margin	2.8%	4.2%	

The **B&S** Segment saw a sales decline of 6.4% with a gross profit decrease of 5.7% compared to FY 2019. EBITDA amounted to € 12.1 million, resulting in an EBITDA margin of 2.8%. This decline in EBITDA margin was to a large extent the result of the fixed operating expenses related to keeping operations running. The variable operating expenses are mainly related to staff cost, and severe measures were taken to bring these costs in line with sales volumes as much as possible. This was done by downsizing temporary staff in our warehouses, terminating fixed term contracts and ultimately by carrying out a reorganisation in this segment.

The effect of Covid-19 on our business lines in this segment was varied. Our food supply business to remote and military caterers remained stable in H1 and the majority of our maritime business and international FMCG distribution also remained relatively resilient in Q1 and Q2. The acquired medical supply business even saw increased sales from Covid-19 developments in H1 of 2020. On the other hand, the sub segments Cruise and international FMCG distribution to duty free markets came to a standstill already towards the end of Q1. The market circumstances for those two subsegments continued throughout 2020.

After the stable H1 2020 for our food distribution to remote caterers, the downscaling of industrial sites due to Covid-19 became evident from Q3 onwards. Adding to this, our distribution to military caterers started to see declined demand from Q3 onwards as a result of geopolitical developments. Moreover, the performance in our medical supply business stagnated in Q3 compared to Q2 given the absence of travel related business seasonality. In Q4, the segment continued to see less demand from remote markets as industrial sites remained understaffed and distribution to military caterers further declined.

"In 2020 we endured severe impact from the Covid-19 pandemic in some of our sub segments related to travel. As a result we restructured our core business activities and dedicated resources to expanding our marketing activities and developing digital solutions for our suppliers and customers to help them grow their non-core markets."

Maurice Riegel, Managing Director B&S Segment

Retail Segment

€ million (unless stated otherwise)	FY 2020 reported	FY 2019 reported	Δ (%) reported
Turnover	44.5	139.6	(68.1%)
Gross profit	8.5	35.9	(76.4%)
EBITDA	(12.0)	9.5	(225.5%)
EBITDA margin	(26.9%)	6.8%	

The travel sector was severely impacted by Covid-19 related measures. The sales of our international and regional airports retail activities came to an almost complete standstill toward the end of March, and this situation continued throughout the first half of 2020. Although most of our shops at airports reopened in the course of Q3, performance was lagging in the remainder of 2020 due to the very limited number of passengers. This resulted in a 68.1% turnover decline and gross profit decline of 76.4%. EBITDA ended at €-12.0 million resulting a negative EBITDA margin of 26.9%.

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

By scaling down temporary staff wherever possible, terminating fixed term contracts, carrying out a reorganisation, and utilising support from government regulations in the countries we are present, we aligned our cost base with business volumes as much as possible.

Moreover, we kept in close contact with all airports where we operate to come to agreements regarding the suspension or waiving of lease obligations and concession fees. Discussions to obtain waivers and renegotiations for existing concessions are nearing completion. In some cases, management took measures to terminate (smaller) contracts for which no sustainable continuation could be realised.

"The past year has been extremely challenging for our industry and has accelerated the need for digital solutions to drive efficiency and to profitably grow our business in the future. In 2020 we have invested in further digitising our operations as part of our Digital First approach to permanently increase cost efficiency moving forward."

Guus Jonge Poerink, Managing Director Retail Segment

Balance sheet

€ million (unless stated otherwise)	31.12.2020	31.12.2019	Change
Intangible fixed assets	122.6	135.4	(12.8)
Tangible fixed assets	37.3	39.3	(2.0)
Right-of-use assets	66.1	71.5	(5.4)
Financial fixed assets	5.5	6.2	(0.7)
Non-current assets	231.5	252.4	(20.9)
Inventory	308.3	375.6	(67.3)
Trade receivables	195.6	201.3	(5.7)
Cash and cash equivalents	38.9	50.9	(12.0)
Other current assets	33.2	34.3	(1.1)
Current assets	576.0	662.1	(86.1)
Total assets	**807.5**	**914.5**	**(107)**
Equity	306.9	291.8	15.1
Non-current liabilities	162.1	172.7	(10.6)
Current liabilities	338.5	450.1	(111.6)
Total equity and liabilities	**807.5**	**914.5**	**107.0**

Non-current assets

Non-current assets decreased to € 231.5 million at year-end 2020, compared to € 252.4 million at the end of 2019. The decrease is mainly the outcome of:

- A decrease of intangible fixed assets following the amortisation of assets acquired as part of business combinations from previous years;
- Decrease in right-of-use assets as a result of regular depreciation of assets recognised when IFRS 16 became effective in 2019.

Current assets

Current assets stood at € 576.0 million at year-end 2020, compared to € 662.1 million at year-end 2019.

This is the result of our focus on working capital reduction which was enhanced even further during the Covid-19 pandemic. The number of inventory days significantly improved from 80 days in 2019 to 70 days in 2020.

Trade receivables also decreased, from € 201.3 million at year-end 2019 to € 195.6 million at year-end 2020. The debtors in days remained in line with 2019 levels and should be read as improvement compared to 2019, taking into account the steep decrease in sales in retail which has no days of sales outstanding. Our debtors in days in other business lines improved as a result of our ongoing communication with business partners and maintaining our strict credit management during the global pandemic.

Net working capital decreased to € 401.4 million at year-end 2020, compared to € 472.2 million at year-end 2019, as a result of the aforementioned focus on working capital reduction. Working capital in days improved from 95 days in 2019 to 85 days in 2020.

Group equity

The Group's equity increased to € 306.9 million at year-end 2020, compared to € 291.8 million at the end of 2019. During 2020, the Group did not pay divided to owners of the company (2019: € 24.4 million) and paid € 13.3 million dividend to non-controlling interests (2019: € 6.6 million).

Non-current liabilities

Non-current liabilities stood at € 162.1 million at the end of 2020, compared to € 172.6 million at year-end 2019. The non-current liabilities decreased mainly as a result of lease payments and instalments paid with respect to borrowings from banks.

Current liabilities

Current liabilities decreased to € 338.5 million at year-end 2020, compared to € 450.1 million at the end of 2019, mainly as a result of decreased liability to credit institutions related to working capital.

Financing

B&S Group is mainly financed through short-term working capital credit facilities. Net debt pre-IFRS 16 decreased from € 295.7 million as per year-end 2019 to € 185.8 million as per year-end 2020.
Including the effect of IFRS 16 net debt stood at € 252.5 million. Net debt / EBITDA ratio on a like-for-like basis (pre-IFRS 16) stood at 2.3 (FY 2019: 2.8). Post IFRS 16, net debt / EBITDA stood at 2.8 (FY 2019: 3.2).

Cash Flow

€ million (unless stated otherwise)	2020	2019
Net cash from operations	147.0	113.4
Net cash from investing activities	(15.2)	(34.2)
Net cash from financing activities	(143.8)	(55.3)
	(12.0)	**24.0**

As a result of our ongoing focus on working capital management as well as cost control measures related to limiting the impact of Covid-19 on our results, net cash from operations increased from € 113.4 million in 2019 to € 147.0 million in 2020.

Investing activities mainly related to investments in software and tangible fixed assets as well as investments in small acquisitions of 100% Top Care Distribution S.L.[1] and the remaining 49% in Alcodis (STG Holding Import-Export S.L.). Overall, investing activities decreased when compared to 2019, as last year we invested in warehousing and the acquisition of Lagaay Medical Group within the B&S Segment.

Financing activities mainly related to changes in credit facilities, which are related to working capital based financing.

[1] Top Care Distribution S.L. is a perfume wholesale company established in Spain that was acquired July 21, 2020.

B&S group

Divided proposal

At the Annual General Meeting to be held on May 18, 2021, B&S Group will propose the payment of € 0.10 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

The Covid-19 pandemic is still ongoing and there is still a huge amount of uncertainty and change ahead. For 2021 we expect that all travel related markets that B&S Group serves, will remain severely impacted - especially during H1. With the start of world wide vaccination programs from late Q4 2020 onwards, we do expect that current measures and lockdowns that are affecting our physical retail markets within the Liquor and Health & Beauty segment, will be gradually lifted during H1.

As long as European countries are in a lockdown, we expect our **Liquor** business in Europe to be impacted in the same line as we have seen in Q4 2020. The liquor Asia market started to recover at the end of 2020, both turnover and margin wise. We expect this trend to continue throughout 2021 and our main focus for this segment will lie on gross margin improvements driven by centralisation and digitisation of processes that allow for stricter purchasing policies and more active benchmarking.

We expect our **Health & Beauty** segment to remain our main driver for growth throughout 2021, although we should note that when comparing year-on-year, 2020 already includes a significant growth following the impact of Covid-19 on our numbers. In 2021 we plan to expand our online B2C proposition to more regions outside the USA such as Australia and the Middle East. We expect that the lockdown measures (related to closures of non-essential retail) will remain to have their effect on the physical (value) retail clients we serve in this segment during H1 and especially the first quarter. Our main focus with these physical retail clients is assortment expansion combined with geographical expansion.

Within the **B&S** segment the travel related sub segments (Cruise and Duty free) are expected to remain difficult throughout 2021. At this stage, our view on resuming Cruise business depends on the profitability or possibility thereof in the foreseeable future. The primary business focus within this segment is currently the development and enhancement of brand representation roles for supplier brands in their non-core markets, marketing services for customers, digitising existing services and further catering our assortments to global market trends and local requirements.

Retail is expected to remain severely impacted for the coming years. Forecasts from the airport retail markets regarding passenger numbers for 2021 currently stand at around 40% of the 2019 volume. Although we have reached agreements with most airports in 2020 on the contractual obligations, it will not be feasible yet to break-even in 2021 with turnover levels of around 40% when compared to 2019 levels.

Overall, we will focus on markets where we foresee growth. This is supported by continuing the digitisation of our services and investing in e-commerce solutions to enable the business to leverage opportunities in online channels, both in B2B and B2C markets across all product categories.

We will continue our cost control measures to reduce operating expenses structurally and will further roll out our Digital First approach to enhance operational efficiency to support scalable growth. To ensure our currently healthy financial position, we remain focused on our working capital throughout all segments and especially on the aging thereof.

B&S group

2020 DEVELOPMENTS

EMPOWERED PEOPLE

Employees

2,158

Group: **43** | HTG: **1,222** | B&S: **609** | Retail: **284***

* including shop employees

Male to female ratio

Male: **56.4%** | Female: **43.6%**

Nationalities

53

Continents

4

Average age

37.2

<25: **9.4%** | 25-35: **40.9%** | 35-45: **23.7%** | >45: **26.0%**

Average employee tenure in years

6.1

Certified since 2020

ISO 45001

Commitment to

UNGC

since 2010

People development

Related to Material topic 6

Talent attraction

Our recruitment policy is to a substantial extent focused at young professionals, typically recruited straight from university. 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 programs and can simultaneously spot, attract and select talent early on.

For senior roles, recruitment takes place on Group level and 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 2020, we continued our efforts to add value to academic programs by digitising our offering in online guest lectures, digital student mentoring and web based recruitment events. We initiated digital office tours and reached out to prospects with digital resources (email marketing, social media marketing, newly launched recruitment site) to familiarise young professionals with our organisation and career opportunities during Covid-19.

Talent attraction was further focused on our Business in the lead principle, where we actively sought expansion of corporate support functions - by recruiting both internally and externally - on Group level as well as attraction of digital expertise for developing our e-commerce strategy and accelerating the digitisation of operations.

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 programs and university masters in their field of expertise.

Over the years, the Group 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 Group.

In 2020, we revised our existing talent development program to further align with strategic objectives. It led to the development of our People & Development program (P&D) that contains three tracks to support our staff in every stage of their career with a tailored onboarding, advancement and professional track. The onboarding track was launched in 2020 and tailored to remote onboarding during the pandemic with e-learnings and online tools.

Our P&D program is complemented with attractive remuneration programs and rotational opportunities across different disciplines and in all our business segments in all locations. In 2020, the average employee retention rate was 6.1 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.

In 2020 we took action in remotely maintaining an inspiring work environment by launching a renewed intranet to keep in contact and provide useful progress updates between colleagues from all disciplines as well as sharing personal experiences, motivational tips and fun facts during the lockdown.

We implemented an online Learning Management System with e-learnings to support remote onboarding for new recruits and to ensure continuance of staff training in a remote and online setting.

Staff was kept involved and informed on key developments throughout the year by regular companywide HR communication and quarterly business updates from the Executive team.

Equal opportunities & inclusion

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, sexuality, sex, ethnic origin, religion or physical ability.

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. 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. We support 'local first' initiatives 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. In our food distribution services, we work with local food banks to ensure that food items that can no longer serve commercial purposes but are still fit for consumption are distributed to those in need.

Employee well-being

Related to Material topic 7

The health and well-being of employees in all our international locations is central to our operations.

In 2020, our key business priority has been to ensure a safe working environment for all employees. We acted quickly to support and facilitate all employees in working from home with appropriate IT equipment and digitised communication tools.

In addition to working from home wherever possible, measures were taken at our work locations to ensure a safe work environment for vital functions that required on site presence. Measures included increased spacing between workstations, adjusted routing, 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.

Sustainable employability

We aim to support the continued employability of our staff by keeping employees healthy and motivated through to their retirement. In 2019, we drafted a long-term plan of approach to increase employability on the back of increasing importance of a healthy work-life balance and the increasing pensionable age in the Netherlands.

In 2020, keeping employees healthy and motivated through to their retirement became even more relevant, however resources were to a large extent dedicated to the immediate priority of keeping our staff healthy and motivated throughout the pandemic. For 2021, we plan to pick up on our initial plan of approach as initiated in 2019. This plan was reviewed end 2020 in light of the pandemic, and for the coming year has resulted in enhanced focus on employee development, healthy lifestyle support (work/life balance) and employee satisfaction.

Safety in the workplace

Related to Material topic 5

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 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. 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. All considering the nuances of local culture, type of products handled in the warehouse as well as associated regulations. Employees in higher risk regions and countries are extensively trained to perform in such environments with specialised training courses including food 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.

In the first quarter of 2020, we obtained an ISO 45001 certification (Working Conditions) to aid achievement of the intended outcomes of our Operational Health & Safety (OH&S) performance. We sustained our continuous focus on compliant operations to keep in tune with market standards and stakeholder requirements.

Besides this, in 2020 substantial resources were dedicated to implementing and constantly updating Covid-19 related health & safety measures according to applicable rules and guidelines. We introduced a 1.5 Meter Taskforce to keep all relevant disciplines up to speed on needed action for keeping our premises compliant to applicable rules and implementing measures accordingly to keep on-site staff and suppliers safe and healthy.

Business ethics

Related to Material topic 3

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 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 laundring (AML) policies in place that apply to all our staff, and we expect our suppliers, customers and business partners to adhere to the same standards. 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.

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.

In 2020 we initiated the digitisation of onboarding new business relations, which is planned to be implemented 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. 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.

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. As a signatory, we submit a communication on progress to the UNGC on an annual basis.

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 2020, no material matters were reported.

Data protection & Cyber security

Related to Material topic 4

We focus on ensuring that appropriate privacy and information security controls are in place to safeguard critical business and personal information. We respect personal information of our people and our customers, 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 2020, we took several actions to cyber security, under which penetration tests on our network and e-commerce applications that were executed by an independent party ('ethical hacker'). Based on both the reported observations and the already existing internal cyber security agenda, the physical security was further improved by amongst others harmonization of security policies, further segmentation of the network and tightening of the external monitoring services.

We also continued and expanded our cybersecurity awareness program amongst employees - especially in light of the remote working environment - 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.

SUSTAINABLE VALUE CHAIN

ISO 22000
certified since 2012

Officially registered supplier to
UN Global
market place

USAPHC
approved

AEOS & AEOC
status since 2008

ISO 9001
certified since 2020

ISO 14001
certified since 2020

"When I commenced my role as CEO of B&S Group in August this year, I quickly noticed how much sustainable practices we already have in place in our local operations, driven by local teams and individuals. What this demonstrated to me, is that we are already serious about sustainability.

Our key challenge now is to formalise this decentralised and local approach in a Group wide strategy that enables us to set clear goals and KPIs that support our corporate business principles, demonstrate our commitment at Executive level and position the B&S Group brand for future generations."

Tako de Haan, CEO

Safety & compliance

Related to Material topic 1 and 5

Food safety

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 warehouses are ISO 22000 and HACCP certified, and apply a high-level processing risk management system. These certifications allow us to demonstrate to our stakeholders that we comply 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 performs audits of our compliance with the HACCP system. To comply with food safety and transparency requirements, we monitor our compliance and safety procedures constantly, devoting specific attention to high-risk products, such as poultry and meat. Food products received at our warehouses are subject to comprehensive quality controls and are stored in climate-controlled environments.

We are approved by the US Army Public Health Command (USAPHC) for our food distribution to military operations, which enables us to supply US Army caterers. 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 2020, our ISO 22000 certification was audited externally and prolonged for three years (the maximum period). Furthermore, in our food distribution operations we enhanced commitment towards our business priorities by obtaining additional ISO certificates in the area of Quality controls (ISO 9001).

Storage of dangerous goods

With regards to the storage of flammable household liquids that form part our Health & Beauty assortment, 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).

Customs compliance

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.

Long-term relationships

Related to Material topic 2

Integrity and transparency are key to our business and our long-term partnerships. These principles ensure that we promote trust and respectful relations with our customers and suppliers, as well as with our other stakeholders, such as shareholders, governmental and non-governmental bodies and other authorities.

We seek to maintain open and constructive dialogues with national and local authorities, meeting relevant legislative requirements and complying with health, safety and environmental requirements. In this respect, regular meetings are conducted with tax authorities to discuss duties, customs, corporate income tax and VAT. Furthermore, we maintain good relations with the Dutch customs authority with regards to our status as an Authorised Economic Operator.

Tax strategy

We pursue a principled and transparent tax strategy that aims to support our overall business strategy. We adhere to the principle that profits are taxable in the countries in which its economic activities occur. This in in line with the contents of internationally accepted Guidelines that apply in the larger countries in which the Group operates.

In 2020, our Tax department was expanded with a Tax Director at Group level who holds overall responsibility for the Group's direct and indirect tax position and for further developing frameworks for tax governance and risk management. The addition of this function to the current teams supports the acceleration of automation of certain workflows and compliance related processes and adds to current expertise with regards to international tax developments in relation to e-commerce activities (both direct and indirect taxes).

Information disclosure

To ensure that relevant information is shared with and accessible to all our stakeholders, we provide quality information on company developments promptly, simultaneously and fully via our corporate website and through market regulators. Specifically, with regards to the investor community we disclose material information in a regulated manner focused on providing them with the information they need to assess their investment. We aim to deliver sustainable shareholder returns and to be a solid business partner to banks and other providers of credit facilities.

Innovative supply chain

Related to Material topic 8

Digital transformation was marked in 2019 as one of our key growth areas for the coming years. One of our priorities in digital transformation is building our digital supply chain further with continued digitisation of warehousing operations throughout the Group.

We also prioritised making our operations future fit by upgrading buying and sales processes at Group level that generate data driven insights between our segments and to digitise internal processes for integrated communication with our various stakeholders throughout the supply chain.

In 2020, we accelerated digital transformation with the introduction of our Digital First approach, which entails an operational and a commercial focus. In our daily operations, we have further advanced the roll out of our proprietary BiT ERP system in sub segments within the Group. We also took steps 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).

Identification of commercial priorities takes place in consultation with our suppliers and customers As a result, we are upgrading current services in our EU Liquor distribution with further roll out and optimisation of digitised ordering via our B2B platforms. We have also started a trial with a key selection of customers for developing a B2B platform providing fully digital business flow in our food distribution.

At the same time we are developing additional services with new digital business models. As an example, as part of our supplier brand development proposition, in 2020 we introduced the service for (selected) suppliers to develop campaigns for tailored audiences to increase their (online) reach.

Energy use & waste management

Related to Material topic 11 and 12

We aim to reduce our CO_2 footprint through energy efficient warehouses and offices. As an example, we use geothermal energy as a heating / cooling source and motion detection lightning to reduce energy consumption.

In our day-to-day operations we seek to reduce waste amongst others by promoting a paperless office, by separating waste, by reducing, reusing and recycling packaging material in our warehouses and by using reusable drinking cups made of FSC cardboard. In 2019 we started the implementation of solar panels as renewable energy source in selected warehouses in the Netherlands. Further CO_2 reduction is achieved by improving efficiency through automation and robotisation in our warehouses.

Our approach in optimising energy use and waste management has in the past been characterised by our decentralised operations, where initiatives to reduce energy use, emissions and waste were initiated and executed on (sub) segment level.

In 2020, we have taken steps towards centralising our approach by incorporating a centralised facility function on Group level to design a Group policy with regards to sustainable business conduct, including energy use and waste management.

Concrete steps were taken with enhanced conservation of our offices and warehouses. In our food distribution operations we renewed our 30.000 m^2 roofing with Derbigum N, made of recycled materials and reducing CO_2 emission. In addition, we formalised the plan for the installation of solar panels on this roofing and explored further locations within our operations for implementation of solar panels in the coming years.

In 2020 we continued to see greater interest from our business partners and employees to further embed sustainable practices.

To underline our commitment,

- We have become ISO 14001 certified (Environmental management systems).
- We have revised our fleet management and added electric models to stimulate and facilitate employees to drive electric.
- We committed to further identifying and expanding our support to the Sustainable Development Goals as part of our 2021 – 2023 strategy.
- We identified key topics for improvement under which carbon footprint reduction and reducing (plastic) packaging in our operations and shipment process.

GOVERNANCE

B&S Group is a **public limited liability company** incorporated under the laws of Grand Duchy of Luxembourg.

It operates a two-tier board structure, managed by an Executive Board comprising four members and supervised by a Supervisory Board comprising five members.

The Group attaches great importance to transparency and open communication to all its stakeholders. Taking a responsible approach to entrepreneurship, integrity and reliability are intrinsically linked to our governance structure.

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.

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 in Geneva, Switzerland until 2010, several senior legal positions at various banks.

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 the B&S Group in 2008 as finance director. In this capacity he served as member of the Management Board before becoming the Group Corporate Treasurer in 2016.

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 Group in 2011, held several senior finance positions before becoming Managing Director in 2020 for one of the business segments of the Group.

COMPOSITION OF THE SUPERVISORY BOARD

The Group 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 2017
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 HTG segment - and CEO of B&S Group until 2004, member of the Supervisory Board since 2004.
Other positions: chairman of the Board of Directors of Clinuvel Pharmaceuticals.

With the exception of Mr. Willem Blijdorp who, through Sarabel Invest S.à. r.l. ('Sarabel'), at year-end 2020 held 68.63% of the shares in B&S Group S.A., none of the Supervisory Board members hold any ordinary shares or rights to obtain ordinary shares.

Coert Beerman, M (1955)
First Appointed: 2018, End of current term: 2021
Nationality: Dutch
Audit and Risk Committee (chair)
Position: Member of the Board of Directors of IHC B.V.
Supervisory Board memberships and other positions: chairman of the Supervisory Board of the Hogeschool Rotterdam, chairman of the Supervisory Board of Zwanenberg Food Group B.V.

Rob Cornelisse, M (1958)
First Appointed: 2018, End of current term: 2022
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.

Kitty Koelemeijer, F (1963)
First Appointed: 2018, End of current term: 2021
Nationality: Dutch
Selection, Appointment and Remuneration Committee (chair)
Position: Full Professor of Marketing & Retailing and Director Center of the Marketing & Supply Chain Management at Nyenrode Business University.
Supervisory Board memberships and other positions: member of the supervisory board of Brunel International N.V., CB Logistics, Vereniging Eigen Huis and Handicapped Sports Fund, NLinBusiness, Board Member at VNPF, vice-chair of the Supervisory Board and chairman of the Remuneration Committee of Intergamma Coöp U.A.

CORPORATE GOVERNANCE

B&S Group 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 the Group is determined by Luxembourg Law, the Articles of Association and – as these are underwritten by the Group - 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 58 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 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 25 formal meetings, most of them by teleconference. The amount of formal meetings increased substantially after Covid-19 commenced, to discuss (possible) impact, mitigating actions to limit this impact and implementation, progress and result of these actions.

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 Group's IT function and prepares recommendations for the Group'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 'Supervisory Board Report'.

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 59 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 as long as he 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, 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.

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

In the selection of both CFO (appointed May 2020) and CEO (appointed August 2020), the Supervisory Board took into account these views and focused on adding both inside and outside experience, selecting candidates with clear and distinctive expertise to complement each other, and adding personal characters to the Board that balance each other.

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 31 of the financial statements in this report. Transactions were compliant with arm's length principles.

General Meeting of Shareholders

At least once a year, the Group 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 Group;
- 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 2020, 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 Group) 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 2020, 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 Group S.A., is available on our corporate website: www.bs-group-sa.com/corporate-governance/share-transactions-by-management. 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 Group 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, two out of five members of the Supervisory Board are considered not to be independent. One member has had an important business relationship with the company in the year prior to the appointment and one member has a shareholding in the company of at least ten percent. The Group 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.

Establishment of committees

The Group 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.

Composition of committees

The Group reserves the right to deviate from provision 2.3.4 for practical reasons. The regulation of committees states that more than half of the members of committees should be independent within the meaning of best practice provision 2.1.8. In the period under review, this provision was deviated from as regards the Audit and Risk Committee. One out of two members is not independent. (as specified above under Members of the Supervisory Board).

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. 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. In that case, 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 provision 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

www.bs-group-sa.com/governance

RISK MANAGEMENT

B&S Group 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.

Group wide strategic objectives are defined by the Executive Board and include the encouragement of entrepreneurship and accountability on segmental level. The Executive Board, supported by senior management, has in place a well-embedded risk management and internal control system to continuously evaluate the degree to which the Group is in control. This helps to identify and mitigate potential risks and to balance risk and reward in line with the Group's risk appetite. With the Covid-19 outbreak becoming a global pandemic, it moved from an emerging risk for the business to a main risk, and has become an integral part of our principal risks:

- Managing growth
- Inventory
- Liquidity and working capital management
- Credit
- IT & cybersecurity

Risks related to climate change and sustainability are an integral part of a number of our main risks:

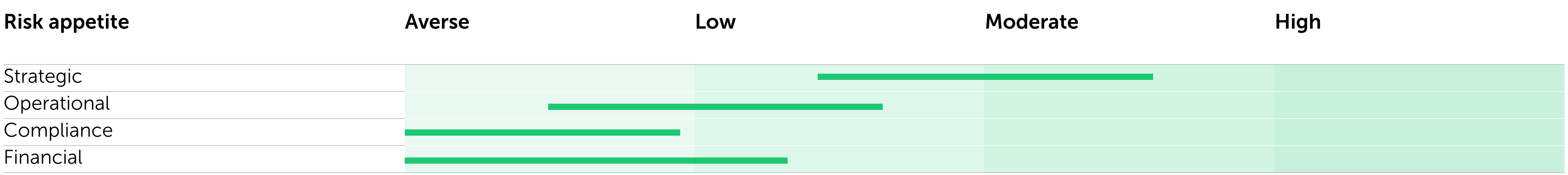
- Reputation
- Managing growth
- Non-compliance with laws and regulations

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

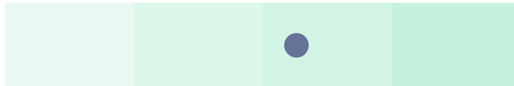
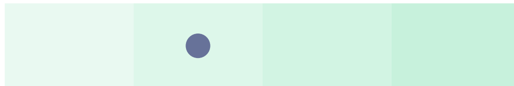
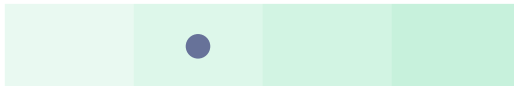
In general, B&S Group adapts a conservative approach to risk-taking within an entrepreneurial setting. The risk appetite differs per risk category and is defined as follows:

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

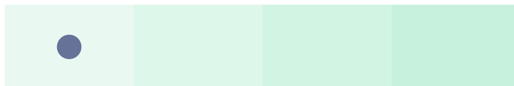
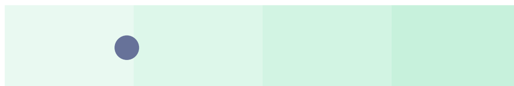
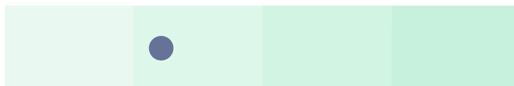


There may be risks or risk categories that are currently identified as not having a significant impact on the business but that could develop into main risks in the future. The objective of the Group's Enterprise Risk Management model ('ERM model') is to timely identify changes in risk profiles so that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

Strategic

Risk	Description	Risk appetite
International nature	The risk that trade protection measures, changes in taxation policies or regulations will negatively impact revenues	
Managing growth	The risk that the Group is unable to manage sustainable organic and acquisitive growth	
Reputation	The risk of an incident occurring that will harm the B&S Group brand	

Operational

Risk	Description	Risk appetite
IT & Cybersecurity	The risk of critical IT systems being unavailable or not well maintained and of the Group being exposed to cyber crime	
Staff	The risk of not finding 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 eroding margins	

Compliance

Risk	Description	Risk appetite
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	

Financial

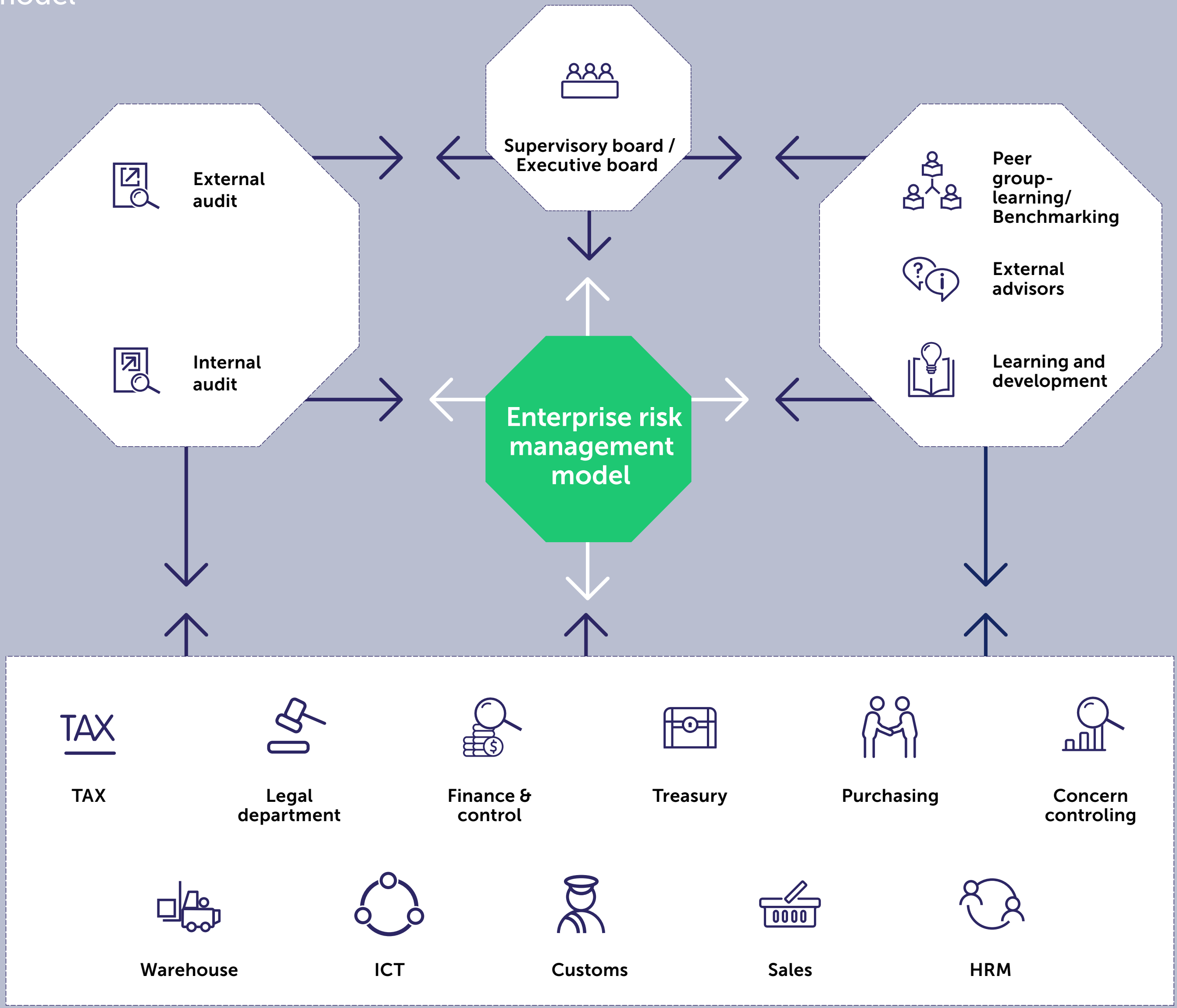
Risk	Description	Risk appetite
Currency	The risk of inadequately monitoring exchange rate risk that leads to exchange rate losses	
Credit	The risk of delayed or failed payment by customers	
Liquidity & Working Capital Management	The risk that the business has insufficient free cash flow to fund its operations 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 Group's strategy and the environment in which we operate.

The Group has developed an ERM model which is continuously monitored by the Supervisory Board, Executive Board, Group Finance & Reporting, Internal Audit and segmental management. We involve various internal and external stakeholders in the identification, assessment and monitoring of risks, which fits the Group'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.

ERM model



B&S group

Main risks and control measures

The main risks and control measures are presented below.

Strategic

Risk type	Description	Mitigation by
International nature of our business	The international scope of our operations, particularly in certain developing countries and emerging markets, exposes the Group 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 Group 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 Group's growth should always remain sustainable, manageable and well under control. The Group may fail to meet these standards by inefficient organisational aspects, challenging economic market conditions or adverse global events, i.e. pandemics.	The Group 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 Group is continuously improving and digitising its processes in order to be able to adapt quickly to changing circumstances.
	The Group may fail to acquire other businesses as contemplated by the growth strategy or may fail realise the expected benefits from such acquisitions.	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 Group's synergy and integration demands. The added-value and cash flow contributions of intangible assets is tested regularly.

Strategic (continued)

Risk type	Description	Mitigation by
Reputation	The Group's reputation and relationship with suppliers and customers could be harmed by performance failures by internal or external parties in the supply chain, resulting in a loss of sales.	The focus on maintaining long term partnerships with customers and suppliers makes the Group less vulnerable to reputational damage. The Group is focused on adding value to its partners' businesses by providing service and flexibility, which results in trustworthy relationships.

Operational

Risk type	Description	Mitigation by
IT and cybersecurity	The Group relies significantly on the integrity, reliability and efficiency of IT systems and on the services of its third-party IT 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 cyber criminals becoming increasingly active and sophisticated, the Group considers cybercrime to be a significant IT threat. During 2020 this risk became even more urgent as the majority of the workforce had to work from home locations.	The Group 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 Group maintains a wide range of security measures including access and authorisation controls and back-up and recovery procedures. Additionally, the IT systems and procedures are checked regularly by external experts while potential cyber-attacks on the Group's systems are externally monitored and internally mitigated by various protective measures.

Operational (continued)

Risk type	Description	Mitigation by
Dependency on key staff	The Group 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 Group offers a balanced remuneration package, development programs and a stimulating workplace offering attractive career opportunities.
Inventory risk	The Group holds sizeable inventory levels with a certain volatility throughout the year. The Group may be unable to manage its inventory successfully resulting in additional tied up capital and eroding margins.	The Group 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 working capital financing. The financial boundaries itself are continuously assessed to safeguard the Group's ability to quickly respond to changing market circumstances, like for instance Covid-19.

Compliance

Risk type	Description	Mitigation by
Non-compliance with laws and regulations	The Group is subject to various laws and regulations in the jurisdictions in which it operates. Changing laws might interfere with the Group's competitive advantage resulting in a loss of business. Litigation or investigations involving the Group, including those related to the infringement of intellectual property rights of third parties, could result in material settlements, fines or penalties.	Business partners are selected carefully and are only accepted after extensive screening that ensures that the Group's supply chain is transparent, not in breach with any regulations and that the Group is not infringing any intellectual property or trademarks. If deemed necessary, the Group relies on the services of local professional experts for designated compliance areas.
	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.	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. Throughout the Company there is extensive knowledge of the content and impact of the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act.

Compliance (continued)

Risk type	Description	Mitigation by
Customs and certifications	The Group 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 Group'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.	In order to mitigate the risks from customs activities, the Group has its own expanding customs departments staffed by well-trained experts who are in close contact with customs authorities. Staff follows on-going training courses to keep up to date with customs legislation and related developments. The Group 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 Group follows strict policies and performs crosschecks on compliance.

Financial

Risk type	Description	Mitigation by
Currency risks	The Group 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 Group 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 Group 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.

Financial (continued)

Risk type	Description	Mitigation by
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 group 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.
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 Group's activities are mainly financed on the basis of medium and short-term credit facilities. The sub segments within the business segments have been assigned own working capital financing, which trigger segment management to maintain control over inventory and debtor positions, which helps towards reducing interest charges. Both short and long-term financing arrangements are discussed and negotiated exclusively at Group 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 Group are in a position to generate sufficient cash flows for upward dividend streams.

For more details about financial risk management see note 30 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 Group'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.

Additionally, benchmark assignments are performed to compare various metrics to peer averages and to identify best practices for individual business segments within the Group.

Specific Risk-mitigating actions in 2020

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

IT & Cyber security

We have executed several actions during 2020 in order to mitigate risks related to cyber security. 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 harmonisation of security policies, further segmentation of the network and tightening of the external monitoring services. Next to that, the Group continued its cybersecurity awareness program amongst employees in order to ensure that everyone remains alert on possible threats.

Internal audit function

In 2020, the internal audit function has been further established and professionalised. In cooperation with the Audit and Risk Committee and the Executive Board, an Internal Audit Charter defining the role, independence, authority and scope of the internal audit function was issued.

Following the outbreak of Covid-19 and related impact on risk assessments and business processes, the internal audit calendar that had been agreed with the Audit and Risk Committee was adjusted in order to ensure that critical processes were reviewed and reported upon.

Liquidity & Working capital

An enhanced working capital program was launched early 2020 and further boosted over the course of 2020 in order to quickly respond to fast changing circumstances due to the outbreak of Covid-19. Inventory management and purchase controls were tightened, as well as credit management and customer payment terms. This enabled the Group to align working capital levels with turnover levels as much as possible. Furthermore, in order to create headroom for when sales volumes pick up again and sourcing opportunities arise, the Group has agreed on a covenant holiday for three test periods (HY 2020, FY 2020 and HY 2021) with all its relationship banks.

ERP migrations

Throughout 2020, a significant number of the remaining entities that used to work with legacy systems were migrated to the Group's inhouse developed and maintained ERP system BiT. Amongst others all Retail entities have been migrated to the tailor made Retail module of BiT. Internal Audit reviewed all migrations to ensure accurate and complete conversion of critical data as well as proper segregation of duties within the new BiT environment.

Specific internal control activities planned for 2021

In 2021, the Group plans to enhance streamlining of the finance discipline across the Group by further harmonising accounting, period-closing and controlling processes.

Furthermore, the internal control framework will be further developed by creating a platform for risk & control (self) assessments, which will increase the efficiency and effectivity of review activities performed by both management and the internal audit department.

In Q1 2021, the Group will enhance and formalise its procedures and controls on related party transactions.

SHARE INFORMATION

B&S Group SA 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, 2020 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	€ 0.26
Dividend yield[1]	1.4%
Highest price	€ 10.18
Lowest price	€ 3.90
Year-end share price	€ 7.38

Dividend policy

Barring unexceptional circumstances, B&S Group aims to distribute a dividend of between 40-60% of annual Group 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 Group proposed to the shareholders in the May 19, 2020 Annual Meeting to shift from semi-annual payment of dividend to an annual payment, which was approved by the meeting. 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 statement.

Dividend proposal 2020

At the Annual General Meeting to be held on May 18, 2021, B&S Group will propose the payment of € 0.10 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.

Notification of capital interests

On December 31, 2020 the following shareholders with a substantial participating interest (>3%) notified B&S Group about their major shareholding in accordance with the Transparency Law[2].

Sarabel Invest S.à r.l	68.83%
Mondrian Investment Partners Ltd	5.18%
JNE Partners LLP	5.17%

[1] The proposal to distribute divided payment over 2020 shall be submitted to the General Meeting of Shareholders on May 18, 2021.

[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

Capital Markets Day	April 15, 2021
Q1 2021 trading update	May 17, 2021
Annual General Meeting	May 18, 2021
HY 2021 results	August 23, 2021
Q3 2021 trading update	November 8, 2021

Investor relations policy

B&S Group 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 Group 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 Group 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 18, 2021 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 Group in the course of 2020:

ABN AMRO	Robert Jan Vos
Deutsche Bank	Lucas Ferhani / Steven Goulden
ING	Tijs Hollestelle
Kepler Cheuvreux	Patrick Roquas
Morgan Stanley	Annelies Vermeulen

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 Groups' 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 22, 2021

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.

A TRANSFORMATIONAL YEAR

This report of the Supervisory Board sets out how the Supervisory Board fulfilled its duties and responsibilities during 2020.

Details on the organisational structure can be found in the Governance section of this Annual Report.
The activities of the Executive Board are described in the Report of the Executive Board, the letter of the CEO and Value Creation chapters in this Annual Report.

Jan Arie van Barneveld, Chairman of the Supervisory Board

Main topics in 2020

In exercising its tasks in 2020, the Supervisory Board (SB), after consultation with the Executive Board (EB) and selected members of senior management, focused on Covid-19 developments and their impact, the development and implementation of strategic initiatives and management succession.

In March 2020, the first of additional meetings took place to discuss the impact of Covid-19 on every business within the Group as well as on the Company and its employees. The Executive Board discussed with the Supervisory Board the measures already taken and planned in order to limit the impact of Covid-19 wherever possible. The EB continued to provide regular updates to the SB in the period thereafter on market developments, financial position, progress on implemented measures and possible additional measures, as well as an in-depth scenario analysis on Covid-19 impact.

Frequent attention was paid to the progress of strategy implementation and further development of the strategic objectives – which were under review by the Executive Board in light of Covid-19 developments. In the August meeting the Executive Board also addressed the strategy of making the organisational structure more lean to enable the business to anticipate opportunities in its key growth markets even faster and more effectively. The Supervisory Board approved of the proposed approach and was continuously updated on progress. Next to these updates, the Supervisory Board pro-actively enquired about the progress on the strategic objectives in one-on-one meetings with Executive Board members as well as during scheduled Supervisory Board and Committee meetings. Also, the individual members of the Supervisory Board contributed with advice in their field of expertise such as marketing, finance and e-commerce.

A major task in 2020 was management succession. Early 2020, Gert van Laar retired as CFO and Peter Kruithof was appointed CFO on May 18, 2020. In Q2, the search for a new CEO became one of the Supervisory Board's priorities following the decision of Bert Meulman to step down as CEO due to private circumstances and the tech-oriented strategic direction the Group entered. The Supervisory Board extensively discussed and considered candidates, taking the principles for the composition of the Executive Board into account to create a diverse mix of knowledge, skills, expertise and personal characters in the Executive Board. In July 2020, Tako de Haan was nominated as member of the Executive Board and CEO for a period of four years, and his nomination was approved in the EGM of August 11, 2020. On January 15, 2021, the company announced an extension of the Executive Team and Ken Lageveen commenced in the role of COO effective immediately.

Meetings

In 2020 the majority of our meetings were held via videoconference, as permitted by the Grand-Ducal regulation and subsequent laws due to Covid-19. In our scheduled meetings in 2020 we addressed the topics as described earlier in this report, as well as further development of the Group's financial position, capital allocation, and governance related topics such as risk management and remuneration of the Boards.

In 2020, the Chairman met (digitally) 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 six times in the presence of the Executive Board.

Functioning of the Supervisory Board and Executive Board

In December 2020 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 senior management 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 providing support to the CEO considering the complexity of this role in this transformational phase of the company, retaining regular conversations with the Works Councils and with the management layer under the Executive Board.

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 Group 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 act independently of one another and 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 the Governance 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. Two 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 Beerman and Mr Blijdorp. Following the re-appointment of Mr. Cornelisse in the AGM of 2020, he qualifies as an independent member as he no longer had an important business relationship with the company or a company associated with it in the year prior to his re-appointment. 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 Group - are described in more detail.

The objective of the Audit and Risk Committee (ARC) is to support the Supervisory Board in monitoring the systems of internal control, the **quality and integrity of financial reporting** and the content of the financial statements and reports.

Coert Beerman,
Chair of the Audit and Risk Committee

AUDIT AND RISK COMMITTEE REPORT

The 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 Beerman (chairman) and Mr Van Barneveld.

Meetings

In 2020, the ARC had four regular scheduled meetings. 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 related to Covid-19 and actions taken to mitigate these. The Chairman of the Committee also had regular contact with the external auditor and the Director Internal Audit, to provide additional opportunity for open dialogue and feedback. It is customary that the ARC shares its main discussions and findings and the minutes of these meetings in the Supervisory Board meeting following the ARC meeting.

During the 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 FY2020 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 2021 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

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. The reduction of working capital as well as cost control and cash management were recurring agenda items, and in light of the Covid-19 developments became prioritised topics on the agenda from Q2 onwards.

During the ARC meeting in February 2020, the scope and effectiveness of the Group's risk management and control systems were discussed with the Executive Board and the support team involved in risk management and internal audit.
In the May meeting, the Director Internal Audit presented the internal audit plan and agenda for 2020, which was primarily focused on further raising the quality standard that was initiated with the introduction of this function in October 2019. The ARC concluded that the agenda, program and tasks of the internal audit function assumed all required internal control elements and therewith agreed on the 2020 audit process.

The main points of discussion throughout the year were the internal control framework and the execution of the 2020 internal audit calendar, with special attention to the harmonisation of month-end closing procedures, migration of BiT systems, key control self-assessments, and the Internal Audit Charter, which was approved by the ARC in the August meeting.

External auditor

Throughout the year ARC discussed and assessed progress with external auditor Deloitte on their key audit findings. As is customary, during the May meeting the ARC 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 2020, which was approved.

Financing

Throughout the year, substantial attention was devoted to the financing of the Company and mitigating the risk of possible covenant breaches due to Covid-19. The Executive Board kept in close contact with all its relationship banks and shared all relevant updates with the ARC accordingly. In the May meeting, the Executive Board discussed its plan to pro-actively engage with all its relationship banks to request a covenant holiday for three test periods, in order to avoid becoming limited by its balance sheet when markets would pick up again. The ARC supported this approach. The covenant holiday was granted by all banks for HY 2020, FY 2020 and HY 2021.

Alongside the activities described above, the ARC also discussed assumptions used for impairment testing, the post-acquisition review of Lagaay Medical Group (acquired July 2019) and the capital allocation policy.

FY2020 financial statements and dividend

The Supervisory Board has approved the FY2020 financial statements and recommends that the Annual General Meeting to be held on May 18, 2021 adopt these financial statements. The Supervisory Board also recommends that the Annual General Meeting discharge 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 2020.

For practical reasons, the Group proposed to the shareholders in the May 2020 Annual General Meeting to shift from semi-annual payment of dividend to an annual payment, which resulted in annual dividend payment as from 2021 onwards. To ensure resilience during the uncertain market circumstances following the Covid-19 outbreak and to further enhance its financial position, B&S Group communicated in April 2020 that its proposal for final dividend payment in 2019 was withdrawn.

The distribution of dividend over 2020 was topic of discussion in the Supervisory Board meeting of February 19, 2021. At the Annual General Meeting to be held on May 18, 2021, B&S Group will propose the payment of € 0.10 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.

"In 2020, changes were made in the composition of the Executive Board with the appointment of a new CFO and CEO. The current Board has recognised the challenges related to the Covid-19 pandemic and used these as a catalyst for change in the Company's strategic direction. In order to remain agile in responding to these emerging changes, we reviewed the remuneration policy with special attention to rewarding long term value creation and pay for performance."

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

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. The General Meeting of Shareholders also approves the remuneration of the members of the Supervisory Board. This report outlines the remuneration policy for the Executive Board and the Supervisory Board as applied in 2020.

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, motivate and retain highly qualified members of the Executive Board by offering them 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 2020 also contributes to the aforementioned objectives and meets the remuneration policy. All substantial future changes to the remuneration policy will be submitted to the General Meeting of Shareholders for approval.

Remuneration policy review

The remuneration policy was last approved by the General Meeting of Shareholders on May 19, 2020, and involved changes with regards to the following aspects:

- Long-term strategy and challenges the company will meet in the next few years (including but not limited to Covid-19 related challenges)
- Shareholder Rights Directive II
- Views of senior stakeholders

As a result of the review, the current Remuneration Policy demonstrates increased transparency of the various remuneration elements and includes challenging and realistic performance targets related to sustainable growth – such as profit generation and good working capital management. Additionally, the Remuneration Policy includes a Supervisory Board remuneration section.

Following further developments in the second half of 2020 related to Covid-19 and additional changes in the composition of the Executive Board, the SARCO decided to review the components of remuneration for the CEO and CFO to enable suitable reward for realisation of long-term strategic objectives. In October 2020, the remuneration policy was updated with regards to performance incentives as well as the duration, notice periods and termination agreements of management service agreements of the Executive Board. Furthermore, this led to the proposal of a Long Term Incentive component for both CEO and CFO in the form of Share Appreciation Rights, which was adopted by the Supervisory Board and is subject to approval of the Annual General Meeting of 2021.

Employment contracts

The effective dates of employment contract for members of the Executive Board and their contract term 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. Meulman[1]	January 1, 2018	4 years
Mr. van Laar[2]	January 1, 2018	3 years
Mr. de Haan[3]	August 11, 2020	4 years
Mr. Kruithof[4]	May 19, 2020	4 years
Mr. Schreuders[5]	May 19, 2020	4 years
Mr. Groen[6]	May 19, 2020	4 years

[1] Mr. Meulman stepped down from the Board on July 3, 2020.

[2] Mr. van Laar retired on May 18, 2020.

[3] Mr. de Haan was appointed to the Board on August 11, 2020.

[4] Mr. Kruithof was appointed to the Board on May 19, 2020.

[5] Mr Schreuders was reappointed to the Board on May 19, 2020.

[6] 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 Group'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 Group's capabilities as distribution partner in complex supply chains.

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 Group 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 Selection, Appointment and Remuneration Committee (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 2020 for the members of the Executive Board was € 1.371.600.

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.

In 2020, departing Board members (Mr. Meulman and Mr. van Laar) received a severance payment based on their management service agreement given their long standing service and commitment to the company which has resulted in substantial successes and growth.

Performance Incentive (PI)

The PI is an annual cash bonus that is applicable to the CEO and CFO of the Group and the Managing Director of our Dubai operations (MD). 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 Group. The performance targets that have been agreed, contribute to long-term value creation and the PI is linked to measurable performance criteria determined in advance.

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[1]
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		■	

[1] Criteria for MD are related to the business operations in Dubai.

For 2020, the Supervisory Board determined the PI criteria as presented in the table 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 2020

In light of the Covid-19 pandemic as well as the changed composition of the Board, as well as to attract the most qualified members, the Supervisory Board made use of its right to perform discretionary adjustments for the financial year 2020 with regards to granting an annual cash bonus for the newly appointed CEO and CFO. The annual cash bonus for 2020 for the CEO and CFO was subject to approval of the Supervisory Board in its meeting of January 14, 2021. Considering the discretionary adjustments, pay-out for 2020 will be € 100,000 for the CEO and € 40,000 for the CFO. The annual bonus for the MD (Dubai) is discretionary proposed at € 40,000. The annual cash bonus is paid in 2021 after approval of the Annual Accounts 2020 by the Annual General Meeting.

Share Appreciation Rights (SAR)

In 2020, the Supervisory Board reviewed the elements of the Remuneration Policy in light of company developments, the strategic objectives and the changed composition of the Executive Board. As a result, the Supervisory Board is proposing the addition of a long term incentive (LTI) in the form of share appreciation rights (SAR) scheme for the CEO and CFO. On February 22, 2021 the Supervisory Board granted 125,000 SARs to the CEO and 20,000 SARs to the CFO, subject to approval of the revised Remuneration Policy 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 subject to approval of the Annual General Meeting of 2021.

Share Appreciation Rights (SAR)

	2020	Total
J.B. Meulman	–	–
G. van Laar	–	–
T. de Haan	125,000	125,000
P. Kruithof	20,000	20,000
B.L.M. Schreuders	–	–
N.G.P. Groen	–	–
Range of excercise prices in €	7.34	

Pension contribution

The pension scheme for the former CEO was a defined contribution plan. The contribution was fully born by the company. For the current 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 2020’.

Overview remuneration Executive Board 2020

Remuneration of Executive Board members for 2020[1]

€ x 1,000	Fixed Remuneration – annual base pay			Severance payments			LTI				
	Base salary	Fees	Fringe benefits	Fixed	Variable	PI – annual cash bonus plan	SARs	Valuation	Pension expense	Total Remuneration	Proportion of fixed and variable remuneration
J.B. Meulman, CEO	600.0	–	13.0	600.0	818.2	–	–		100.0	2,131.2	62% / 38%
G. van Laar, CFO	115.1	–	5.5	300.0	–	–	–		–	420.6	100% / 0%
T. de Haan, CEO	208.4	–	18.6	–	–	104.2	125,000	303.2	–	634.4	36% / 64%
P. Kruithof, CFO	197.1	–	13.6	–	–	40.0	20,000	48.5	–	299.20	70% / 30%
B.L.M. Schreuders, Senior Counsel	126.1	–	23.4	–	–	–			10.3	159.8	100% / 0%
N.G.P. Groen, MD	124.9	–	48.5	–	–	40.0	–		21.1	234.5	83% / 17%

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
Remuneration			
J.B. Meulman	713.0	1,121	1,245
G. van Laar	120.6	467.0	508.0
T. de Haan	634.4	–	–
P. Kruithof	299.2	–	–
B.L.M. Schreuders	159.8	159.0	131.0
N.G.P. Groen	234.5	151.0	127.0
Company Performance			
Financial metric: Profit before tax	51.2	77.5	90.8
Average remuneration on a full-time equivalent basis of employees			
Employees of the group	62.0	58.0	58.0

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, 2020, the members of the Supervisory Board have no loans outstanding with the Group.

Supervisory Board remuneration in 2020

The annual base pay in 2020 for every Supervisory Board member was €50,000. The Chairman of the Supervisory Board received an additional annual fee of €5,000.

Supervisory Board remuneration 2020

Supervisory Board member (x €)	Amount
Jan Arie van Barneveld (Chairman)	55,000
Willem Blijdorp (Vice-chairman)	50,000
Coert Beerman	50,000
Kitty Koelemeijer	50,000
Rob Cornelisse	50,000
Total	**255,000**

On behalf of the Supervisory Board

Jan Arie van Barneveld
Chairman

FINANCIAL REPORT 2020

CONSOLIDATED FINANCIAL STATEMENTS 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

x € 1,000	Note	2020	2019
Continuing operations			
Turnover	6	1,861,760	1,978,817
Purchase value		1,606,869	1,706,925
Gross profit		254,891	271,892
Personnel costs	7	115,749	110,682
Amortisation	13	12,709	9,588
Depreciation	14	9,157	7,346
Depreciation right-of-use assets	24	10,580	9,712
Other operating expenses	8	48,823	46,822
Total operating expenses		197,018	184,150
Operating result		57,873	87,742
Financial expenses	9	(7,004)	(10,666)
Share of profit of associates	15	305	432
Result before taxation		51,174	77,508
Taxation on the result	10	(10,536)	(17,196)
Profit for the year from continuing operations		40,638	60,312
Attributable to:			
Owners of the Company		21,697	46,962
Non-controlling interests		18,941	13,350
Total		40,638	60,312
Earnings per share (basic / diluted)			
From continuing operations in euros	11	0.26	0.56

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, 2020

x € 1,000	2020	2019
Profit for the year from continuing operations	40,638	60,312
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
▪ Foreign currency translation differences net of tax	(9,891)	1,473
▪ Effective portion of changes in fair value of cash flow hedges	414	652
Other comprehensive income for the year net of tax	(9,477)	2,125
Total comprehensive income for the year	31,161	62,437
Attributable to:		
Owners of the Company	16,487	48,418
Non-controlling interests	14,674	14,019
Total	31,161	62,437

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2020

x € 1,000	Note	31.12.2020	31.12.2019
Non-current assets			
Goodwill	12	62,337	65,656
Other intangible assets	13	60,258	69,748
Property, plant and equipment	14	37,327	39,312
Right-of-use assets	24	66,075	71,498
Investments in associates	15	2,630	2,517
Receivables	16	1,444	3,270
Deferred tax assets	17	1,417	366
		231,488	252,367
Current assets			
Inventory		308,273	375,565
Trade receivables		195,628	201,256
Corporate income tax receivables		4,312	2,191
Other tax receivables		11,295	6,514
Other receivables		17,619	25,736
Cash and cash equivalents		38,870	50,884
		575,997	662,146
Total assets		807,485	914,513

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

x € 1,000	Note	31.12.2020	31.12.2019
Equity attributable to			
Owners of the Company		256,375	242,671
Non-controlling interest	22	50,527	49,096
		306,902	291,767
Non-current liabilities			
Borrowings	23	49,496	54,557
Lease liabilities	24	56,698	62,091
Deferred tax liabilities	25	10,684	12,986
Employee benefit obligations	26	1,001	893
Other provisions	27	1,500	–
Other liabilities	28	42,727	42,124
		162,106	172,651
Current liabilities			
Credit institutions		166,393	280,482
Borrowings due within one year	23	11,737	11,548
Lease liabilities due within one year	24	10,034	9,575
Trade payables		102,477	104,620
Corporate income tax liabilities		9,096	6,920
Other tax liabilities		11,425	11,264
Other current liabilities		27,315	25,686
		338,477	450,095
Total equity and liabilities		807,485	914,513

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, 2020

x € 1,000							2020
	Paid-up share capital	Hedging reserve	Translation reserve	Retained earnings	Total attributable to Owners	Non-controlling interest	Total equity
Opening balance at 01.01.2020	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)
Closing balance at 31.12.2020	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.

x € 1,000							2019
	Paid-up share capital	Hedging reserve	Translation reserve	Retained earnings	Total attributable to Owners	Non-controlling interest	Total equity
Opening balance at 01.01.2019	5,051	–	(540)	229,474	233,985	39,110	273,095
Total comprehensive income							
▪ Profit for the year from continuing operations	–	–	–	46,962	46,962	13,350	60,312
▪ Other comprehensive income for the year	–	643	813	–	1,456	669	2,125
	–	643	813	46,962	48,418	14,019	62,437
Other transactions							
▪ Dividend	–	–	–	(24,411)	(24,411)	(6,544)	(30,955)
▪ Acquired in business combinations	–	–	–	–	–	3,779	3,779
▪ Profit share certificates	–	–	–	(38)	(38)	(465)	(503)
▪ Share-based payments	–	–	–	900	900	–	900
	–	–	–	(23,549)	(23,549)	(3,230)	(26,779)
▪ Reclassification to non-current liabilities	–	–	–	–	–	(803)	(803)
▪ Fair value adjustment non-current liabilities	–	–	–	(16,183)	(16,183)	–	(16,183)
	–	–	–	(16,183)	(16,183)	(803)	(16,986)
Closing balance at 31.12.2019	5,051	643	273	236,704	242,671	49,096	291,767

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

x € 1,000	Note	2020	2019
Profit for the year from continuing operations		40,638	60,312
Adjustments for:			
Taxation on the result	10	10,536	17,196
Share of profit of associates	15	(305)	(432)
Financial expenses	9	7,004	10,666
Depreciation right-of-use assets	24	10,580	9,712
Depreciation	14	9,157	7,346
Amortisation	13	12,709	9,588
Provisions		1,428	269
Non-cash share-based payment expense	21	900	900
Other non-cash movements		(2,781)	378
Operating cash flows before movements in working capital		89,866	115,935
Decrease / (increase) in inventory		69,246	6,828
Decrease / (increase) in trade receivables		8,975	8,793
Decrease / (increase) in other tax receivables		(4,399)	(529)
Decrease / (increase) in other receivables		8,471	(4,182)
Increase / (decrease) in trade payables		(5,166)	30,623
Increase / (decrease) in other taxes and social security charges		161	(3,572)
Increase / (decrease) in other current liabilities		551	(4,853)
Cash generated by operations		167,705	149,043
Income taxes paid		(13,915)	(24,433)
Interest paid		(6,787)	(11,198)
Net cash from operations		147,003	113,412

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

x € 1,000	Notes	2020	2019
Interest received		157	244
Dividend received from associates		–	93
New loan to associates and third parties	16	(392)	(1,088)
Repayments on loans issued to associates	16	818	149
Net cash outflow on acquisition of subsidiaries		(2,457)	(12,867)
Payment for property, plant and equipment	14	(7,411)	(15,126)
Payment for intangible assets	13	(6,073)	(5,643)
Proceeds from disposals		122	68
Net cash from investing activities		(15,236)	(34,170)
Repayments on loans from banks	23	(11,932)	(9,848)
Repayments on loans from shareholders	23	–	(2,500)
Repayments on lease liabilities	24	(9,966)	(9,363)
New loans received from banks	23	3,000	10,100
New loans received from third parties	23	3,000	–
Paid to profit share certificates		(371)	(503)
Dividend paid to owners of the Company	21	–	(24,411)
Dividend paid to non-controlling interests	22	(13,262)	(6,544)
Change in supplier finance arrangements		–	(21,177)
Changes in credit facilities		(114,249)	8,988
Net cash from financing activities		(143,780)	(55,258)
Balance January 1,		50,884	26,900
Movement		(12,014)	23,984
Balance December 31,		38,870	50,884

The accompanying notes are an integral part of these consolidated financial statements.
The 2019 amounts have been reclassified to comply with 2020 presentation.

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 153.

The consolidated financial statements of the Group for 2020 include the accounts of B&S Group S.A. and its subsidiaries, as well as the Company's interests in associates.

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, 2020 several new and amended standards and interpretations became effective for annual periods beginning on or after January 1, 2020. 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 the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.
The amendments are not relevant to the Group given that it does not apply hedge accounting to its benchmark interest rate exposures.

Impact of the initial application of *Covid-19-Related Rent Concessions* 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. 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, 2020.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Amendments to IAS 1 and IAS 8 (Definition of material)	The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the *Conceptual Framework* that contain a definition of 'material' or refer to the term 'material' to ensure consistency.
Amendments to References to the Conceptual Framework in IFRS Standards	The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.
Amendments to IFRS 3 (Definition of a business)	The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

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):

IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet endorsed
Amendments to IAS 1	Classification of liabilities as current or non-current	Not yet endorsed
Amendments to IFRS 3	Reference to the Conceptual Framework	Not yet endorsed
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	Not yet endorsed
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Not yet endorsed
IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 (amendments)	Interest Rate Benchmark Reform - Phase 2	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 2020 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (EU-IFRS).

The consolidated financial statements were approved by the Executive Board and authorised for issue on February 22, 2021.

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 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	31.12.2020	31.12.2019
Credit institutions	166,393	280,482
Lease liabilities due within one year	10,034	9,575
Borrowings due within one year	11,737	11,548
Lease liabilities	56,698	62,091
Borrowings from banks	46,496	54,557
Cash and cash equivalents	(38,870)	(50,884)
	252,488	367,369

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. 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 2020) 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.

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 2020 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, at the end of the financial year. 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 bonded liquors and health & beauty products to wholesalers, specialty retailers and online end-customers;
- Specialty distribution of fast moving consumer goods and medical supplies to maritime and remote markets;
- Specialty retail 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. 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 (such as tablets and computers, small items of office furniture and telephones). 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, 2020 was 1.7% (December 31, 2019: 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 presented as a separate line in the consolidated statement of financial position. 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 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 carried 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 not retranslated.

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 (attributed to non-controlling interests as appropriate).

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, 2020 attached to the government grants and the grants were already received and could be matched with the related cost in 2020 which they are intended to compensate, the grants have as such been recognised.

The grants have been requested and received based on turnover decrease estimates. Based on the actual performance (and as such decrease) in the applicable period (March, 2020 up until June, 2020) the actual amounts have been calculated. The difference between amounts received and amounts calculated of € 1.4 million has been recognised as a liability (to be repaid) whereas the actual amount has been recognised in the profit or loss. For further details, reference is made to note 7 and 8.

3.15. Retirement and termination benefit costs

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 labor 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. 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.

3.17. 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. No indication for impairment was identified based on impairment tests performed.

3.18. 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. No indication for impairment has been identified.

3.19. 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.

3.20. 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 30.

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. When financial liabilities are initially recognised, they are measured at their fair value.

All financial liabilities are measured subsequently at amortised cost 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 30.

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, 2020, 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.

3.21. 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.

3.22. 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. At the end of 2020, the Group has not identified such cases.

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: HTG Liquors, HTG Health & Beauty, B&S and Retail.

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

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

HTG Other consists of the entities that provide logistic services to the two aforementioned segments as well as of the sub-holding company.

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

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

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

x € 1,000	Restated 2019	Reported 2019
Turnover		
HTG	1,375,673	1,408,238
B&S	463,512	497,818
Retail	139,600	140,026
Holdings & Eliminations	32	(67,265)
	1,978,817	1,978,817

In the current year, the HTG segment as previously reported has been split into three operating segments, namely HTG-Liquors, HTG-Health & Beauty, and HTG-Other. For comparison purposes, the comparative figures have also been split.

x € 1,000	2020	2019
Turnover		
HTG - Liquors	474,589	462,940
HTG - Health & Beauty	908,708	912,726
HTG - Other	4	7
	1,383,301	1,375,673
B&S	433,927	463,512
Retail	44,532	139,600
Holdings & Eliminations	–	32
	1,861,760	1,978,817

x € 1,000	2020	2019
Gross profit		
HTG - Liquors	28,239	30,130
HTG - Health & Beauty	159,898	143,255
HTG - Other	1,972	2,806
	190,109	176,191
B&S	56,267	59,654
Retail	8,471	35,940
Holdings & Eliminations	44	107
	254,891	271,892
EBITDA		
HTG - Liquors	8,359	12,630
HTG - Health & Beauty	86,979	76,485
HTG - Other	2,077	(1,041)
	97,415	88,074
B&S	12,135	19,342
Retail	(11,974)	9,537
Holdings & Eliminations	(7,257)	(2,565)
	90,319	114,388
Result before taxation		
HTG - Liquors	5,402	8,699
HTG - Health & Beauty	71,833	61,671
HTG - Other	(2,460)	(4,395)
	74,775	65,975
B&S	324	8,194
Retail	(15,180)	7,263
Holdings & Eliminations	(8,745)	(3,924)
	51,174	77,508

x € 1,000	2020	2019
Total assets		
HTG - Liquors	164,575	167,729
HTG - Health & Beauty	505,688	499,516
HTG - Other	(12,776)	(32,258)
	657,487	634,987
B&S	217,047	305,381
Retail	50,165	90,450
Holdings & Eliminations	(117,214)	(116,305)
	807,485	914,513

6. Turnover

In addition to the operating segments, the Chief Operating Decision Makers also monitor financial information based on the major product groups. The revenue for each of these groups is as follows:

x € 1,000	2020	2019
Liquors	621,499	627,103
Health & Beauty	961,045	930,522
Food & Beverages	216,881	235,661
Electronics	23,351	96,312
Other	38,984	89,219
	1,861,760	1,978,817

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

x € 1,000	2020	2019
Europe	929,688	1,047,024
America	333,191	288,322
Asia	352,366	345,674
Africa	51,052	54,123
Middle East	180,402	225,619
Oceania	15,061	18,055
	1,861,760	1,978,817

7. Personnel costs

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

x € 1,000	2020	2019
Salary costs	85,639	67,266
Social security charges	10,783	9,553
Pension costs	4,680	4,121
Government grants	(2,693)	–
Other personnel costs	6,749	6,095
	105,158	87,035
Temporary staff	10,591	23,647
	115,749	110,682

The remuneration of the Executive Board and the Supervisory Board is disclosed in the note on related parties (refer to note 31).

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

	2020	2019
HTG - Liquors	85	90
HTG - Health & Beauty	615	577
HTG - Other	216	117
B&S	518	431
Retail	274	266
Other	42	31
	1,750	1,512

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	2020	2019
Personnel related costs	3,162	5,777
Office / warehouse costs	8,696	9,264
Marketing costs	2,963	4,016
ICT costs	12,295	8,586
Insurance costs	4,074	3,776
External advisory costs	8,699	8,453
Other operating expenses	8,934	6,950
	48,823	46,822

During 2020, the Group received € 400,000 compensation for fixed costs as part of local Covid-19 support programs.

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	139	1,418	1,557
Other assurance related services	–	102	102
Other non-audit services	–	26	26
	139	1,546	1,685

9. Financial expenses

The financial expenses can be specified as follows:

x € 1,000	2020	2019
Interest related to bank facilities	5,176	10,366
Interest on lease liabilities	1,230	1,247
Currency exchange results	379	(432)
Other interest	232	(244)
Changes in the fair value of derivatives	134	(285)
Changes in the fair value of contingent considerations	(147)	14
	7,004	10,666

10. Taxation on the result

The taxation on the result can be specified as follows:

x € 1,000	2020	2019
Income tax current period	13,196	17,109
Income tax previous periods	366	1,688
Deferred taxes	(3,026)	(1,601)
	10,536	17,196

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

x € 1,000	2020	2019
Result before taxation	51,174	77,508
Share of profit of associates	(305)	(432)
Non-deductible amortisation	8,116	6,914
Income not subject to income tax or charged with 0% income tax	(1,113)	(15,284)
	57,872	68,706
Blended tax charge ranging from 12.5% to 32.0%	13,196	17,109

11. Earnings per share

The basic earnings per share can be specified as follows:

x € 1,000	2020	2019
Basic earnings per share from continuing operations	0.26	0.56

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:

x € 1,000	2020	2019
Profit for the year attributable to Owners of the Company	21,697	46,962

x 1	2020	2019
Weighted average number of ordinary shares	84,177,321	84,177,321

12. Goodwill

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

x € 1,000	31.12.2020	31.12.2019
HTG - Liquors	2,096	2,096
HTG - Health & Beauty	48,206	51,525
Retail	6,601	6,601
B&S	5,434	5,434
	62,337	65,656

x € 1,000	31.12.2020	31.12.2019
The Netherlands	21,777	21,494
Rest of the world	40,560	44,162
	62,337	65,656

The movements can be specified as follows:

x € 1,000	2020	2019
Balance as at January 1,	65,656	59,915
Acquired in business combinations	283	4,934
Foreign currency translation	(3,602)	807
Balance as at December 31,	62,337	65,656

The goodwill recognised in 2019 relates to the acquisition of Lagaay Medical Group B.V. and is made up of the quality of the technical and commercial workforce, the platform to expand the Group's existing product offerings and the strengthening of the Group's position in the maritime and remote operations.

Impairment testing

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the cash-generating units are 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 7.5 per cent per annum (2019: 8.1 per cent per annum). Increases in market volume (due to increase of population and rising consumption) have been taken into consideration as well as growing market pressure on prices, government-induced or otherwise. This basis is valid in the long-term for our activities in all countries where the Group operates. Cash flows beyond that five-year period have been calculated using a steady 0.5 per cent (2019: 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.

The tests are carried out in local currency. The discount rate is based on the weighted average cost of capital before tax that is relevant to the assets of the unit. The applicable interest rate per country is taken into account for that purpose. In determining the discount rate, country market risks are not taken in to consideration, as specific market risks are included in the determination of expected future cash flows. The main assumptions in the calculations are as follows:

Discount rate	7.5%
Terminal growth rate	0.5%

The impairment testing for 2020 did not result in impairments.

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 CGUs 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.
- If future annual sales growth rate is set 1% lower than applied in the separate impairment tests, whilst maintaining cost levels on the original assumptions, no impairments would have been required.
- If gross margins were to show a cumulative decrease of 1.5% over the coming years, while maintaining the other assumptions applied in the separate impairment tests, no impairments would have been required.

13. Other intangible assets

The other intangible assets can be specified as follows:

x € 1,000	31.12.2020	31.12.2019
Software	14,370	13,468
Brand names	3,110	3,279
Concessions	944	1,718
Customer portfolios	7,603	8,716
Supplier portfolios	26,157	32,456
Private labels	6,336	7,817
Other	1,738	2,294
	60,258	69,748

x € 1,000	31.12.2020	31.12.2019
The Netherlands	27,319	28,642
Rest of the world	32,939	41,106
	60,258	69,748

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								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

x € 1,000								2019
	Software	Brand names	Concessions	Customer portfolios	Supplier portfolios	Private labels	Other	Total
At cost:								
Balance as at January 1,	13,060	3,899	4,560	492	39,858	8,764	5,060	75,693
Additions	5,622	–	–	–	–	–	21	5,643
Acquired in business combinations	–	832	1,444	8,876	–	–	–	11,152
Foreign currency translation	61	52	–	–	580	169	70	932
	18,743	4,783	6,004	9,368	40,438	8,933	5,151	93,420
Accumulated amortisation:								
Balance as at January 1,	(2,584)	(1,070)	(3,663)	(62)	(3,977)	(306)	(2,353)	(14,015)
Acquired in business combinations	–	–	–	–	–	–	–	–
Foreign currency translation	(17)	(1)	–	–	(15)	(4)	(32)	(69)
Amortisation	(2,674)	(433)	(623)	(590)	(3,990)	(806)	(472)	(9,588)
	(5,275)	(1,504)	(4,286)	(652)	(7,982)	(1,116)	(2,857)	(23,672)
Balance as at December 31,	13,468	3,279	1,718	8,716	32,456	7,817	2,294	69,748

14. Property, plant and equipment

Property, plant and equipment can be specified as follows:

x € 1,000	31.12.2020	31.12.2019
Land and property	17,316	16,020
Equipment	13,131	15,998
Other	6,880	7,294
	37,327	39,312

x € 1,000	31.12.2020	31.12.2019
The Netherlands	31,080	30,763
Rest of the world	6,247	8,549
	37,327	39,312

The movements can be specified as follows:

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

x € 1,000				2019
	Land and property	Equipment	Other	Total
At cost:				
Balance as at January 1,	41,221	31,491	22,825	95,537
IFRS 16 adoption	–	(1,300)	–	(1,300)
Additions	2,564	8,970	3,592	15,126
Acquired in business combinations	1,035	9	1,115	2,159
Foreign currency translation	1	49	94	144
Disposals	–	(361)	(246)	(607)
	44,821	38,858	27,380	111,059
Accumulated depreciation:				
Balance as at January 1,	(27,016)	(21,033)	(16,455)	(64,504)
IFRS 16 adoption	–	803	–	803
Acquired in business combinations	(284)	(9)	(845)	(1,138)
Disposals	–	360	179	539
Foreign currency translation	(1)	(23)	(77)	(101)
Depreciation	(1,500)	(2,958)	(2,888)	(7,346)
	(28,801)	(22,860)	(20,086)	(71,747)
Balance as at December 31,	16,020	15,998	7,294	39,312

The depreciation rates applied are as follows:

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

Similar to previous year, the property, plant and equipment have been pledged as security for non-current borrowings and current liabilities provided by credit institutions. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

15. Investments in associates

Investments in associated companies can be specified as follows:

x € 1,000	2020	2019
Balance as at January 1,	2,517	2,140
Share of profit of associated companies	305	432
Foreign currency translation	(177)	34
Received dividend	–	(93)
Other changes	(15)	4
Balance as at December 31,	2,630	2,517

The principal associated companies of the Group are as follows:

	2020	2019
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	31.12.2020	31.12.2019
Current assets	2,521	2,008
Non-current assets	2,729	1,702
Current liabilities	310	353
Non-current liabilities	2,488	1,723
Turnover	6,395	5,048
Profit (loss) for the year	783	369
Net assets of the associate	2,452	1,634
Carrying amount of the Group's interest	1,409	1,035

STG Logistica Y Depositos S.L.

x € 1,000	31.12.2020	31.12.2019
Current assets	119	471
Non-current assets	101	132
Current liabilities	86	469
Non-current liabilities	150	150
Turnover	621	843
Profit (loss) for the year	–	(1)
Net assets of the associate	(16)	(16)
Carrying amount of the Group's interest	2	2

Capi-Lux South Africa (PTY) Ltd.

x € 1,000	31.12.2020	31.12.2019
Current assets	2,581	3,880
Non-current assets	140	109
Current liabilities	236	987
Non-current liabilities	–	–
Turnover	2,204	9,669
Profit (loss) for the year	(140)	564
Net assets of the associate	2,485	3,002
Carrying amount of the Group's interest	1,220	1,465

16. Receivables

The receivables can be specified as follows:

x € 1,000	2020	2019
Balance as at January 1,	3,520	2,581
Acquired in business combinations	(1,650)	–
New loans issued	392	1,088
Repayments	(818)	(149)
	1,444	3,520
Reclassification to 'Current assets'	–	(250)
Balance as at December 31,	1,444	3,270

This item consists of the following loans as at December 31, 2020:

- 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. 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. 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	2020	2019
Balance as at January 1,	366	160
Acquired in business combinations	–	50
Transfer to/ from profit or loss	1,049	157
Foreign currency translation	2	(1)
Balance as at December 31,	1,417	366

The deferred tax assets relate to the following items:

x € 1,000	31.12.2020	31.12.2019
Property, plant and equipment	171	134
Intangible fixed assets	29	44
Right-of-use assets	321	188
Carry forward interest costs	491	–
Other	405	–
	1,417	366

18. Inventory

The inventory can be specified as follows:

x € 1,000	31.12.2020	31.12.2019
Value of trade goods	274,196	356,069
Prepayments on trade inventory	40,480	24,904
Provision for obsolescent inventory	(6,403)	(5,408)
	308,273	375,565

The amount of the write-down during 2020 amounts to € 2,136,000 (2019: € 3,588,000) and has been recognised in the statement of profit or loss as a loss. Similar to previous year, inventories have been pledged as a security for credit facilities provided by financial institutions. The cost of inventories recognised as an expense during the year in respect of continuing operations was € 1,477 million (December 31, 2019: € 1,570 million).

19. Current receivables

The trade receivables can be specified as follows:

x € 1,000	31.12.2020	31.12.2019
Trade receivables	198,313	202,025
Allowance for doubtful debts	(2,685)	(769)
	195,628	201,256

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 € 1,975,000 (2019: € 462,000) 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	2020	2019
Balance as at January 1,	769	1,130
Acquired in business combinations	7	79
Transfer from profit or loss	1,975	462
Amounts written off as uncollectable	(66)	(902)
Balance as at December 31,	2,685	769

The working capital tied up in trade receivables is expressed in Days of Sales Outstanding (DSO). The average DSO for 2020 was 38 days (2019: 37). 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	31.12.2020	31.12.2019
Trade receivables less than 30 days due	29,854	38,186
Trade receivables between 30 and 60 days due	8,413	19,631
Trade receivables more than 60 days due	7,591	13,248
	45,858	71,065

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, 2020 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 2020 and 2019.

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	2020	2019
Balance as at January 1,	643	–
Effective portion of changes in fair value of cash flow hedges	423	643
Balance as at December 31,	1,066	643

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	2020	2019
Balance as at January 1,	273	(540)
Foreign currency translation through OCI	(5,633)	813
Balance as at December 31,	(5,360)	273

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	2020	2019
Balance as at January 1,	236,704	229,474
Profit for the period	21,697	46,962
Dividend to the owners of the Company	–	(24,411)
Transactions under common control	(681)	–
Share-based payments	900	900
Other changes	(79)	(38)
	258,541	252,887
Fair value adjustment non-current liabilities	(2,923)	(16,183)
Balance as at December 31,	255,618	236,704

Proposed appropriation of the result for 2020

The Executive Board proposes to pay a dividend of € 8,418,000 and to add the remaining result to the reserves. This proposed appropriation has not been accounted for in the consolidated financial statements.

Profit appropriation 2019

The 2019 consolidated financial statements were approved during the General Meeting on May 19, 2020. 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:

	31.12.2020	31.12.2019
J.T.G. Holding B.V., the Netherlands	24.62%	24.62%
STG Holding Import-Export S.L., Spain	–	49%
J.T.G. WWL S.à r.l., G.D. Luxembourg	24.62%	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%	–
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%
Dutch Care Supplies B.V., the Netherlands	–	20%
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	2020	2019
Balance as at January 1,	49,096	39,110
Share of profit of associated companies	18,941	13,350
Foreign currency translation	(4,258)	660
Effective portion of changes in fair value of cash flow hedges	(9)	9
Acquired in business combinations	–	3,779
Transactions under common control	(1,619)	–
Dividend paid to non-controlling interest	(13,262)	(6,544)
Reserves transferred to profit right certificates	(292)	(503)
Other changes	–	38
	48,597	49,899
Reclassification to 'Other non-current liabilities'	1,930	(803)
Balance as at December 31,	50,527	49,096

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. Borrowings

The borrowings can be specified as follows:

x € 1,000	31.12.2020	31.12.2019
Borrowings from banks	46,496	54,557
Borrowings from third parties	3,000	–
	49,496	54,557

Borrowings from banks

The movements in borrowings from banks can be specified as follows:

x € 1,000	2020	2019
Balance as at January 1,	65,949	64,580
Acquired in business combinations	850	1,117
New borrowings received	3,000	10,100
Installments	(11,932)	(9,848)
	57,867	65,949
Reclassification to 'Current liabilities'	(11,371)	(11,392)
Balance as at December 31,	46,496	54,557

This item consists of the following loans:

x € 1,000						Outstanding	
From	Original amount	Securities	Base (Euribor)	Interest	Repayment	31.12.2020	31.12.2019
2007	8,250	(1)	3-month	+ 1.5%	Quarterly terms of € 137,500	700	1,250
2015	500	(1)	-	+ 2.95%	Quarterly terms of € 25,000	–	25
2015	500	(1)	-	+ 3.25%	Quarterly terms of € 25,000	–	25
2016	20,000	(2)	3-month	+ 2.0%	Quarterly terms of € 700,000 and € 6,000,000 at maturity date in 2021	8,800	11,600
2017	2,000	None	1-month	+ 2.35%	Equal monthly terms over 5 years	625	1,029
2017	2,000	None	6-month	+ 2.75%	Equal monthly terms over 5 years	526	934
2018	5,250	(1)	1-month	+ 2.5%	Monthly terms of € 55,125 and € 2,659,125 at maturity date in 2022	3,871	4,534
2018	40,000	(2)	3-month	+ 2.5%	Quarterly terms of € 1,000,000 and € 20,000,000 at maturity date in 2023	32,000	36,000
2019	7,500	(2)	3-month	+ 1.75%	Quarterly terms of € 375,000	5,625	7,125
2019	2,000	(1)	-	+ 2.59%	Yearly installments of € 400,000	1,600	2,000
2019	600	None	-	+ 1.41%	Equal monthly terms over 3 years	270	469
2020	1,500	None	-	+ 2.0%	Equal monthly terms over 4 years, after grace period of 1 year	1,500	–
2020	1,500	None	-	+ 1.5%	Equal monthly terms over 4 years, after grace period of 1 year	1,500	–
2010*	125	(1)	3-month	+ 2.7%	Equal quarterly terms over 12 years	–	19
2010*	200	(1)	-	+ 3.1%	Quarterly terms of € 3,350	–	20
2015*	180	(1)	-	+ 2.95%	Equal monthly terms over 10 years	–	92
2016*	1,600	(2)	1-month	+ 2.95%	Equal monthly terms over 5 years	–	667
2016*	250	(1)	-	+ 3.25%	Equal monthly terms over 10 years	–	160
2020*	850	None	-	+ 1.75%	Equal monthly terms over 4 years, after grace period of 1 year	850	–
						57,867	65,949

(1) Mortgage loan with underlying real estate provided as security.

(2) Pledges on the shares of the specific acquired company.

(*) Borrowings acquired in business combinations.

Borrowings from third parties

The movements in borrowings from third parties can be specified as follows:

x € 1,000	2020	2019
Balance as at January 1,	–	–
New borrowings received	3,000	–
Balance as at December 31,	3,000	–

This item consists of the following loans:

- Two loans for the original amount of € 1,500,000 each. The applicable interest rate 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.

Borrowings from shareholders

The movements in borrowings from shareholders can be specified as follows:

x € 1,000	2020	2019
Balance as at January 1,	–	2,500
Installments	–	(2,500)
Balance as at December 31,	–	–

This item consisted of the following loan:

- A loan for the original amount of € 2,500,000. The applicable interest rate was 5%. The loan was repaid in full as at January 31, 2019. No securities were provided.

Maturity

The maturity and related value of the borrowings can be specified as follows:

x € 1,000				31.12.2020
	< 1 year	1 <> 5 years	> 5 years	Total
Borrowings from third parties	–	3,000	–	3,000
Borrowings from banks	11,737	46,130	–	57,867
	11,737	49,130	–	60,867

24. Leases

The leases can be specified as follows:

x € 1,000	31.12.2020	31.12.2019
Property	64,565	70,095
Vehicles	1,510	1,403
	66,075	71,498

The movements in the Group's right-of-use assets can be specified as follows:

x € 1,000	2020	2019
Balance as at January 1,	71,498	–
First time IFRS 16 adoption	–	71,862
Restated opening balance as at January 1,	71,498	71,862
Additions	5,930	8,817
Acquired in business combinations	–	352
Depreciation right-of-use assets	(10,580)	(9,712)
Foreign currency translation	(773)	179
Balance as at December 31,	66,075	71,498

x € 1,000	31.12.2020	31.12.2019
The Netherlands	56,227	60,051
Rest of the world	9,848	11,447
	66,075	71,498

The Group leases several assets including buildings and vehicles. The average remaining lease term is 4 years. At December 31, 2020, the Group is committed to € 1.6 million for short-term leases. The total cash outflow for leases amounts to € 11.2 million.

The movements in the lease liabilities can be specified as follows:

x € 1,000	2020	2019
Balance as at January 1,	71,666	912
First time IFRS 16 adoption	–	70,770
Restated opening balance as at January 1,	71,666	71,682
Additions	5,930	8,830
Acquired in business combinations	–	339
Repayments on lease liabilities	(9,966)	(9,363)
Foreign currency translation	(898)	178
	66,732	71,666
Reclassification to 'Current liabilities'	(10,034)	(9,575)
Balance as at December 31,	56,698	62,091

The maturity and related value of lease liabilities can be specified as follows:

x € 1,000				31.12.2020
	< 1 year	1 <> 5 years	> 5 years	Total
Lease liabilities	10,034	34,675	22,023	66,732
	10,034	34,675	22,023	66,732

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	2020	2019
Depreciation expenses on right-of-use assets (Property)	9,683	8,945
Depreciation expenses on right-of-use assets (Vehicles)	897	767
Interest expense on lease liabilities	1,230	1,247
Expenses relating to short-term leases and leases of low value assets	1,585	1,977
	13,395	12,936

25. Deferred tax liabilities

The change in deferred tax liabilities can be broken down as follows:

x € 1,000	2020	2019
Balance as at January 1,	12,986	11,737
Acquired in business combinations	57	2,514
Transfer to profit or loss	(1,904)	(1,406)
Foreign currency translation	(702)	169
Reclassification from 'Current corporate income tax liability'	247	(28)
Balance as at December 31,	10,684	12,986

The maturity and related value of the deferred tax liabilities can be specified as follows:

x € 1,000	31.12.2020			
	< 1 year	1 <> 5 years	> 5 years	Total
Deferred tax liabilities	1,568	6,681	2,435	10,684
	1,568	6,681	2,435	10,684

The deferred tax liabilities relate to the following items:

x € 1,000	31.12.2020	31.12.2019
Property, plant and equipment	88	349
Intangible fixed assets	9,999	12,452
Other	597	185
	10,684	12,986

26. Retirement and other employee benefit obligations

The obligation consists of a provision for pension obligation and employee benefit obligations. 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. The movements can be summarised as follows:

x € 1,000	2020	2019
Balance as at January 1,	893	603
Paid during the financial year	(209)	–
Transfer to/from profit or loss	317	290
Balance as at December 31,	1,001	893

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.

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 € 4,680,000 (2019: € 4,121,000) represents contributions paid or payable by the Group at rates specified in the rules of the plans. As at December 31, 2020, contributions of € 375,000 (2019: € 382,000) due in respect of the 2020 (2019) 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 € 110,111 (Stichting Pensioenfonds B&S 2019: € 107,593). 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 98.8% at December 31, 2020 (Stichting Pensioenfonds B&S 2019: 96.2%).

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 1.56% of the pensionable salary that is based on the gross wage net of a deductible (of € 14,034). The pensionable salary is capped (at € 57,232). The annual employer-paid contribution is 22.5% of which 5.7% 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 111.0% at the end of 2020 (2019: 111.9%). 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.

Other defined benefit plans
The end-of-service indemnity payable in accordance with the U.A.E. labour laws as noted before is considered as a defined benefit plan for which a provision is accounted for. Total amount of end-of-service indemnity provision as per 2020 was € 320,000 (2019: € 314,000).

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 2020 the premium related to these plans charged to the consolidated statement of profit or loss amounts to € 347,000 (2019: € 293,000).

27. Other provisions

The movements in the 'Other provisions' can be specified as follows:

x € 1,000	2020	2019
Balance as at 1 January	–	–
Transferred to profit or loss	1,500	–
Balance as at 31 December	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 € 1.5 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	2020	2019
Subsidy (IPR)	686	721
Contingent consideration Lagaay	191	546
Deferred payment FragranceNet	41,850	40,857
	42,727	42,124

Subsidy (IPR)
The movements in 'Subsidy (IPR)' can be specified as follows:

x € 1,000	2020	2019
Balance as at January 1,	756	791
Installments	(35)	(35)
	721	756
Reclassification to 'Current liabilities'	(35)	(35)
Balance as at December 31,	686	721

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	2020	2019
Balance as at January 1,	546	–
Acquired in business combinations	–	532
Transfer to profit or loss	(210)	–
Charged interest	65	14
	401	546
Reclassification to 'Current liabilities'	(210)	–
Balance as at December 31,	191	546

This contingent consideration relates to the acquisition of Lagaay Medical Group B.V.

Deferred payment FragranceNet
The movements in 'Deferred payment FragranceNet' ' can be specified as follows:

x € 1,000	2020	2019
Balance as at January 1,	40,857	23,871
Reclassification from 'Non-controlling interest'	(1,930)	803
	38,927	24,674
Fair value adjustment	2,923	16,183
Balance as at December 31,	41,850	40,857

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.

29. Contingent liabilities and contingent assets

Concession fee
The Group has entered into long-term concession agreements. The maturity of these agreements is between 1 and 10 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	31.12.2020	31.12.2019
Total maximum level of guarantees facility granted to the Group	22,500	22,500
Issued guarantees in relation to import duties	8,249	8,431
Issued guarantees in relation to rental agreements	2,530	2,487
Other issued guarantees	1,468	732
	12,247	11,650

30. 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			31.12.2020
					Level 1	Level 2	Level 3
Financial assets not measured at fair value							
Receivables, non-current assets	1,444	–	–	1,444			
Trade receivables	195,628	–	–	195,628			
Cash and cash equivalents	38,870	–	–	38,870			
	235,942	–	–	235,942			
Financial liabilities not measured at fair value							
Borrowings, non-current liabilities	49,496	–	–	49,496			
Lease liabilities	66,732	–	–	66,732			
Credit institutions	166,393	–	–	166,393			
Borrowings, due within one year	11,737	–	–	11,737			
Trade payables	102,477	–	–	102,477			
	396,835	–	–	396,835			

x € 1,000	Amortised cost	FVTPL	FVTOCI	Total			31.12.2019
					Level 1	Level 2	Level 3
Financial assets measured at fair value							
Derivative financial instruments	–	32	–	32	–	32	–
	–	32	–	32	–	32	–
Financial assets not measured at fair value							
Receivables, non-current assets	3,270	–	–	3,270			
Receivables, current assets	250	–	–	250			
Trade receivables	201,256	–	–	201,256			
Cash and cash equivalents	50,884	–	–	50,884			
	255,660	–	–	255,660			
Financial liabilities not measured at fair value							
Borrowings, non-current liabilities	54,557	–	–	54,557			
Lease liabilities	71,666	–	–	71,666			
Credit institutions	280,482	–	–	280,482			
Borrowings due within one year	11,548	–	–	11,548			
Supplier finance arrangements	–	–	–	–			
Trade payables	104,620	–	–	104,620			
	522,873	–	–	522,873			

Measurement of fair values

The following tables show the valuation techniques used in measuring Level 2 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
Forward exchange contracts	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

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 liquidity risks, currency risks, interest rate risks and credit 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 2020 rate with all other variables held constant the hypothetical result on income before taxes would have been a change of € 4,726,000. 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	31.12.2020		31.12.2019	
	Assets	Liabilities	Assets	Liabilities
USD	408,347	215,034	507,540	338,339
GBP	5,857	6,753	17,286	14,059
JPY	2,350,976	229,617	940,777	1,129,466

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 2020, 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 € 1.9 million on net finance costs and thus the result before taxes and a negative effect of € 1.4 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 retail segment consist mainly of retail activities in exchange for direct cash. The segments B&S and HTG have a large 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 internal credit risk department.

The internal 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 acknowledges that general client payment behaviour has been adversely affected by the deteriorating creditworthiness of clients and the decline of overall liquidity of the Group during the economic crisis. This is especially relevant in respect of the insurance companies that have downgraded limits on clients. It is certainly putting extra pressure on accurately dealing with credit risks.

Liquidity risk
Liquidity risk is the risk that B&S Group S.A. is unable at the required time to meet its financial obligations. 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).

The total credit facilities, excluding non-current borrowings, amounted to € 483 million as at December 31, 2020, meaning a headroom of € 317 million under the existing facilities. The Company therefore has credit facilities that are sufficient for the existing and expected credit requirements of the Group. Other than regular exchange rate effects on liabilities in foreign currencies attracted to hedge the exposure on receivables and payables in foreign currencies, the credit facilities and supplier finance arrangements did not consist of non-cash movements.

The extent of the risk that covenants agreed with financial institutions are breached is regularly determined. With the present Net Debt/EBITDA and interest coverage B&S Group S.A. is comfortably within the covenants agreed with the various financial institutions of a maximum Net Debt/EBITDA (pre-IFRS 16) of 3.5 and a minimum interest cover (pre-IFRS 16) of 3.0. These agreed covenants are similar for the main financial institutions. To avoid becoming limited by our balance sheet when sales volumes pick up again post-Covid-19 and sourcing opportunities arise, we pro-actively engaged with our relationship banks to agree on a covenant holiday for three test periods (HY 2020, FY 2020 and HY 2021).

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 Net Debt/EBITDA by 0.3 points, at unchanged Net Debt. The Net Debt/EBITDA covenant agreed with financial institutions is set at a maximum of 3.5 points. This covenant would only be breached if the operating result decreases by more than 35%.

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 reduce interest coverage by 1.5 points, at unchanged interest rates on interest-bearing debt. The interest coverage rate covenant agreed with financial institutions is set at a minimum of 3.0 points. This covenant would only be breached if the operating result decreases by more than 79%.

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					31.12.2020
	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

x € 1,000					31.12.2019
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		104,620	–	–	104,620
Lease liabilities	1.7%	9,575	29,656	32,435	71,666
Variable interest rate instruments	2.74%	292,030	54,557	–	346,587
Closing balance at 31.12.2019		406,225	84,213	32,435	522,873

The following table detail the Group's expected maturity for its non-derivative financial assets.

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

x € 1,000					31.12.2019
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		201,256	–	–	201,256
Fixed interest rate instruments	8%	250	2,331	939	3,520
Cash and cash equivalents		50,884	–	–	50,884
Closing balance at 31.12.2019		252,390	2,331	939	255,660

Capital risk

No significant changes in terms of capital management were effected in the year under review. An enabling condition in our policy is 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 and cash flow generation remains strong over years. This enables us to continue to grow organically and through acquisitions.

31. 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 2020 the Executive Board consisted of the following members:

- Mr. T de Haan (as per August 11, 2020)
- Mr. J.B. Meulman (until July 3, 2020)
- Mr. P. Kruithof (as per May 19, 2020)
- Mr. G. van Laar (until May 19, 2020)
- Mr. B. Schreuders
- Mr. N.P.G. Groen

The table below sets out the remuneration of the Executive Board:

x € 1,000	2020	2019
Gross salary	1,375	1,114
Social security charges	43	31
Pension charges	131	121
Severance payments	1,718	–
Variable short-term remuneration	524	712
	3,791	1,978

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
- Mr. R.P.C. Cornelisse
- Ms. K. Koelemeijer

The table below sets out the remuneration of the Supervisory Board:

x € 1,000	2020	2019
Annual fee	255	255
	255	255

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

x € 1,000	31.12.2020		31.12.2019	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	7,584	1,800	5,826	301
Purchase of products and services	67,592	17,181	5,533	1
Premises rented	7,431	726	7,001	1,092
Interest received on loans issued	–	–	182	759
Loans issued	–	–	–	1,820
Loans received	–	1,500	–	–
Other receivables	–	231	–	–
Operating expenses	469	–	85	–
Charged costs	163	1,999	711	1,454

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	31.12.2020		31.12.2019	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	866	126	3,254	649
Purchase of products and services	754	–	1,031	37
Interest received on loans issued	10	–	26	65
Loans issued	–	150	–	296

32. Acquisitions

During the financial year the Group acquired the following company:

	%	Date
Top Care Distribution, S.L.U., Spain	100%	21.07.2020

Top Care Distribution is a wholesale distributor and its product portfolio has a clear fit with the Health & Beauty business of the Group. The acquisition is fully consolidated from the date on which the Group gained control, which was July 21, 2020. The acquisition is accounted for using the acquisition method.

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

x € 1,000	
Non-current assets	
Intangible fixed assets	266
Property, plant and equipment	27
Current assets	
Inventory	1,954
Trade receivables	3,347
Other receivables	1,003
Cash and cash equivalents	1,343
Current liabilities	
Trade payables	(1,373)
Other current liabilities	(2,793)
Non-current liabilities	
Deferred tax liabilities	(57)
Borrowings	(850)
Other non-current liabilities	(1,650)
	1,217

The goodwill arising on these acquisitions can be specified as follows:

x € 1,000

Total considerations	1,500
Less: fair value of identifiable net assets acquired	(1,217)
	283

The goodwill is made up of the quality of the workforce and the expected synergies from combining operations. None of the goodwill is expected to be deductible for income tax purposes.

Impact of acquisition
The acquisition contributed € 8.4 million revenue and € 31 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 € 12.5 million higher and Group profit would have been € 0.1 million higher.

Transactions under common control
At July 21, 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. The difference between the acquisition price and the non-controlling interest in the assets and liabilities is accounted for in the retained earnings.

At September 14, 2020 the Group acquired the remaining 20% of the shares of Dutch Care Supplies B.V. for an amount of € 800,000. The difference between the acquisition price and the non-controlling interest in the assets and liabilities is accounted for in the retained earnings.

33. Subsequent events

There were no material events after December 31, 2020 that would have changed the judgement and analysis by Management of the financial condition as at December 31, 2020 or the result for the year of the Group.

OTHER INFORMATION

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, 2020, 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, 2020, 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 € 62,337,000 as at December 31, 2020. 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:

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 31 to the consolidated financial statements

Key audit matter description

As disclosed in note 31, the Group has multiple transactions with related parties including but not limited to purchases of products and services amounting to EUR 66,236 thousand and rent of premises of EUR 7,992 thousand for the year ended December 31, 2020. 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, 2020, 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 31 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.

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.

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 19, 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is three 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 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

February 24, 2021
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, 2020. 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 Brand Distribution B.V., the Netherlands (formerly known as B&S Bosman Global B.V.)
B&S HTG B.V., the Netherlands (95%)
B&S International B.V., the Netherlands
B&S Investments B.V., the Netherlands
B&S Foodservice B.V., the Netherlands (formerly known as B&S Köpcke Global Supply B.V.)
B&S LMCS DMCC, U.A.E.
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.
JTG B.V., the Netherlands (75.38%)
HTG Liquors B.V., the Netherlands
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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