Together for impact

Annual report 2022

B&S
King of Reach

Together for impact

In conducting business growth, it is vital that we play our part to safeguard the world for future generations.

With the launch of our sustainability strategy 2030 **"Reach with Impact"** we reinforced our commitment to contributing to a more sustainable world, whilst making premium consumer goods available to everyone, anywhere.

To make this happen, we count on all our employees, partners and customers to embrace it. Only by working together, we can make true impact.

Contents

Statement – This copy of the B&S Group S.A. Annual Report 2022 is not in the ESEF format as specified by the European Commission in the Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815). The official ESEF reporting package is available on our website at: http:// B&S Group S.A. Annual Report 2022 ESEF reporting package. In any case of discrepancies between this PDF version and the ESEF reporting package, the latter prevails.

Introduction

Non financial highlights 2022

- 16,123,818 KwH energy consumption
- 2,021 tonnes CO_2 emissions
- 1,293 tonnes of waste generated, 50% was recycled
- 1,303 tonnes total packaging purchased
- ISO 14001 certified

- Headcount: 2,182
- Turnover: 236
- Male / Female ratio: 51% / 49%
- 74 nationalities
- Average age: 36.1
- ISO 45001 certified
- UNGC member since 2010

- AEOS & AEOC status
- ISO 22000, ISO 9001, ISO 27001, ISO 22301 certified
- USAPHC approved
- Officially registered supplier to UN global market place

As part of our 'Reach with Impact' sustainability strategy, we sharpened our ambitions, commitments, plan of action and targets per business priority.

Financial highlights 2022

Turnover (in million)
€ 2,148.2
2021: € 1,869.5
↑ 14.9%

Gross profit (in million)
€ 303.9
2021: € 287.3
↑ 5.8%

EBITDA margin
4.2%
2021: 6.2%

Return On Invested Working Capital
19.9%
2021: 24.8%

Net debt / EBITDA
3.7
2021: 2.5

Dividend pay-out
€ 0.12 per share
2021: €0.18 per share

Key events 2022

January →

B&S rebrand launched as part of 2021 – 2023 strategy with roll out throughout 2022

February ↑

B&S Personal Care opens new warehouse in Kolham

March →

B&S Liquors expands its online B2C activities to Austria and Denmark through Topdrinks

April ↓

B&S Beauty enters into brand partnership with Naïf through Signature Beauty

May →

B&S completes acquisition of Europe Beauty Company

July →

B&S Retail introduces home delivery within Europe for its shops at Finland airport

→

August →

B&S Sustainability strategy 2030 “Reach with Impact” is launched as part of the 2021 – 2023 strategy

September ↑

B&S Beauty opens its new warehouse in Atlanta for capacity expansion of B2C activities

B&S Beauty opens its first physical store in New York as part of its omni-channel approach

October →

B&S Beauty expands its geographies with the addition of South Korea

B&S participates in TFWA trade show in Cannes

B&S Beauty expands its geographies with the addition of South America

November →

B&S Food successfully expands B2B platform with ‘brand boutiques’ concept

Mark Faasse appointed as Chief Financial Officer

At the end of 2022, B&S initiated a careful review of its control framework and governance practices during the preparation of the 2022 Annual Accounts. This review identified certain matters relating to the governance of the Company that required additional disclosure.

On February 19, 2023 CEO Tako de Haan and Vice Chairman of the Supervisory Board Willem Blijdorp resigned from their respective positions with immediate effect. This paved the way to establish an updated and robust governance framework which is fully in line with the Dutch Corporate Governance Code and the practices of a listed Company.

The disclosures can be found on page 87 of this report.

Message from the Boards

Dear stakeholders,

2022 has been a turbulent year. The hope for recovery of the global economy was overshadowed by the Ukraine war, the energy crisis and the start of a recession. The post COVID supply chain disruption and product scarcity mainly in the Liquor and Beauty segments – historically the biggest contributors to overall results - remained and the labour market was extremely tight. At the same time, we have seen several changes in the leadership of our Company and at the time of this publication, there is a search outstanding for a CEO and two members to our Supervisory Board. We are working hard to establish a new governance structure fully in line with the needs and requirements of a listed company.

Through all this, our people worked diligently to ensure that progress on our 2021-2023 strategy was made. They have shown unwavering commitment and delivered great accomplishments.

Progress on strategy
Our mission to make premium consumer goods available to everyone, anywhere further guided our 2022 strategic focus. With the foundations for strategic and digital transformation firmly in place, we are well positioned to focus on opportunities for future growth. We reaped the first benefits from the 2022 roll-out of our one brand approach, as we increased our brand recognition that opened business opportunities in several business segments. The unification of our businesses into a strong global brand marks an exciting step to better collaborate and gain new growth opportunities, both for the business and for our people.

Reach with impact
A fundamental part of our 2021-2023 strategy is to advance our sustainability strategy and embed sustainable principles into our own operations and throughout the value chain in which we operate. For all of us, there is great opportunity to make an impact. Climate change and resource depletion affects the business community we are part of and as a global player in fast moving consumer goods, we have a role to play in solving these issues. Throughout 2022 we prioritised embedding our sustainability agenda throughout the organisation, supported by our “Reach with Impact” sustainability strategy and ambitions towards 2030 that we launched in August. Yet sustainability is not something that we can accomplish alone. Close collaboration with industry partners is crucial to meet these ambitions. In line with this, we are increasing investments and initiatives together with our business partners that enhance the safety and sustainability of our operations and our product portfolio. You are encouraged to check our ‘Together for Impact’ stories throughout this report and get a grasp of how we work together with our partners to make a positive impact.

Business performance
When it comes to business development, we remained focused on delivering our strategy in each of our six segments. All in all, we managed to grow our turnover by 14.9%. Global market developments however impacted our margins; consumer inflation led to a shift from premium to main stream products in the Beauty and Liquor segments, flattening our gross profit margins. Operating expenses were also affected by economic developments, mainly resulting in increased staff costs. Furthermore, we had to take a provision for doubtful debtors in the Food segment. This led to a further decrease in EBITDA margin to 4.2%.
Excluding the provision, EBITDA margin stood at 5.0%. The provision stems from two isolated cases. The first and largest part stems from an envisaged business

partnership that has not functioned according to expectations. While settlement discussions were still ongoing as per year end closing, for financial closing purposes we provided for the full amount. Although the Group has entered into a settlement agreement with this former business partner, as per March 3rd 2023, the provision will prudently only be reversed on a euro for euro received basis. Moreover, it should be noted that this was not a regular supplier-client relationship and should therefore be seen as an isolated and one-off event, which has no reflection on the client portfolio of the Group.
The second, also incidental provision for a doubtful debtor concerns an aged outstanding trade receivable for which payment has been pending for over a year as a result of the still ongoing complex settlement process of a remote Food contract for our client.

Zooming in on new business, we continued to expand our reach into new geographies and (digital) territories. For example, we reinforced our proposition in the US with our Beauty segment, opening a new warehouse in central America and adding physical flagship stores to our online presence to manifest our omnichannel approach. Further geographic expansion in Beauty was accomplished in the Middle East, Australia and China. Adding to this, our Retail segment expanded its presence by adding Venice, Qatar, Brussels, Palma de Mallorca and Barcelona to its airport shop portfolio. In May, we acquired 70% of Europe Beauty Company. The Company services consumers via closed online platforms (members only), via its B2C web shops and via its physical stores throughout France. This is a perfect fit with our online and physical direct-to-consumer channels. The network of brands that the Company partners with provides us with direct access to brand owners in the premium beauty segment and strengthens our strategic objective of developing long term partnerships with brand owners.

Digital transformation
B&S is well on track with digitising its business and progressing its technology backbone 'B&S Nfinity'. We invest in empowering our people to create digital solutions that meet our partners' challenges and enhance connectivity with customers. Early 2022 the multi-category platform KingofReach.com was launched to provide B2B customers with easy and convenient (re)ordering online. In Q3, the concept of Brand Boutiques was added to the platform to enable brands to reach the B2B customers of B&S with product launches, product information and creative content. In our Liquor segment, the online reach continued to expand with the B2C business model named Topdrinks. This e-commerce platform for premium liquors is now present in seven European countries. In our Retail segment we introduced digital home delivery services for travellers in our airport shops.
The progress made in digital commerce is underpinned by an extensive global set-up and supported by our broad network of brands, suppliers, service providers, wholesalers, retailers and consumers.

Governance
During the year under review, B&S appointed Mark Faasse as CFO, after Peter Kruithof resigned from his position as CFO and Executive Board member to pursue other career opportunities. Mark has served B&S in several senior financial positions over the last eight years and will be formally appointed in the Annual General Meeting of 2023.

In the last quarter of the year, the Extraordinary General meeting of Shareholders requested the Chairman of the Supervisory Board to step down, and with his resignation, another member also resigned. In December 2022, Derk Doijer was appointed as new Chairman and Bert Tjeenk Willink as member of the Supervisory Board. Both comply with independence criteria of the Dutch Corporate Governance Code and the Supervisory Board profile.

In the same period, the Company noted the existence of a mortgage loan of its CEO from the Company's majority shareholder, which was not disclosed in line with the Company's policies regarding (potential) conflicts of interest. The Company subsequently decided to initiate a careful review of its control framework and governance practices, during the preparation of the 2022 Annual Accounts as presented in this report. In this review, certain matters relating to the governance of the Company were identified that could potentially entail a conflict of interest. Some of these required additional disclosure. The Company decided that even though certain matters were allowed according to its framework - provided they are disclosed properly - they formed an undesired situation from a Corporate Governance perspective. During the review, CEO Tako de Haan and Vice Chairman of the Supervisory Board Willem Blijdorp resigned from their respective positions on February 19, 2023 with immediate effect.

Bas Schreuders, one of the other Executive Board members, is appointed as interim CEO of the Company while a search for a new CEO has commenced. Bert Tjeenk Willink is appointed Vice-Chairman of the Supervisory Board. There are currently two vacancies in the Supervisory Board for independent members under the meaning of the Code to bring necessary balance to the current Supervisory Board composition.

The review of the control framework and governance practices and its outcomes can be found in the "Review of governance policies and practices" chapter as part of the Governance section of this report. Based on the presented findings, the Boards have taken action to strengthen B&S policies and practices to prevent such matters in the future.

In conclusion

In spite of the events at Board level, the strategic progress made in 2022 is satisfying and driven by the engagement and perseverance of our people. Their entrepreneurial spirit and passion remain at the heart of our long term success. As the collective Boards, we like to thank our colleagues for their commitment to our strategic objectives and for being part of the progress made.

Our business partners and customers also play an essential role and have supported us throughout the year and beyond. Their collaboration in for example the development of our sustainability strategy has been instrumental. This underwrites our approach of developing long term business relationships based on mutual success and trust. We also extend our gratitude to the former members of the Executive and Supervisory Boards for their contributions and counsel during 2022.

B&S is now establishing a new and strengthened Corporate Governance framework with policies and practices that fit the listed company we are. We look forward to spurring the further development of our business while preserving the reinforcement of constructive interactions and collaboration at Board level that are based on robust governance practices for 2023 and the years to come. In doing so, we commit to our responsibilities and moral obligation to contribute to a sustainable value chain, ensuring a promising future ahead.

About B&S

Our journey so far

B&S was formed through the combination of key players in the consumer goods industry. Since our inception, we have consistently grown and expanded in existing and adjacent markets and product categories, both geographically and along the value chain.

1872
Start Köpcke

1912
Start Bosman

1948
Start Paul

1974
Butterfahrt founded by Blijdorp & Streng

1999
Acquisition Anker

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

2007
Acquisition JTG

2012
Acquisition Royal Capi-Lux

2013
B&S World Supply founded

2016
Acquisition Topbrands

2017
Acquisition Alcodis

2018
Acquisition FragranceNet.com

2019
Acquisition Lagaay Medical Group

Acquisition Airport shops Weeze & Rotterdam

2020
Acquisition Top Care

2022
Introduction of one brand approach

Acquisition Europe Beauty Company

Our purpose

King of Reach

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

Our vision

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

Our mission

to make premium consumer goods available to everyone, anywhere.

Our values

Our values aim to ensure that our business partners benefit from the same guiding principles that have delivered the exponential growth of our own business.

We identified five core values that outline our way of working, entrepreneurial spirit and that are recognised across all B&S companies and support our entrepreneurial culture.

Our values are centred around our purpose. They inform how we work together as a team and guide our decision-making. They also tell our clients, their customers and others what to expect from us.
By staying true to our values, we'll grow and prosper both as a company and as individuals.

Leadership behaviours 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 strongly believe that premium products and solutions can only come from trusted companies. We focus on long-term partnerships, delivering consistent quality and transparency in everything we do.

Regardless of the circumstances, we keep our promises and commitments. It is how we ensure a culture of trust and openness. For our people, our partners and society.

Eager

Being passionate, ambitious and taking pride in our work is ingrained in our DNA. We empower and give great responsibility to every member of our team. At any level or function, and at any stage in their B&S journey. Having the freedom to reach beyond the ordinary and grow by leaps and bounds is what our people thrive on.

Agile

Drawing on 150 years of entrepreneurship, we have refined the way we excel at connecting supply and demand. Being flexible, innovative and resourceful, makes us always look for the best possible solutions and go where no one else ventures to go. We leverage our expertise while always trying to stay one step ahead, enabling us to react quickly to the ever-changing business environment in which we operate.

Curious

Our founders have built the Company with their entrepreneurial spirit. That spirit still thrives. We are good listeners and embrace continuous learning.
We stimulate ideas and encourage new initiatives that contribute to sustainable growth and new ways of fulfilling our mission.

Human

We believe in the power of working together, wherever we are - across time zones, regions and locations. Our diversity of thought and background is what makes us the global company we are today.
We strive to build strong relationships and teams by valuing, respecting and learning from each other in order to achieve mutual success in an inclusive environment.

Our way of working

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

Reach

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

Network

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

Brands

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

Technology

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

Our markets

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

Online

Secondary & Value retail

Duty-free & Travel retail

Domestic / Off-trade

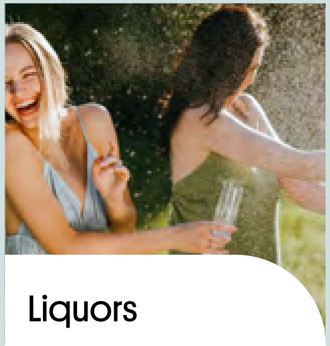
Hospitality / On-trade

Government & Defence

Maritime & Remote

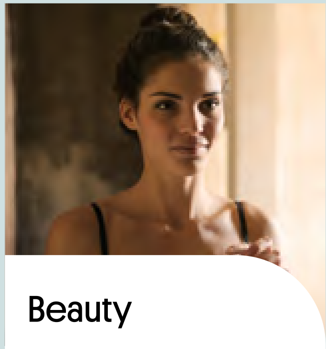
Our focus areas

We partner with the world's premium consumer brands in six focus areas.



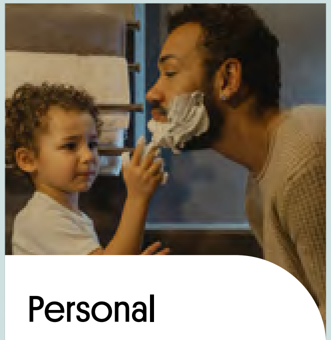
Liquors

Bringing the best liquor brands to our customers worldwide.



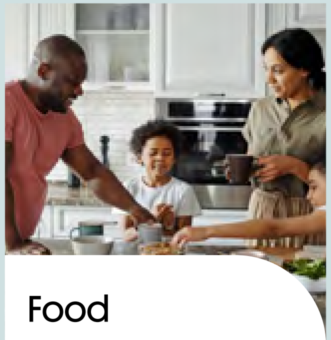
Beauty

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



Personal care

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

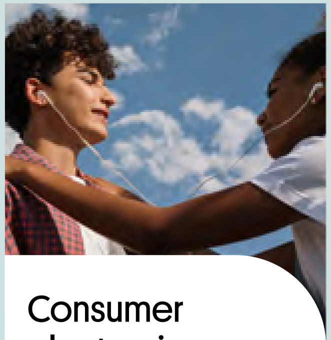


Food

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

Health

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



Consumer electronics

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

Our solutions

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

Sourcing

Our sourcing mechanism enables us to act quickly and benefit from sourcing opportunities whenever and wherever they arise. Our BiT Insights tool (Developed within our proprietary Enterprise Resource Planning (ERP) system) provides full internal price transparency and compares real time sourcing prices, trends, and opportunities across our segments and markets.

Our global scale gives access to a vast range of brands and products while our balance sheet allows us to take-in and supply large quantities at favourable prices. This enables us to serve our customers with a large in-stock assortment on demand.

Logistics & Warehousing

Our digitised and automated warehousing solutions speed up operations and resourcefully match demand with efficiently procured supply based on data intelligence. This is all facilitated and supported by our proprietary ERP system.

Our logistics expertise enables us to serve difficult to reach markets, while our e-commerce solutions allow for ordering from any location on a 24/7 basis. This enables us to continuously expand our reach, both for ourselves and our business partners.

Distribution

We operate a fully bonded supply chain with warehouses that are licensed to store goods under bond. This allows us to distribute our product range internationally without having to pay import duties, VAT or excise duties anywhere other than in the end-market.

Our extensive customs knowledge and regulatory expertise allows for a smooth international supply chain across borders with all relevant paperwork in order - from product sourcing to delivery, from full container loads to drop shipped packages to the doorstep of consumers.

Digital commerce

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

Marketing

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

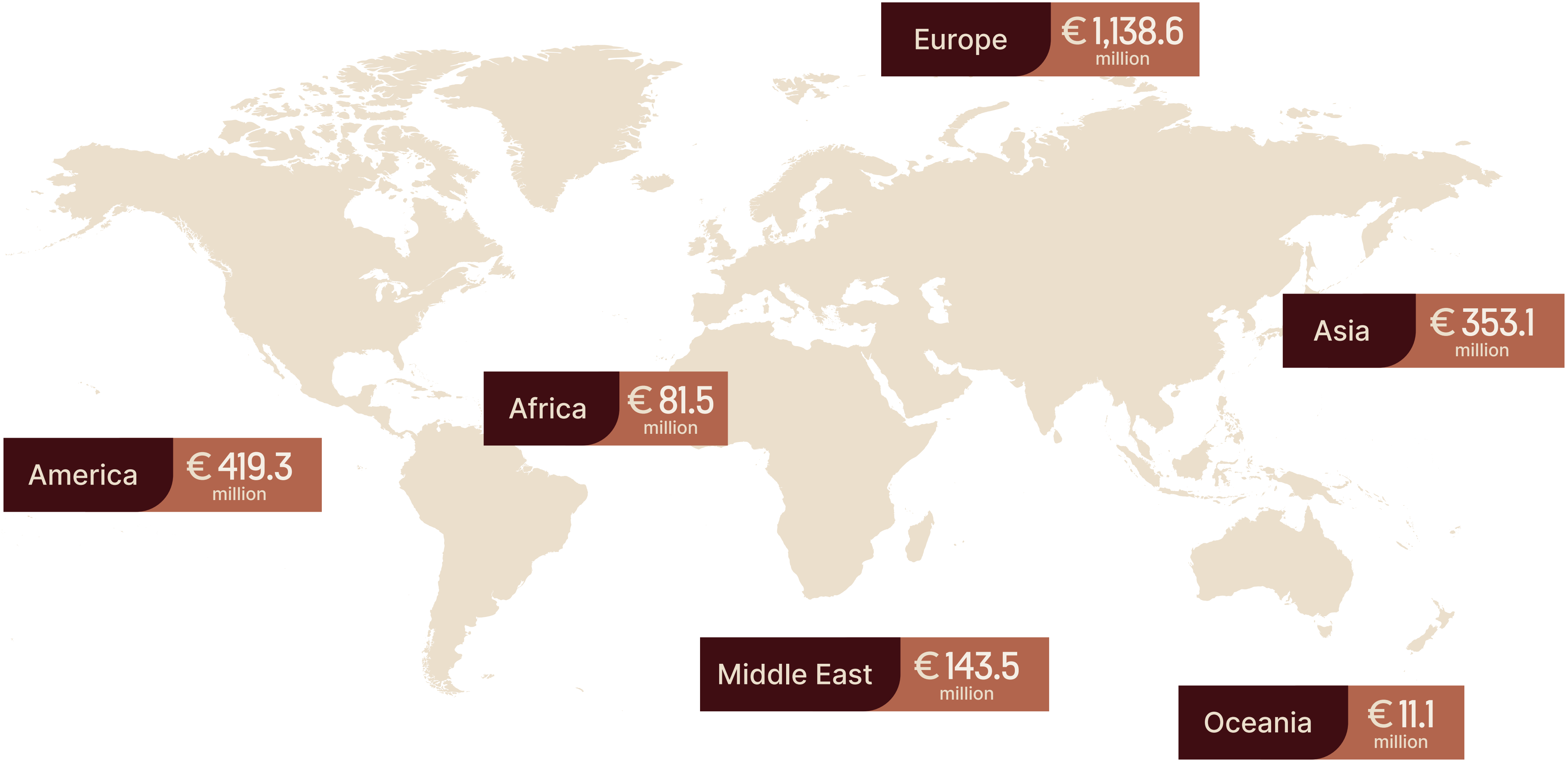
Brand development

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

Our solutions connect value chain partners in the right place, at the right time.

Our locations

B&S has strong positions in distinct markets and selected channels in Europe, MEA and the US. FY 2022 turnover per location was as follows:



Our business portfolio

B&S Liquors

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

Geographic profile: Europe, Middle East, Asia

Owned labels in our portfolio:

B&S Beauty

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

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

Owned labels in our portfolio:

B&S Personal Care

Branded premium personal and home care products for value retailers.

Geographic profile: Europe

Owned labels in our portfolio:

B&S Food

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

Geographic profile: Europe, Africa, Middle East

Owned labels in our portfolio:

Kingofreach.com By B&S

B&S Health

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

Geographic profile: Europe

Owned labels in our portfolio:

Lagaay Medical By B&S

Europort pharmaceuticals By B&S

Dutch Care Supplies By B&S

B&S Retail

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

Geographic profile: Europe, Middle East

Owned labels in our portfolio:

CAPI By B&S

How we add value

Input

1 Human

- Employees and contractors
- Training and programmes
- Core values

2 Social

- Customers & suppliers
- Investors & authorities
- Communities

3 Natural

- Energy usage
- Natural resources used for product production
- Packaging materials

4 Financial

- Equity
- Debt

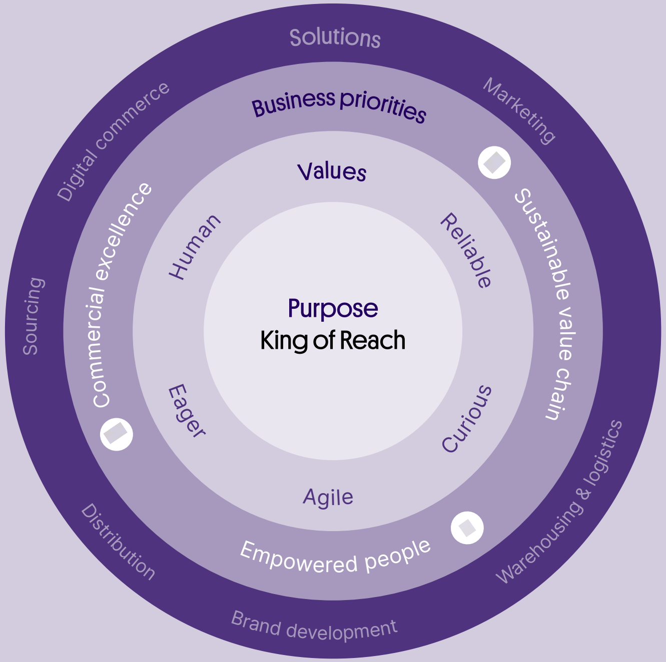
5 Manufactured

- Stock Keeping Units (SKUs)
- Warehousing & distribution innovations
- Digital orderflows

Value Creation

We deliver value through
6 segments in 7 key markets

Market developments | Risk management



Stakeholder engagement | Governance

2021 - 2023 strategy: 'Adapt to win'

- One brand approach
- Redefined organisation
- Strengthened fundaments
- Digital Innovation

Output

Empowered people

- New hires and turnover
- Training of employees
- Accidents and incidents
- Donations and volunteering

Sustainable Value Chain

- CO_2 emissions
- Self-generated electricity
- Waste and recycling
- Sustainable product range
- Supplier screening

Commercial Excellence

- Turnover
- Tax paid
- Products sold
- Recalls
- Non compliance incidents

Outcome

- Employee engagement score
- Retention rate
- People impacted

- Energy and CO_2 efficiency
- Waste and packaging reduction
- Sustainable product sales

- Organic growth
- Acquisitive growth
- EBITDA margin
- ROIWC
- Net debt/EBITDA
- Dividend paid

Impact

Having an entrepreneurial, safe and inclusive work environment

Retention of workforce with the right capabilities to support our growth strategy

Empowerment and emergency relief of communities in need

Lower environmental footprint as a result of our own operations

More sustainable products available to everyone, anywhere

Maintaining high ethical standards with all our stakeholders

Long term business relations and profitable growth

Unique positions in 7 key markets via our solutions

Responsible, well-respected and reliable organisation.

Contribution SDGs

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our role in the value chain

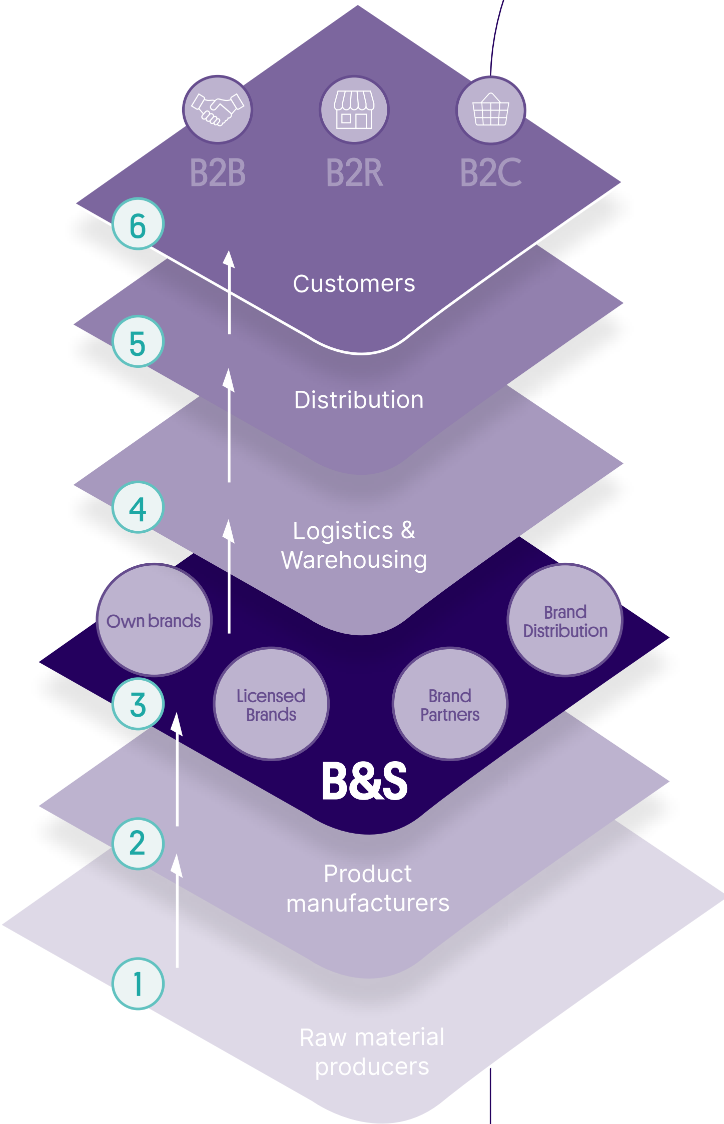
1 **Raw material products**
While B&S does not source raw materials directly, the brands we own and partner with have direct connections with raw material producers. The raw materials for products from our owned brands are sourced from and processed by selected partners to ensure best quality and responsible social practice.

2 **Product manufacturers**
For our own brands we work directly with product manufacturers. They are certified and screened to ensure best quality and responsible social practice.

3 **Brands**
Own brands
We have private labels in Personal Care, Food and Consumer Electronics. The assortments provide value at sharp price points. Products are developed with manufacturing partners, while branding and marketing is developed in-house.

Licensed brands:
We have licensing agreements with various A-brands to develop branded product ranges. We work closely with manufacturers and licensors to create these exclusive ranges, from product to packaging.

Brand partners:
We provide high-quality services to develop established brands in new categories or help new brands develop from the start. Our services range from product design & development with established industry partners to marketing, sales and distribution.



Various brand distribution:
Various suppliers and brand owners manufacture branded products that are delivered to our warehouses and distribution centres. Brands can benefit from our global network and local expertise to distribute their products in (selected) non-conventional markets and reach a wider audience.

4 **Logistics & Warehousing**
Products are delivered to our (robitised) warehouses where proprietary algorithms automate our picking, transportation, storage, retrieval, and replenishment processes. This allows us to deliver fast, cost-efficient and sustainable services to our customers' operations, stores and homes.

5 **Distribution**
We deliver our product range to our customers' location through our external network of transport partners. This network is carefully selected, screened on compliance criteria and equipped to access even the most complex markets and locations. For platform resellers we provide e-fulfilment and drop shipping services with external partners to deliver orders to their customers' homes. For customers in our owned retail we deliver to their homes with parcel services.

6 **Customers**
We serve three main customer both offline and online, and from bulk loads to a single item.
- Business-to-Business (B2B)
- Business-to-Reseller (B2R)
- Business-to-Consumer (B2C)

Our 2021-2023 strategy: Adapt to win

Established in April 2021, our strategy seeks to drive sustainable and profitable growth. The ability to quickly respond and adapt to changing circumstances and demands from our markets, our business partners and society is key in realising this ambition.

Executing our 2021 – 2023 strategy will contribute to achieving our mission to make premium consumer goods available to everyone, anywhere. Our four key strategic focus areas help us get there:

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

One brand approach

The redevelopment of our brand proposition as initiated in 2021 was a first milestone in our one brand, one vision approach by linking all business activities to the B&S name. Clearly describing what our B&S brand stands for brings clarity and understanding to why we exist. We continue our journey to unify our global presence and storytelling around our purpose; to connect brands and consumers everywhere.

Redefined operating segments and corporate support functions

To serve our customers cross-sector to increase their reach, we moved from three mixed business segments to six category focused segments with clear P&L responsibility. As we continue to simplify our company structure, we optimise access for our partners to our global network and expertise. It creates more focus and opportunities in enriching our core capabilities with digitised services and marketing techniques.

Strengthened fundaments

Opportunities for organic turnover and margin growth are supported by our fundaments to speed up company decision making, unify our backbone through technology and enhance execution power.

Scalable operations

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

Digital first

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

Business in the lead

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

Target

average organic turnover growth of

7.5% per annum

Digital Innovation

The B&S Nfinity backbone has been introduced in 2021 and is the enabler of digitising our solutions. Our vision for B&S Nfinity is to expand our stakeholders' reach by connecting them through technology, powering the digitisation agenda of suppliers, brands, wholesalers, resellers and consumers globally.

As part of our digital innovation focus we keep expanding our backbone where all parties in the value chain get connected and where they tap into the B&S ecosystem.

Through our B&S Nfinity backbone we offer suppliers and brand owners a direct link and connection to our global network of warehousing, distribution services and customers in our various business models – enabling them to market their brand and products to wholesalers, resellers and consumers alike.

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

- Wholesalers can (re) order from our closed B2B webshops with easy subscription.
- Resellers can sell their assortments to their B2B or B2C consumer on B&S platforms. B&S order picks, packs and delivers to consumers' doorstep.
- Consumers can order our assortments directly through our various B2C webshops.

All data retrieved from B&S Nfinity helps us in further developing e-com business models and strengthening our relationships with all our stakeholders in the value chain.

Our vision for B&S Nfinity is to expand our stakeholders' reach.

Acquisition strategy

Our 2021-2023 key strategic focus areas are complemented by selected acquisitions that form an integral part of our growth strategy.

Many markets in which we are active are very sizable and highly fragmented by nature, providing ample opportunity for targeted acquisitions that support our philosophy. We maintain a regular dialogue with various market participants to ensure that we are ready to execute on the right opportunities when they occur.

Target

average acquisitive turnover growth of **7.5%** per annum

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

All our acquisitions to date were executed to further strengthen our position in the value chain either by adding complementary sourcing routes, by entering into new product categories / regions as an extension to our existing business, or by expanding our role in the value chain by adding direct-to-consumer.

Going forward, we look to further execute our acquisition strategy and build our position in the value chain with carefully targeted companies that match both our business model and our entrepreneurial culture, and that show potential for further organic growth.

Sweet spot of **100-200** M

Always majority stake initially, with preferably a total buy out option between **3-5** years

Profitable pre-acquisition (no turnarounds)

Sitting management willing to remain on board in initial phase **(5 years)**

Synergy potential in turnover and / or margin

Business priorities

The cornerstones of our 2021 – 2023 strategy are our business priorities – Empowered people, Sustainable value chain and Commercial excellence. These are the key enablers to guide B&S through its transformation towards a strong global brand. As part of our "Reach with impact" sustainability strategy that was launched in August 2022, we further sharpened our ambitions, focus areas and targets per business priority.

Empowered people

Companies thrive when its employees thrive. This requires a working environment in which people feel a sense of belonging and purpose and that offers opportunities to achieve one's personal goals.
We focus on nurturing talent to become inspirational leaders of the future and attracting digital savvy talents that enable us to be a high-tech business partner and employer.

Our ambitions

- Provide an entrepreneurial, safe, and inclusive environment
- Attract, retain, and develop a workforce with the capabilities to support our growth strategy
- Proactively give back to the community

More on progress in section Results

Sustainable value chain

Creating a sustainable value chain involves making all activities through which we deliver value to our customers more sustainable. This requires changes to our own operations, increased awareness amongst employees and collaboration with our partners throughout the value chain.

Our ambitions

- Decrease the environmental footprint of our own operations
- Create business opportunities for a sustainable and future-proof value chain
- Maintaining high ethical standards with all our stakeholders

More on progress in section Results

Commercial excellence

We leverage our Digital First approach and strong global network to connect supply with demand in the consumer goods industry. As a one-stop partner, we provide solutions proven to help brands increase their market share and enter new markets.
All powered by our industry expertise and digitised supply chain set-up.

Our ambitions

- Create long-term value for our stakeholders by pursuing sustainable and profitable growth
- Build and expand unique positions in diversified markets and expand our role in the value chain
- Be a responsible, well-respected and reliable organisation

More on progress in section Results

Strategic context - Evolving trends

We continuously adapt and develop our organisation to benefit from and adhere to changing conditions in our business environment. In light of our 2021-2023 strategic direction, we consider the following trends most relevant to our operations:

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

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

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

Selected distribution: The markets and channels in which we operate are highly fragmented and require a partner that can offer a one-stop-shop solution to reach a wide and relevant range of customers globally. Suppliers and brand owners are increasingly looking for partnerships with selected key partners to outsource (parts of) their business operations and significantly simplify their route-to-market. Additionally, the specific consumer demands in terms of delivery times and reliability are expected to continue. This drives the trend among suppliers, brand owners and manufacturers of outsourcing part of their brand development, marketing and sales activities to a selected number of specialty distributors, like B&S.

Sustainability and climate change: The global community is increasingly aware of pressing challenges such as climate change, natural resource scarcities and extreme inequality and poverty. This results in consumers being more mindful of the environmental and social impact of the products they buy. Also, governments are imposing increasing regulatory requirements on both supply chain and product transparency. In Europe, the EU Taxonomy and Corporate Sustainability Reporting Directive pushes towards a uniform sustainability reporting language.

Labour market: The labour market is extremely tight, illustrated by very low unemployment rates and a record number of open vacancies. This leads to profound challenges to attract and hire qualified people, in both office and warehouse functions. At the same time, changes in societal expectations in for example work-life balance, sustainability and sense of purpose and belonging require an enhanced labour model.

What matters to our stakeholders

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

Stakeholder group	Why they are important to us	How we interact	Most important topics
Employees	Our people are our most important asset. Our experienced and highly-qualified employees are making the difference when it comes to serving our stakeholders. Providing an inspiring work environment and offering professional development to our people is essential in fostering future business growth. We encourage employees to speak their minds and we inform and consult them on key developments regularly.	▪ Works councils ▪ Employee Satisfaction Survey ▪ Intranet ▪ Dialog performance reviews ▪ Annual town halls ▪ Regular team meetings	▪ Employee health, safety and well-being ▪ Business growth & profitability ▪ People & talent development ▪ Long term business relations ▪ Product safety & quality
Customers	Our global customer base is widely spread, and includes wholesalers, resellers and consumers. In order to align interests we foster a climate of mutual awareness and understanding. We focus on long-term partnerships based on expertise and engagement, which enables us to embed sustainable practices that meet diverse needs of all our customers.	▪ Trade shows ▪ Client visits ▪ Emails and calls ▪ Digital platforms	▪ Long term business relations ▪ Business growth & profitability ▪ Customs compliance ▪ Sustainable distribution ▪ Responsible product portfolio
Suppliers, brand owners & service providers	We maintain relationships with premium brands and service providers along our value chain globally, engaging in mutually beneficial relationships and securing the supply of the products we supply.	▪ Trade shows ▪ Supplier visits ▪ Emails and calls ▪ Digital platforms	▪ Long term business relations ▪ Business growth & profitability ▪ Circular economy ▪ Sustainable distribution ▪ Responsible & ethical business conduct

Stakeholder group	Why they are important to us	How we interact	Most important topics
Investors	Our financial stakeholders play an important role in our long-term strategy to create value. We strive to inform our investors as completely and transparently as possible on our strategy and financial performance.	▪ AGMs and EGMs ▪ Investor conferences and roadshows ▪ Press releases ▪ Site visits ▪ Emails and calls	▪ Responsible & ethical business conduct ▪ Sustainable distribution ▪ Business growth & profitability ▪ Employee health, safety & wellbeing ▪ Governance & accountability
Authorities	Ensuring customs compliance, food and product safety, and adherence to local rules and regulations in all our international (logistics) operations are the foundations of our business practices. That is why we emphasise on upholding good relations with authorities and governmental bodies throughout our value chain.	▪ Roundtables and memberships at Netherlands Food and Consumer Product Safety Authority ▪ Audits related to our bonded warehouse status and food safety requirements ▪ Information sessions with financial authorities	▪ Long term business relations ▪ Sustainable distribution ▪ Innovative value adding services ▪ Climate action ▪ Business growth & profitability
Society	As global player, we aim to contribute to the society at large globally. We are involved in numerous partnerships and collaborations with educational institutions, human rights organisations and sector associations to exchange knowledge and know-how.	▪ Membership of United Nations Global Compact ▪ Roundtables and memberships at association (e.g. Evofenedex) ▪ Educational programmes and lectures at universities and colleges ▪ Donations (e.g. Dutch Food Banks, Red Cross, Trees for all)	▪ Responsible & ethical business conduct ▪ Community engagement ▪ Circular economy ▪ Employee health, safety & wellbeing ▪ Innovative value adding services

Materiality assessment

To develop a sustainability strategy that supports sustainable, profitable growth, a revision of our 2019 materiality assessment was conducted early 2022. The assessment took into account the principles of Global Reporting Initiative (GRI) and the concept of double materiality. The execution was supported by an independent third party consulting firm.

By analysing B&S in its wider context - based on amongst others ESG benchmarks, internal strategic documents, requirements set out in the CSRD and EU taxonomy - sustainability topics potentially relevant to B&S' business and its environment were identified. The topics were discussed and validated with the Executive Board and Leadership Team of B&S (B&S management). This led to a final short list of 16 material topics. In addition, seven subtopics related to 'responsible product portfolio' were defined in order to allow business-segment specific insights from our stakeholders.

The 16 material topics were prioritised through consultation of both key stakeholders and B&S management via online surveys. Respondents were asked to select five topics that are of highest importance to them and ranking their selected topics in a top-five (number 1 being the most impactful (i.e. important, significant, relevant) and number 5 being the least impactful). In addition, B&S management was asked about their view on sustainability risks and opportunities for B&S and the financial impact (positive or negative) of those identified risks and opportunities.

The 2022 materiality assessment formed the basis of our "Reach with Impact" sustainability strategy.

#	Material topic	Definition	Business priority
1	**Business growth & profitability***	Further expanding our business through investing in organic growth and acquisitions whilst remaining long term profitable.	Commercial Excellence (related to financial performance)
2	**Long term business relations**	Upholding a good reputation with business partners and focusing on adding value to our partners' businesses to support their growth and our own.	Commercial Excellence (related to financial performance)
3	**Governance & accountability**	Implementing policies and practices to ensure accountability, compliance with reporting requirements and robust risk management execution to meet stakeholders' expectations.	Commercial Excellence (related to corporate governance)
4	**Innovative value adding services****	Promoting innovative and digital technologies to enable efficient ways of working and to create new ways of conducting business such as digital commerce, marketing, and brand development.	Commercial Excellence (related to financial performance)
5	**People & talent development**	Committing to hiring, training, and retaining talented employees in order to bring out the best in them and to ensure a workforce that matches our growth objectives.	Empowered People
6	**Employee health, safety & well-being**	Promoting and protecting the mental and physical well-being of employees by encouraging safe behaviours, implementing health & safety measures, and enabling employees to make informed decisions to achieve and maintain a healthy lifestyle.	Empowered People
7	**Diversity & inclusion***	Ensuring equal opportunities and fair treatment among our employees and promoting an inclusive work culture that fosters diversity and aims to attract people from the broadest talent pool.	Empowered People
8	**Community engagement***	Contributing to communities and supporting those in need through volunteering, donations and initiating social impact projects.	Empowered People
9	**Customs & compliance**	Ensuring compliance with all relevant rules and regulations to uphold our relationship and status with authorities, suppliers, and customers.	Commercial Excellence

#	Material topic	Definition	Business priority
10	**Security & data privacy**	Setting up and adhering to the right policies and control framework to keep business, customers, and employees' data safe as well as to ensure restricted access to our sites.	Commercial Excellence
11	**Responsible & ethical business conduct** **	Upholding ethical principles in selecting our business relationships and activities by adhering to strict policies and guidelines to avoid corruption, bribery, fraud, financial risks, human rights violations, and negative environmental impacts.	Sustainable Value Chain
12	**Product quality & safety**	Ensuring high-quality products and preventing health risks arising from sale, use, consumption, handling, preparation, and storage throughout the value chain.	Commercial Excellence
13	**Climate action**	Implementing energy-efficient ways of working and using renewable energy sources at our own operations in order to reduce carbon emissions.	Sustainable Value Chain
14	**Sustainable distribution***	Collaborating with our business partners along the value chain to realise efficiency gains and a reduction of carbon emissions when transporting consumer goods.	Sustainable Value Chain
15	**Circular economy****	Contributing to the transition towards a circular economy by using sustainable packaging materials as well as reducing waste by optimising opportunities to reuse and recycle materials.	Sustainable Value Chain
16	**Responsible product portfolio***	Making sustainable products available to everyone, anywhere.	Sustainable Value Chain

Topics marked with * are topics that were added compared to the analysis done in 2019.
Topics marked with ** are topics for which the definition was updated when compared to 2019 to reflect upon new market developments and/or regulatory requirements.

Materiality matrix

Empowered people

- **5** People & talent development
- **6** Employee health, safety & well-being
- **7** Diversity & inclusion
- **8** Community engagement

Sustainable value chain

- **11** Responsible & ethical business conduct
- **13** Climate action
- **14** Sustainable distribution
- **15** Circular economy
- **16** Responsible product portfolio

Commercial excellence

- **1** Business growth & profitability
- **2** Long term business relations
- **3** Governance & accountability
- **4** Innovative value adding services
- **9** Customs & compliance
- **10** Security & data privacy
- **12** Product quality & safety

Sustainable Development Goals

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

The SDGs to which we contribute most in our overall business activities are SDG 8 and 12. The SDGs that we contribute to in the diverse parts of our business and operations are outlined per business priority.

8 DECENT WORK AND ECONOMIC GROWTH

Our business supports and contributes to the livelihoods of thousands of people. Not just to B&S employees, but also to the suppliers and customers we work with all over the world. We want to ensure rewarding work opportunities, create optimal working conditions, and contribute to economic growth in the communities we operate in.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We aim to improve our product offerings by procuring responsibly and actively promoting more sustainable alternatives. We furthermore focus on being resource conscious by integrating the concepts from the circular economy into our day-to-day operations. Examples include halving our food waste, maximising recycling potential, and reducing our packaging materials.

The circle diagram represents our contribution per SDG based on the SDG impact assessment as performed in 2022.

Results

Empowered people

Being a valued employer for personal growth

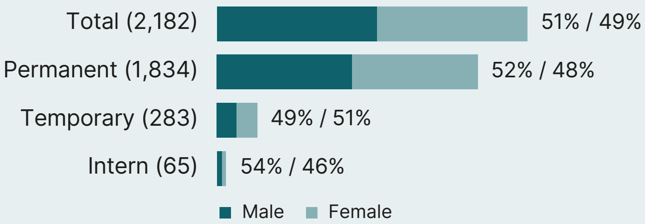
Our ambitions for 2030

- Provide an entrepreneurial, safe, and inclusive environment
- Attract, retain, and develop a workforce with the capabilities to support our growth strategy
- Proactively give back to the community

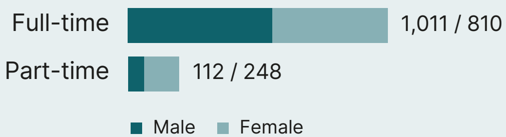
The applicable SDGs

Key figures 2022

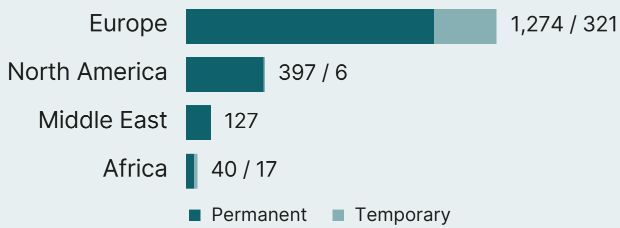
Total number of employees by employment contract



Total number of employees by employment type

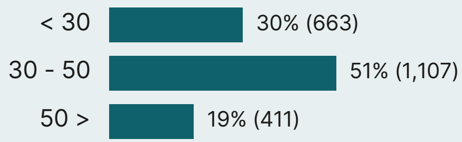


Total number of employees by employment contract, by region



Female to male ratio in senior management

Age distribution



Average age

36.1

Certified since 2020

ISO 45001

Committed to

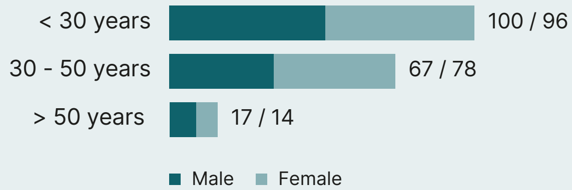
UNGC

since 2010

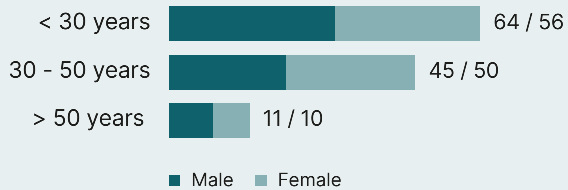
Employees

2,182

New hires



Turnover



Nationalities

74*

* Excluding US locations.

Safeguard employee health, safety and wellbeing

This section covers material topic 6

Why important
Employability goes beyond skills and expertise, it's also about health and creating a safe work environment. In today's fast-moving world, maintaining a healthy lifestyle is becoming increasingly important; to prevent illness, reduce absenteeism, and reduce health care costs. Feeling healthy, focused, and energised makes work much more enjoyable and also increases employee motivation. Having a safe work environment is a license to operate; each accident that happens at our premises is one too many. Creating and maintaining a safe working environment – in our warehouses, in our offices and in higher-risk locations is a collective effort.

Commitment
We will promote and protect the mental and physical well-being of employees.

Our approach
We will achieve this by encouraging safe behaviours, implementing additional health and safety measures, and helping employees make informed decisions to achieve and maintain a healthy lifestyle.

Targets
Absenteeism rate in line with or lower than market average and zero accidents.

Our plan for action

Fit for work	We promote the vitality of our employees and give them tools for having a healthy lifestyle.
Safe working conditions	We ensure and encourage safe working conditions and a healthy work-life balance.
Satisfied and engaged	We stimulate connection with the Company to retain staff and increase business growth.

Activities & achievements in 2022
Fit for work
We aim to support the continued employability of our staff by supporting their mental, physical and financial health.

To this end we further implemented initiatives based on the outcomes of the employee satisfaction survey as conducted in 2021.

We started a collaboration with mental well-being service OpenUp for our European locations. The service provides employees easy and quick access to psychologists via phone, chat or video consultation – all based on their own initiative. This service is a follow up of our in 2021 introduced voluntary medical prevention survey to promote a healthy lifestyle.

Physical health of employees is encouraged in multiple ways. We have been providing employees free access to gym facilities either at our offices or at another location for years already. In 2022, further support was added with the launch of an employee bicycle plan. This plan was implemented in the second half of 2022 in locations in the Netherlands.

To stimulate financial health, in 2022 we implemented the service of external budget coaching for employees to support financial self-sufficiency. This includes support from a licensed external party in creating financial overview and arranging debt settlements.

Safe working conditions
Our health & safety policy was reviewed in 2022 to further enhance awareness, embed best practices and ensure adequate execution.

Awareness

On an ongoing basis, we provide employees with knowledge and tools aimed at recognising and eliminating injuries and illness at work and at home. In our warehouses this involves proactive hazard recognition, risk assessment, and risk control to prevent accidents and near misses. Employees are trained in equipment use to ensure both their safety as well as strict adherence to our processes related to food safety, hygiene, security and customs compliance.

To create awareness and ensure a safe working environment across the board, new health & safety instruction videos were developed in 2022 and distributed under staff for mandatory viewing. This amongst others includes instructions regarding how to work safely, how to deal with physical work responsibly, how to operate machinery and rolling transport equipment, how to use personal protective equipment, and how to best design your home office.

Also, the instruction videos were included in our onboarding programme for new staff. This way, we embed the health & safety policy in employees' day-to-day in the earliest stage possible. In addition, these videos will be annually updated where needed and are repeated yearly for mandatory viewing amongst all staff.

Embedding and execution

To embed the reviewed health & safety policy and execution thereof company wide, safety committees are formed. These committees are an extension of the corporate Safety & Security committee that directly reports to executive management.
The main tasks of the safety committees are:

- Ensuring an up-to-date Risk Inventory and Evaluation (RI&E) - the continuous follow-up of the action plan from the RI&E;
- The analysis of accidents and near misses - taking additional measures based on the accidents and/or near misses.

Also, we have prevention officers in place whose role is to signal (potential) risks in the workplace to HR and the Safety and Security teams when necessary.

As part of the reviewed policy, a new visitor registration portal was developed and implemented, allowing visitors and contractors to be informed on our health and safety policies prior to their visit to our locations. Also, the Safety & Security function was expanded on corporate level with an additional FTE in order to centrally and efficiently follow up on accidents and near misses registrations in all segments within the set period.

In 2022, we maintained our ISO 45001 certification for our Dordrecht facility and preparations are being made to implement this at other locations as well.

Satisfied and engaged
Our culture is aimed at stimulating own initiative and encouraging employees to act as pioneers and entrepreneurs. Staff is kept involved and informed on key organisational developments and business updates throughout the year by regular companywide communication. To ensure a high-quality working environment, we
- provide direct access to senior management;
- encourage employees to speak their minds;
- inform and consult them on key developments regularly through management updates.

In 2022, our working from home policy was reviewed and formalised post-pandemic, aiming to provide autonomy for staff to arrange their work and create a healthy work-life balance.

To identify progress and further needs on key focus areas following our 2021 employee satisfaction survey, we prepared for an employee satisfaction and engagement survey in 2022 which is planned to be executed in Q1 2023.

Also, we continued to communicate our Employee Value Proposition (EVP) based on our five core values: Reliable, Eager, Agile, Curious, Human (REACH) and engage employees through video, internal blogs and employee stories.

Works council
We respect the rights of our works council as employee representation bodies. In 2022 we worked actively with our segment councils to progress the implementation of one central works council. Formalisation thereof is planned in 2023.

Regular meetings were held with the works councils throughout the year to discuss and inform them on matters that significantly affected employees interests. This included discussions on updated HR policies and programmes such as the in 2022 introduced bicycle plan and budget coaching. On Board level, information sessions and discussions included envisaged acquisitions, the revised pension plan, the resignation and appointment of the Group CFO as well as the request from majority shareholder Sarabel for a general meeting of shareholders regarding the removal of the Chairman of the Supervisory Board.

Performance
In 2022, 67% of our employees were covered by an occupational health and safety management system.

A strong partnership since 2010

B&S and Rotterdam University of Applied Sciences

Business priority: **Empowered People**
Material topic: **Develop our people & talent**

B&S strives to promote inclusive development of talent and career development for young innovators.

To this end we have a dedicated team in place to create and maintain a constructive and positive presence as an employer and educator in various local and international communities. For example by partnering with universities (of applied sciences).

Mike Hordijk, Lecturer at Rotterdam University of Applied Sciences: "In our Global Marketing & Sales program, we work together with B&S by means of a Business Game. The Business Game is a ten-week project in which students conduct research and write an advice plan for a challenge or question that B&S encounters in practice. This project has been a great success for years, partially due to the partnership with B&S.

B&S is extremely involved, and focused on relationships with the university of applied sciences and students, good communication and win-win outcomes (synergy). I am very satisfied with the partnership and the successes we have achieved and will continue to achieve in the future!"

Develop our people and talent

This section covers material topic 5

Why important
Our staff is our most important asset to ensure business continuity. Attracting, retaining, and developing a workforce with the right set of skills and capabilities supports our growth strategy. Nurturing talents and attracting digital savvy talents enables us to be a high-tech business partner and employer. Providing our people with access to quality learning is crucial in order to perform in their current and prepare them for future roles.

Commitment
We will attract and retain talented employees to develop a happy and engaged workforce that matches our growth strategy.

Our approach
We will achieve this by offering professional and personal development opportunities.

Target
Learning is available to everyone.

Our plan for action

Welcome to B&S!	We give new employees a warm welcome and introduce our company, culture, norms, values, and way of working.
Learning	We ensure necessary learning is available to all employees across all B&S locations.
Development	We offer tailor-made professional and personal development tracks for starters, professionals, and management.

Activities & achievements in 2022
Welcome to B&S!
We invested significantly in talent attraction and employer brand strategies to entice the best talent to join B&S in 2022. For new employees, a preboarding program was developed to keep connected from the day the employer contract is signed until the first day of work. Next to this, a preboarding program was developed for managers to assist in preparing and arranging for the first days of work for new colleagues – this way we ensure an identical B&S experience for new hires regardless of work location, segment or department. As soon as new hires are on board, they are introduced to B&S through the new onboarding program that went live in July 2022.

Learning
Providing our people with access to quality learning is crucial in order to perform in their current roles and/or prepare them for future roles. To this end, we offer opportunities for people in all stages of their career. In 2022 we:

- continued our efforts to add value to academic programs by offering guest lectures, providing internships and student mentoring and organising recruitment events. In 2022, 40% of the students that joined B&S for a graduation assignment were hired as full-time employee after graduating.
- we prepared the launch of a central learning platform that is accessible to all staff regardless their work location to build a continuous learning environment for staff in our offices, warehouses and stores. The selection of a modern, user-friendly and mobile application was finalised in 2022 and is planned for launch in the first half of 2023.

B&S onboarding in a nutshell

1 Introduction videos from management in all segments and central support functions in the Company;

2 'Bite-size' animations on key information matters such as terms of employment and safety & security guidelines;

3 Customised welcome packages to introduce all operating segments within the organisation in a fun and engaging way.

Development
For staff in all stages of their career we have our People & Development programme in place based on a three track concept; onboarding, advancement and professional. The first two were introduced in 2020 and 2021 respectively, the development of the professional track was key focus in 2022. The needs for this track were identified in consultation sessions and interviews with higher management, and resulted in a framework for the program that will be developed further in 2023.

In 2022, an updated performance review cycle was launched to evoke continuous, open dialogue about contributions and development between managers and their employees. To introduce this new approach on performance development, several actions were taken in the year under review:

- Management and team leaders were trained in conducting constructive conversations and in utilising the accompanying system Dialog to record and process performance on an ongoing basis.
- Staff was informed, trained and encouraged to formulate and act upon their individual development and performance goals in Dialog. This was done via online training, mailing campaigns, and publication of user manuals and informative blogs on the Company intranet.
- Complementary to the performance review cycle, personal coaching tracks were conducted to stimulate performance and internal mobility.
- Team coaching sessions were provided throughout the year to gain (even) better insight into team dynamics of managers and their teams as well as between team members.

Be diverse and inclusive

This section covers material topic 7

Companies thrive when its employees thrive. This requires a working environment in which people feel a sense of belonging and purpose. B&S believes in the power of diversity and inclusion to enrich our workplace and grow our business. Each of us matters in spurring innovation and creativity. Having diverse teams with various backgrounds and cultures enables us to better serve the markets in which we operate.

Why important

B&S believes in the power of diversity and inclusion to enrich our workplace and grow our business. Having diverse teams with various backgrounds and cultures enables us to better serve the markets in which we operate.

Commitment

We will cultivate an inclusive work environment that fosters and is respectful of different ideas, perspectives, and beliefs. We believe that every B&S employee deserves to feel welcome, valued and safe.

Our approach

We will achieve this by ensuring equal opportunities and fair treatment for all employees in order to attract people from the broadest talent pool.

Target

30% female in senior management.

Our plan for action

Recruitment	We provide equal opportunities and pay from the start.
Work environment	We cultivate a work environment in which an employee's identity in no way influences their career path and opportunities. Employees feel safe to voice any concern.
Awareness and communication	We remove bias and believe people excel and stay when they feel a sense of belonging.

Attracting the talent of the future

In order to attract talent in an increasingly competitive market, we introduced a central, global approach – following our one brand approach - in 2022 that is deployed country specific as needed (in terms of specific channels). Our global careers website enables candidates to quickly find information and jobs in their chosen field of work, career level and location.

To stimulate referrals and internal rotation, a communication approach was implemented including an internal vacancy platform for easy application, an updated referral policy and regular updates on job vacancies.

Activities & achievements in 2022

Recruitment

Recruitment of staff is done on the basis of equal opportunity. We strive to provide equality of opportunity as an employer to all staff and potential staff in terms of remuneration, recruitment, promotion, training and access to opportunities.
The principles of equal opportunities are well embedded in our company's approach and objectives in respect of our workforce. To underline our commitment, in 2022 we published our equal employment opportunities statement on our career website.

Work environment

Providing a diverse and inclusive work environment that takes into account shifting societal, personal as well as economic expectations and standards is key to our diversity and inclusion approach. As part of our "Reach with Impact" sustainability strategy that was launched August 2022, we refreshed and published an enhanced plan of action including the following priorities:

- We pay attention to and create awareness of equal opportunities during (salary) assessments and in the context of promotions.
- We have a zero-tolerance policy against disrespectful, hostile, and violent behaviour of any kind and take all harassment complaints seriously. This includes bullying, violence, discrimination, (sexual) harassment, abuse, intimidation, and exploitation.
- We report, and encourage others to report, incidents of harassment or retaliation to our Human Resources representative, designated confidential representatives, or anonymously using the external hotline. To this end we have a whistle-blower policy in place that is published on the corporate website.
  In 2022, no matters were reported.
- Managers will be trained to be attentive to possible cases of intimidation or harassment and to create a safe environment for employees to report potential violations.

Awareness and communication

As part of our "Reach with Impact" sustainability strategy, we formulated priorities to promote our Diversity & Inclusion (D&I) stance, both internally and externally. These priorities are:

- We communicate with each other in a respectful way and consider the impact of our behaviour on the well-being of others.
- We are committed to upholding our Diversity & Inclusion (D&I) purpose, at all levels within the organisation.
- We offer developing programmes and training aimed at diversity and inclusion.
- We share personal stories of employees, attend events focused on D&I, and create an internal network of employees who serve as ambassadors/a think tank and contribute to the D&I policy.
- We make managers and employees aware of their own unconscious and conscious prejudices and do not manifest them in the workplace.

In 2022, an internal network of female employees was introduced to serve as ambassadors for diversity representation in management positions. To drive engagement and representation within the organisation, we support them in developing initiatives, attending relevant conferences and sharing their personal experiences.

Performance

	2022
% male/ female all employees	51% / 49%
% male / female in senior management	80% / 20%

Schooling project in Senegal

B&S partners with Kemi Malaika Foundation

Business priority: Empowered people
Material topic: Engage with our community

Every day, shipments of beauty products and consumer goods leave the Veendam and Delfzijl warehouses of B&S for destinations around the world, including Africa.

This time, B&S collaborated with the Kemi Malaika Foundation and its transport partners to ship equipment to the Kaplan School in Senegal. We used our ocean freight contracts to do so, beginning with one container with 13 tons of school equipment in the summer of 2021 and followed by a second container in early 2022. In the meantime, B&S also helped negotiate the shipping of nine containers with prefab building materials for the school.

After production delays and delays at the port slowed down the shipment, B&S got involved and used its long-term contracts to expedite the shipping process.

B&S was honoured to lend a helping hand and use its warehouses and network to ship all containers to Senegal. In 2022, the Kaplan School welcomed 1200-1500 students from the Somone area, up from 250 students in the years prior. Thanks to the Kemi Malaika Foundation and all the schools that donated, many more children will have access to good education and sports activities.

Read full story

Engage with our community

This section covers material topic 8

Why important

Certain regions and communities in the world are unfortunately unable to support themselves due to poverty locks or government failure. Proactively giving back to those in need is something we see as a moral obligation.

Commitment

We will support and contribute to the communities we operate in.

Our approach

We achieve this by seeking and promoting volunteer opportunities, making donations to (local) organisations, and initiating social impact projects.

Targets

5 NGO collaborations per year
8 hours annual volunteering budget per employee
3 social impact projects per year

Our plan for action

Donations	We provide in-kind and monetary donations to those in need by collaborating with various NGO's.
Volunteering	We stimulate our employees to participate in volunteering projects, as a team or as an individual.
Social impact projects	We work together with our suppliers in developing countries to ensure safe working conditions and safeguarding the environment.

Activities & achievements in 2022

Donations

- We formalised our partnership with the Dutch food banks through closer collaboration and donations of both food and non-food items to those in need. In 2022, 5,4% of our unsold food was donated.
- We supported the Kemi Malaiki Foundation with storage and shipping services for a school project in Senegal.
- We made a monetary donation to the Red Cross for emergency relief in Ukraine (€ 100,000) and donated in total 85,000 food, personal care and medical items for refugees at border regions.
- Both B&S and our B&S Health segment collaborate with Trees for All; a not for profit organization focusing on reforestation projects across the globe. In 2022, 590 trees were planted as part of this collaboration.
- Our Personal care segment contributes to Stichting Jenga, a not for profit organization focussing on providing better health and education for children and their communities in Africa.
- We continued providing guided work placements for people with a distance to the labour market in our Dutch logistics operations of Topbrands.

Volunteering

We started with the development of a programme to promote and enable employee volunteering during working hours. We plan to roll out a pilot project in the first half of 2023.

Social impact projects

We have yet to define the social impact projects to which we want to contribute. In 2023, we will publish our community engagement policy which will outline into more detail our plan of action until 2030.

Performance

	2022
Collaboration with NGOs	5
Monetary donations	120,450
In-kind donations of products	84,997

Outlook Empowered People

In 2022 we have established a clear set of ambitions to work towards 2030. At the same time, we will continue to refine our plan of action per material topic for year-on-year progress, and progress our reporting on key performance indicators as introduced in 2022.

Key projects we will be focussing on in 2023

- Employee engagement survey
- Launch of our new online learning platform
- Launch of our volunteering platform
- Publication of our community engagement policy
- Improved safety reporting and monitoring
- Implementing improvements related to quantitative reporting

Sustainable value chain

Enjoying our products today, whilst safeguarding tomorrow's planet

Our ambitions for 2030

- Decrease the environmental footprint of our own operations
- Create business opportunities for a sustainable and future-proof value chain
- Maintaining high ethical standards with all our stakeholders

The applicable SDGs

A joint effort
Making logistics more sustainable

Business priority: Sustainable value chain
Material topic: Take climate action

For every shipment B&S makes, our logistics team selects the best transportation option based on different criteria such as the type of product, destination and customer's requirements. And while the transport options are various - by truck, barge, air cargo, sea freight, or a combination thereof - the impact of each shipment is a factor that plays an increasingly important role.

Joel Haas, Logistics Director: "We are working to maintain a high level of service to our customers while looking for transport alternatives to achieve our CO_2 reduction goals. In collaboration with our business partners and the support of our Board, we began looking into transporting goods by barge. On average, barge transport can result in up to three times less CO_2 emissions compared to alternatives such as trucks.

To determine whether barge transport was a viable option, we needed the expertise of colleagues across the organisation, from sales to sustainability. We had conversations to explain what we were doing, why we were doing it, and invited their input. We ultimately determined that for more orders than initially thought, barge transportation is a viable option."

Read full story

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Take climate action

This section covers material topics 13 and 14

Why important
Climate change is one of the biggest challenges we face today. Scientists are clear: we all must act now to limit the average temperature rise to 1.5°C as only then we can avert the most damaging impacts of climate change. This means that as society we must cut our emissions in half by 2030 (compared to 2010) and reach net zero emissions by 2050. In addition, reducing our own carbon footprint enables us to be prepared when new regulations will be enforced as well as answer to requirements we receive from various customers.

Commitment
We will be climate neutral by reaching net zero CO_2 emissions of our own operations by 2030 and we will reduce our CO_2 emissions from the transport of consumer goods in line with science-based targets.

Our approach
We will achieve this by implementing energy-efficient ways of working, using renewable energy sources for our own operations, and collaborating with our business partners along the value chain in order to transport goods in a more environmentally friendly manner.

Targets
Net zero CO_2 emissions as per Science Based Target initiative
100% renewable energy
100% natural refrigerants
100% electric lease in 2030

Our plan for action

Reduce energy and fuel consumption	We reduce our energy consumption by implementing energy-saving measures, combining product shipments, using less carbon-intensive modes of transport such as barge transport when possible, and carefully selecting our hub locations.
Use renewable energy and fuels	We maximise the use of renewable energy sources and partner along the value chain to promote and invest in alternative fuel options.
Be climate proof	We add more greenery to our premises, compensate remaining unavoidable CO_2 emissions through our eco-restoration and reforestation fund as well as ensure our CO_2 reduction targets are in line with science based targets.

Activities and achievements in 2022

Reduce energy and fuel consumption

- In our Dordrecht facility, we replaced gas heating systems by a geothermal heat pump and a heat recovery system. This resulted in a decrease of gas consumption with more than 40% compared to 2021 equalling to a reduction of 72 tonnes CO_2.
- In our Farmsum office, roofing insulation was improved and all lights in our Amsterdam warehouse was replaced with LED.
- Our sales departments encourage customers to consolidate orders as much as possible to optimally use the space of the container / in order establish full container load movements.
- As our Dordrecht and Farmsum facilities are closely located to barge terminals, we increased efforts of upscaling transport movements via barge instead of via road as this transport mode emits significantly less emissions. In 2022, 28% of our full container loads were transported via barge resulting in 426,300 km transport avoided by road.

Use renewable energy and fuels

- Since January 2022, all but one of our Dutch premises use renewable electricity being derived from Dutch wind.
- Our solar park in the Netherlands consist out of nearly 9,800 panels and generated 3,890,047 KwH in 2022. Our investments in solar saves on energy costs, makes us less vulnerable for price fluctuations and foresees in the securing of supply of our energy needs.
- In the Netherlands, certain employees are eligible for a lease car contract and we encourage employees to transition towards electric lease through discounts. In 2022, 19% of all lease contracts were electric lease and we have 38 charging stations across various Dutch locations.

Be climate proof

In 2022, we committed ourselves to setting science based reduction targets through the Science Based Targets Initiative (SBTi). We aim to submit our climate targets for validation in 2023.

This methodology will help us to determine emissions reduction targets and concrete climate proof reduction plans for not only our own operation (scope 1 and 2 emissions) but also for sustainable distribution solutions and our product portfolio (scope 3 emissions). Assessing which products are responsible for the highest CO_2 emissions based on the production process and ingredients used, lay the foundation for extending our product range with alternative options that emit less CO_2.

Performance

In 2022, our total CO_2 emissions reduced with 3,533 tonnes (2,021; 2022 and 5,554; 2021), which is an improvement of 63% of our carbon intensity (CO_2 emissions per m^2). This significant reduction can for the largest part be contributed to our transition towards the consumption of renewable electricity instead of non-renewable (78%; 2022 and 6%;2021). In addition, overall electricity consumption reduced with 2% compared to 2021 due to our continued consolidation efforts of our warehouse facilities. Gas consumption decreased with 14% compared to 2021 as a result of the installation of a heat recovery system in Dordrecht and overall a much better temperature control.

Due to its cooling facilities, our Dordrecht location contributed the most to our electricity consumption (46%). This facility has also its own solar park (8,400 panels) which was, in contrary to 2021, operational throughout the full year. Together with our solar system in Amsterdam (1.400 panels) our consumption of self-generated electricity increased with 221% (1,201.648 KwH). Furthermore, in the Netherlands, we compensated 525 tonnes of CO_2 emissions as a result of our gas consumption through 'Waarborg Gas'.

The reduction in electricity and gas consumption, as well as an increase in our m² resulted in an improvement of our energy efficiency with 12% (0.30 GJ/m²; 2022 and 0.34 GJ/m²; 2021).

CO_2 emissions	2022	2021
Scope 1	1,278	1,473
▪ Refrigerants	47	45
▪ Gas consumption	1,231	1,428
Scope 2: electricity consumption	743	4,082
Total CO_2 emissions	2,021	5,554

	2022	2021
CO_2 intensity	0.01	0.03
Energy intensity (GJ gas and electricity consumption/m²)	0.30	0.34
Share renewable electricity	78%	6%

Energy consumption	Kwh		GJ	
	2022	2021	2022	2021
Total gas consumption	6,773,974	7,854,347	24,386	28,276
▪ Spain	-	-	-	-
▪ USA	3,904,035	4,020,356	14,055	14,473
▪ NL	2,869,940	3,833,991	10,332	13,802
Total electricity consumption	9,349,843	9,547,924	33,659	34,373
Total electricity consumption non renewables	2,083,194	9,004,356	7,499	32,416
▪ Spain	57,014	63,283	205	228
▪ USA	1,310,980	1,056,890	4,720	3,805
▪ NL	715,200	7,884,183	2,575	28,383
Total electricity consumption renewables	5,521,433	-	19,877	-
Total electricity consumption self-generated	1,745,216	543,568	6,283	1,957
Total energy consumption KwH	16,123,818	17,402,271	58,046	62,648

From waste to resource

PreZero and B&S tackle waste together

Business priority: Sustainable value chain
Material topic: be resource conscious

Being resource conscious is a key pillar of our 2030 sustainability strategy. Supporting a circular economy and managing waste streams responsibly are part of that journey.

Kachiri Brugts, Facility Director at B&S: "In PreZero, we've found a partner to assist us in shaping our waste management ambitions. They're helping us to gain insight into our waste streams, track our progress towards our goals, and enable us to correct course when needed.

The first step is to increase awareness. Because we have to work together to accomplish our goals. We want to make things as easy as possible for all our employees, either working in warehouses or offices.

The second step is to analyse and monitor the data of our waste streams. Being resource conscious truly starts with understanding what you're throwing away and how you're disposing of that waste. We look at our own waste streams differently now and see new opportunities. Along the way, we discover that there are so many improvements we can make that will benefit not just the planet, but our business as well."

Read full story

Be resource conscious

This section covers material topic 15

Why important
Global consumption of raw materials such as biomass, fossil fuels, metals and minerals is expected to double in the next forty years, while annual waste generation is projected to increase by 70% by 2050. This linear take, make, use, waste process is not sustainable and in the long run we will run out of natural resources. Moving towards a circular economy is a given; by not taking more than what our earth can replenish and by reusing, repurposing, and recycling products as much as possible.

Commitment
We will send zero waste to landfill by 2030 and contribute to a circular economy.

Our approach
We will achieve this by preventing (packaging) waste, optimising recycling efforts and by using sustainable materials for packaging, buildings and retail shops.

Targets
Waste:
- zero waste to landfill
- 80% recycling of waste
- 50% less food and medical waste.

Packaging[1]
- 20% less packaging materials
- 95% recyclable packaging
- 100% FSC and/or recycled cardboard
- 50% recycled plastic packaging

[1] Packaging used in logistics and specialty brands being our private label brands and licensed brands.

Our plan for action

Waste as a resource	We see waste as a valuable resource which should be segregated optimally to enable recycling. We will reduce waste generated in our warehouses and shops, optimise its recycling potential and eliminate waste going to landfill.
Sustainable packaging materials	We use sustainable and renewable packaging materials in our warehouses and our specialty brands. We reduce the amount used, use more sustainable materials and ensure that packaging materials can be recycled.
Optimise material use	We aim to optimise the use of building materials and use renewable and sustainable materials in our business processes.

To meet our set waste targets, analysing our food waste data was one of our key priorities in 2022.

Activities and achievements in 2022

Waste as a resource

To meet our set waste targets, reducing food waste has been one of our key priorities in 2022. To this end we took various steps:

- We have improved our stock management practices by better management of products that are nearing their Best Before Dates.
- We strengthened our collaboration with the Dutch Food Bank through meetings with the local food bank as well as the national board. Our purchase department was put in the lead to provide bi-weekly donation updates to the local food bank in Dordrecht. These efforts support those in need and at the same time reduces our food waste.

At Group level, clear efforts in raising awareness and embedding our recycling efforts and best practices were undertaken:

- Recycling efforts are undertaken in our warehouses in the Netherlands, Spain and the USA. Various waste streams are segregated to the extent the local waste infrastructure permits us in doing so.
- Previously our food waste was sent out as generic waste; since December 2022 we started sending remaining food waste that could no longer be donated due to damages or passed use by dates to a biogas installation. This is done in collaboration with our waste partner.
- To further improve our efforts, we prepared a waste recycling campaign for our Dutch warehouse staff which is aimed to launch early 2023, explaining why recycling is important and how to best segregate our various waste streams. This also includes optimising and clarifying the recycling bin locations facilitating operational efficiency.
- In order to track progress and identify further improvement, we started to integrate waste recycling results in our existing monthly multidisciplinary team meetings in which our warehousing, facility and quality teams are represented.

Sustainable packaging materials

- In order to combat deforestation, we started transitioning towards purchasing FSC and/or recycled cardboard boxes that we add in logistical processes in 2021. In 2022, all paper and cardboard packaging used in the Dutch facilities originates from recycled pulp and/or FSC or equivalent sources.
- We initiated the development of a packaging information system, enabling us to register all packaging details of the products we sell. It's planned to go live in the second half of 2023.
- We conducted a baseline of quantities and types of packaging materials used in our logistics operations under our operational control. This enables us to start making targeted alterations in areas with most impact.
- We replaced the packaging of our private label brand Mitone (Consumer Electronics) by removing plastic items and using FSC paper and cardboard.
- For their private label brands, Topbrands is also replacing plastic packaging with FSC certified paper and cardboard. This will enable better recycling by consumers and is estimated to result in saving 8,000 kilos of plastic annually.

Optimise material use

In 2022, we developed our 'sustainable building requirements guide' which is based on BREEAM principles[1] by taking amongst others circularity, sustainable building materials and energy saving measures into account. Our two new built projects in the north of the Netherlands will be developed along these principles. Our facility department aligns with our sustainability department to ensure proper implementation and execution.

[1] Building Research Establishment Environmental Assessment Method. It is a leading and widely used method of assessing, rating, and certifying the sustainability of buildings.

Performance

The ratio food waste versus food sold (tonnes/€ million) totalled 0.99 in 2022 (base year). Overall we donated 16.77 tonnes of food to the Dutch Food bank, meaning we managed to donated 5.4% of our unsold food to those in need.

Food waste & donations	2022
Foodwaste (tonnes)/Food sales (€ million)	0.99
Unsold food donated (%)	5.4%
Food donated in tonnes	16.77

In 2022, we purchased / used 1,303 tonnes of packaging materials, of which 1,187 tonnes paper/cardboard and 116 tonnes plastic.

Packaging in tonnes	2022
Total packaging purchased	1,303
Paper/cardboard	1,187
Plastic	116

In 2022, we generated 1,293 tonnes of waste, of which 50% was being recycled. The majority of waste consists out of paper/cardboard (36%), followed by generic waste (29%) and food waste (27%). At the end of 2022, we started diverting organic waste to biogas installations. Besides enabling more segregation possibilities of common waste types such as plastic and glass, we also initiated the recycling of coffee waste (2.387 kg) and coffee cups (420 kg).

Waste in tonnes (2022)	Recycling	Biogas	Incinerated with energy recovery	Landfilling	Total
Non-hazardous waste	559.86	84.13	624.90	16.34	1,285.22
▪ Generic waste	0.42	-	374.44	5.20	380.06
▪ Glass	0.82	-	-	-	0.82
▪ Metal	25.00	-	-	-	25.00
▪ Organic waste	2.39	84.13	250.46	7.76	344.73
▪ Paper/cardboard	464.58	-	-	-	464.58
▪ Plastic	65.17	-	-	3.38	68.55
▪ Wood	1.48	-	-	-	1.48
Hazardous waste	-	-	7.33	-	7.33
▪ Medical waste	-	-	6.11	-	6.11
▪ Other	-	-	1.22	-	1.22
Total waste in tonnes	559.86	84.13	632.23	16.34	1,292.55

With care, for care

Topbrands by B&S develops sustainable private labels

Business priority: Sustainable value chain
Material topic: Responsible sourcing practices

Topbrands offers quality personal and home care products to customers around the world, with a portfolio ranging from A-Brands to own brands. The Topbrands private labels such as Sence and At Home are always evolving – for the benefit of our customers, consumers, and the planet!

Angelique Michels, Director Brand, Private Label & Licenses at Topbrands: “We’ve worked closely with our production partners to improve our private label formulas, using natural and more sustainable ingredients whenever possible. The moisturising face masks are now made of certified organic bamboo which saves 15,000 kilos of plastic per year. The glycerine in personal care products and beeswax in lip balms have been replaced with vegan variants. We showcase that we can achieve the same quality using environmentally friendly and animal friendly ingredients. We also replaced plastic with FSC certified paper and cardboard, so that the packaging can be easier recycled after use. And, we chose to leave out non-recyclable decorations like bows and ribbons whilst still having appealing designs.”

In total, Topbrands removed plastic components from 2 million packaging items saving 8,000 kilos of plastic annually.

Read full story

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure responsible sourcing practices and offer sustainable products

This section covers material topics 11 and 16

Why important
Climate change, resource depletion, biodiversity loss and ecosystem degradation, inequality and extreme poverty are some of the major challenges we face as a society. Societal factors such as increased obesity, aging populations and pollution induced respiratory problems form a growing pressure on our health system.
In addition, due to regulatory developments and increased awareness amongst consumers companies are expected to know where and how the products they sell are produced; whether human rights, the environment and animal welfare are safeguarded. As such, our product portfolio is an essential component in our sustainability approach.

Commitment
We will make sustainable consumer goods available to everyone, anywhere.

Our approach
We will achieve this by investing in responsible sourcing practices and offering sustainable brands and products

Target
2,000 of the products we sell are considered to be 'a more sustainable choice' by 2030.

Our plan for action:

Responsible sourcing practices in our supply chain	We require our specialty brand suppliers to sign our Supplier Code of Conduct and to have a recognised sustainability management system in place. Further, regular suppliers from medium and high-risk countries must also sign our Supplier Code of Conduct. To optimise our progress towards responsible sourcing practices, we will collaborate closely with our key strategic suppliers to identify and implement more sustainable practices.
Offer and promote sustainable choices	We offer sustainable and affordable brands and products across our focus groups of beauty, liquors, personal care, food, health, and consumer electronics. We actively engage with our customers to promote more sustainable choices.

We collaborate with various brands in different product categories that have sustainability as their core purpose.

Activities and achievements in 2022

Responsible sourcing practices in our supply chain

- From 2022 onwards, all producers for our Mitone electronics and Topbrands private labels are audited against the social compliance scheme of BSCI/ Amfori.
- We developed the Supplier Code of Conduct[1] which describes our expectations towards our suppliers regarding good business conduct, human rights and labour conditions, health and safety, and safeguarding the environment. We plan to further integrate a risk based due diligence approach as part of our Know our Relations (KYR) procedures in 2023.
- To actively participate in discussions and further development of responsible sourcing practices within our industry, our sustainability manager sits in the think-tank of Evofenedex (business association for trade & logistics) regarding responsible sourcing and due diligence regulations.

Offer and promote more sustainable choices

- We collaborate with various brands that have sustainability as core purpose. Examples include but are not limited to Tony Chocolonely, House of Marley, Meatless Farm, Naïf and Flor de Caña.
- Our private label team from Topbrands is working closely with their production partners to improve formulas by using natural and more sustainable ingredients whenever possible. For example, the moisturising face masks are now made of certified organic bamboo which saves 15,000 kilos of plastic per year. In addition, glycerine in personal care products and beeswax in lip balms have been replaced with vegan variants.
- We developed a 'sustainable product' scorecard which provides the basis for assessing our product portfolio against sustainability criteria. The scorecard includes sustainability parameters linked to ingredients, (packaging) materials and production methods and includes internationally recognised sustainability standards and social compliance schemes.
- We initiated the development of a product data management system enabling us to register and monitor the sustainability characteristics of the products we sell. It's planned to go live in the second half of 2023.

Outlook sustainable value chain

With the launch of our sustainability strategy in 2022 we set a clear roadmap for 2030. Yet we will continue to refine and update our plans of action. Key projects for 2023 will amongst others be:

- Integration of sustainability aspects within annual segment plans;
- Implementation of our waste recycling and food waste programme;
- Providing sustainability training for purchase and sales teams;
- Mapping and expanding our sustainable product portfolio;
- Continuous improvements on reporting and data management;
- Conducting a climate risk assessment;
- Integration of ESG due diligence into our existing Know Your Relations procedures.

Certifications

MSC chain of custody:	B&S B.V. Dordrecht
SKAL organic chain of custody:	Anker Amsterdam Spirits B.V., Amsterdam
ISO 14001:	B&S B.V. Dordrecht
ISO 9001:	LaGaay Medical B.V. Rotterdam, B&S B.V. Dordrecht
ISO 45001:	B&S B.V. Dordrecht

[1] The code is based on the OECD Due Diligence Guidelines for Responsible Business Conduct, the principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the Fundamental Conventions of the International Labour Organization (ILO), the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Good care, while travelling

B&S partners with Naïf skincare

Business priority: Sustainable value chain
Material topic: Responsible products

Naïf is a fast-growing brand that creates personal care products with an all-natural approach, from the ingredients it uses to the way it delivers them to its consumers.

While already having an established presence in multiple domestic markets, Naïf turned to B&S for opening up other key markets such as Duty-Free and Travel Retail.

In turn, B&S is prioritising the implementation of responsible sourcing practices and building a product portfolio based on sustainability accreditations.

Consequently, the match between Naïf and B&S was ideal. B&S provided full support with a comprehensive brand strategy and a dedicated team to position Naïf's skincare products among European travelling families.

After one year of partnership, Naïf has acquired deep understanding of its consumer in travel retail and has expanded into other categories, such as sun care.

Read full story

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Commercial excellence

Being a trusted business partner

Our ambitions for 2030

- Create long term value for our stakeholders by pursuing sustainable and profitable growth
- Build and expand unique positions in diversified markets and expand our role in the value chain
- Be a responsible, well-respected and reliable organisation

The applicable SDGs

Security & data privacy

This section covers material topic 10

Commitment
We will set up and adhere to the right policies and control framework to keep business, customers, and employees' data safe as well as to ensure restricted access to our sites.

Cyber security and data privacy
We safeguard critical business and personal information and respect personal information of our people and our customers as is required per the General Data Protection Rule. We ensure that appropriate privacy and information security controls are in place, and take appropriate steps to protect it from loss, misuse or alteration by technical measures like firewalls, intrusion detection and prevention systems, and passwords and encryptions.

Organisational measures are performed and enhanced on an ongoing basis and include training staff on cyber security, identifying data incidents and risks, and restricting staff access to personal information.

Activities and achievements in 2022
Privacy and data protection
To meet our social responsibilities, remain compliant with the increased and evolving regulatory framework and ensuring 'privacy by design' in offering our products and services, a targeted action plan was developed to bring our privacy and data protection commitment to the next level, along with the ongoing developments in the privacy landscape and our internal business developments. These actions include, amongst others, assuring adequate safeguards for data leaving the EER, third party risk management, accountability and awareness, risk assessments, policies and procedures, transparency, data lifecycle management and audits. Further, a dedicated 'legal counsel privacy' has strengthened our legal team.

Our targeted action plan brings our privacy and data protection commitment to the next level.

Cybersecurity

Due to ongoing expansion of operations through acquisitions and addition of local hubs, B&S continues to invest in the standardization and centralisation of IT assets to swiftly implement boundaries and restrictions at central level. Specific progress in 2022 related to cybersecurity included:

- The implementation of a dedicated security and compliance team that was recruited internally. Key tasks of this team include policy development, process checking, carrying out audits of IT environment in close collaboration with the Internal Audit function and performing internal pen-testing.
- In the year under review, a roadmap for ISO certification was put in place and progressed as planned with the achievement of ISO 27001 and ISO 22301 certification. In 2022, no identified leaks, thefts or losses of customer data were reported.
- We upgraded our cybersecurity awareness and training capabilities in collaboration with an external party. This resulted in the introduction of mandatory staff training facilities per January 2023.
- Additional security aspects for new project initiations were implemented internally in close collaboration with our Project Management Office and Managing Directors. Formalisation of this process will continue in 2023.

Security & restricted access

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

Activities and achievements in 2022

We continued the implementation of security improvements based on our Risk Inventory & Evaluation (RI&E) Action Plan for all our Dutch locations. The key elements of improvement were:

- A visitation policy was implemented in all sites in the Netherlands. In addition to visitation, intruder tests, mystery guest actions and workplace inspections are part of this policy;
- A visitor registration portal was developed and implemented in the largest facilities in the Netherlands. As a result, visitors and external contractors are registered internally prior to the visit, reducing the risk of unauthorized access;
- A Security reporting portal in all sites in the Netherlands was implemented, to easily and similarly report/register security-related incidents.

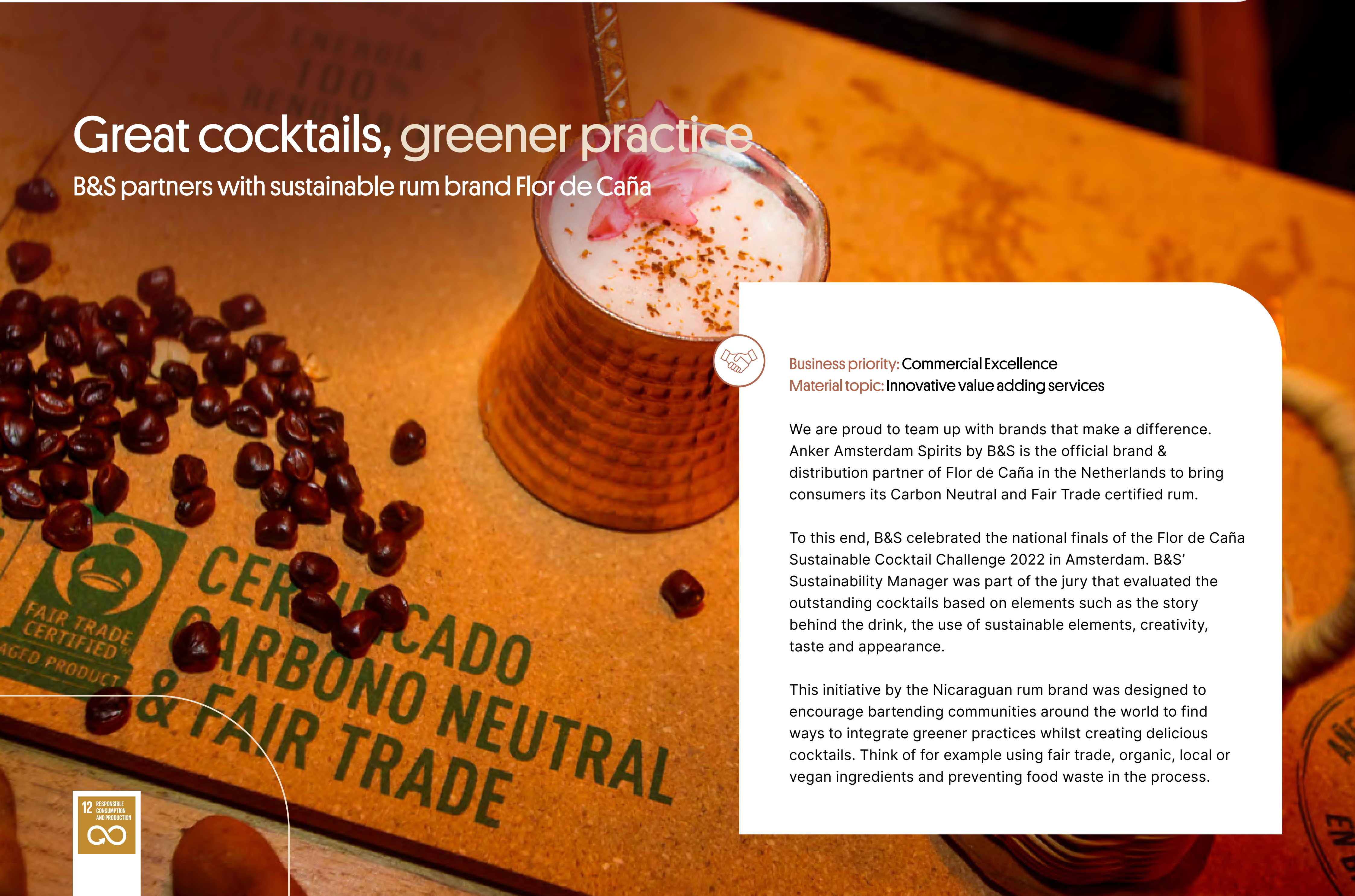
Further optimisation and roll out to other locations of B&S will continue in 2023.

Performance

	2022
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0

Great cocktails, greener practice

B&S partners with sustainable rum brand Flor de Caña



Business priority: Commercial Excellence
Material topic: Innovative value adding services

We are proud to team up with brands that make a difference. Anker Amsterdam Spirits by B&S is the official brand & distribution partner of Flor de Caña in the Netherlands to bring consumers its Carbon Neutral and Fair Trade certified rum.

To this end, B&S celebrated the national finals of the Flor de Caña Sustainable Cocktail Challenge 2022 in Amsterdam. B&S' Sustainability Manager was part of the jury that evaluated the outstanding cocktails based on elements such as the story behind the drink, the use of sustainable elements, creativity, taste and appearance.

This initiative by the Nicaraguan rum brand was designed to encourage bartending communities around the world to find ways to integrate greener practices whilst creating delicious cocktails. Think of for example using fair trade, organic, local or vegan ingredients and preventing food waste in the process.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Product quality & safety

This section covers material topic 12

Commitment

We will ensure high-quality products and prevent health risks arising from sale, use, consumption, handling, preparation, and storage throughout the value chain.

Activities and achievements in 2022

Storage of dangerous goods

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

In 2022, our Seveso-III compliance was reconfirmed after inspection performed by the environmental services.

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 food warehouse in Dordrecht is ISO 22000;2018 certified, and applies a high-level risk management system. This certification demonstrates to our stakeholders our dedication to complying with international food safety standards.

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

Over 2022 we have proactively upheld our compliance to food safety standards and regulations. These efforts include the following;

- Internal audit and external audit related to ISO 22000 certification with positive result;
- We encountered six recalls - all of which initiated by suppliers – that were dealt with adequately under supervision of the NVWA;
- The annual Food safety training was provided to personnel in the B&S Food segment.

Customs & compliance

This section covers material topic 9

Commitment
We will ensure compliance with all relevant rules and regulations to uphold our relationship and status with authorities, suppliers, and customers.

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 allows us to work in close cooperation with customs authorities to assure the common objective of supply chain security based on the principles of mutual transparency, correctness, fairness and responsibility. We are subject to the Union Customs Code (UCC), the EU regulation that provides rules and procedures for products that are brought into or are taken out of the customs territory of the European Union.

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

Know Your Relations procedures
Strict Know Your Relations (KYR) procedures are in place for the acceptance of new customers, suppliers and other business relations.

- We have anti-bribery, anti-corruption and anti-money laundering (AML) policies in place that apply to all our staff. We expect our suppliers, customers and business partners to adhere to the same standards. To reinforce our stance, in 2022 we published our Supplier Code of Conduct.
- 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 business ethics.
- Creditworthiness of new relations is checked upfront, and their Ultimate Beneficial Owner(s) data is checked against the OFAC and the EU Sanctions list. Established relationships are monitored on compliance standards by an automated check that is performed on all business relations every two weeks.
- In 2022 we finalised the implementation of digitally onboarding new business relations, and re-assessed our existing supplier and client relations globally. As part of our regular process (including the automated compliance checks), 1,981 business relations were discontinued in 2022.

Performance

	2022
Confirmed incidents of corruption and actions taken	0
Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	0

Enhancing choice and innovation

Partnering with sustainable brands in electronics

Business priority: Commercial Excellence
Material topic: Long term business relations

Offering sustainable products is a key pillar of our 2030 sustainability strategy. We partner with sustainable (branded) suppliers and continuously seek optimisations for our own brands.

One great case in point is Capi by B&S, known for our innovative consumer electronics retail stores in airports around the world. Capi expanded their product range with the latest in sustainable electronics, from salmon leather phone cases to eco-friendly bamboo headphones. And we are removing plastic items in packaging.

Eline Westerhof, Head of Category Management: “As part of our commitment to offering sustainable products, we are investing in responsible sourcing practices. Suppliers must follow our strict standards for human rights, labour conditions, the environment, and anti-corruption. We are on track to work with 100% externally certified suppliers by 2030. For our private label Mitone, we already work exclusively with BSCI certified factories.”

Our Capi customers can expect to see more and more environmentally friendly products in our stores to enhance their travel experience.

Read full story

Material topics related to Financial performance

Performance and progress on the following material topics within our “Commercial Excellence” pillar can be found in the [financial performance] and the [segmental performance] sections of this report

Business growth & profitability

Material topic 1

Commitment: We will further expand our business through investing in organic growth and acquisitions whilst remaining long-term profitable.
Read our organic and acquisitive growth strategy in the Value Creation section of this report.

Long-term business relations

Material topic 2

Commitment: We will uphold a good reputation with business partners and focus on adding value to our partners’ businesses to support their growth and our own.
Read our approach to value creation in the Value Creation section of this report.

Innovative value adding services

Material topic 4

Commitment: We will promote innovative and digital technologies to enable efficient ways of working and to create new ways of conducting business such as digital commerce, marketing, and brand development.
Read our approach in the Value Creation section of this report.

Material topic related to Governance

Governance & Accountability

Material topic 3

Commitment: We will continue to implement policies and practices to ensure accountability, compliance with reporting requirements and robust risk management execution to meet stakeholders’ expectations.

Review in 2022

As per the end of 2022, a financial relation between - at that time CEO of B&S - and a company owned by the majority shareholder of B&S surfaced that should have been disclosed in the Annual Report of 2020 and 2021.

As a result, the Executive Board and Supervisory Board (the Boards) initiated a review into the Company’s corporate governance policies and practices at the end of 2022. The outcome of this review can be found in the ‘Review of governance policies and practices’ chapter as part of the Governance section of this report. Further progress on Governance & Accountability matters are presented in the Governance and Supervisory Board Report sections in this report.

Financial performance

"Macro-economic developments clearly impacted our results in 2022."

Mark Faasse, CFO

Delivery on our financial targets[1]

Organic turnover growth
13.7%

Acquisitive turnover growth
1.1%

EBITDA margin
4.2%

Return On Invested Working Capital
19.9%

Net debt / EBITDA
3.7

Dividend pay-out
€ 0.12 per share

[1] Non-IFRS financial measures used are presented in the "Appendices" section of this report.

Profit or loss performance

€ million (unless otherwise indicated)	FY 2022 reported		FY 2021 reported		Δ (%) reported
Profit or loss account					
Turnover	2,148.2		1,869.5		14.9%
Gross profit (margin)	303.9	14.1%	287.3	15.4%	5.8%
EBITDA (margin)	90.9	4.2%	116.4	6.2%	(21.9%)
Depreciation & Amortisation	32.7		30.7		6.5%
Impairment of non-current assets	0.1		10.2		(100%)
Profit before tax	47.7		71.7		(33.5%)
Net profit	36.1		54.6		(33.9%)
EPS (in euro)	0.31		0.46		(32.6%)
ROIWC	19.9%		24.8%		
Financial position					
Inventory in days	82.6		88.1		
Working capital	455.7		470.1		
Solvency Ratio	32.8%		35.4%		
Net Debt	334.9		294.7		
Net Debt/EBITDA	3.7		2.5		

Turnover

The 2022 turnover increased 14.9% compared to 2021 levels. Organically, turnover increased 13.7% and was mainly driven by Liquors, Food and Retail. Acquired turnover contributed 1.1%, stemming from Europe Beauty Group in the B&S Beauty segment.

€ million (unless otherwise indicated)	FY 2022 reported	FY 2021 reported	Δ (%) reported
B&S Liquors	**649.7**	540.9	20.1%
B&S Beauty	**729.6**	675.7	8.0%
B&S Personal Care	**301.7**	276.4	9.1%
B&S Food	**329.6**	287.2	14.8%
B&S Health	**47.6**	46.7	1.9%
B&S Retail	**89.9**	42.5	111.5%
Holding & eliminations	**0.1**	0.1	0.0%
Total turnover	**2,148.2**	1,869.5	14.9%

Turnover split per segment

B&S Liquors

Turnover growth for the year was mainly driven by the absence of COVID restrictions in European markets, yet further growth was held back by rising consumer inflation from Q3 onwards. The growth in the international market was impacted by product scarcity and zero-COVID policies, which in particular affected Q4 sales – historically the strongest quarter.

B&S Beauty

Turnover increased following the acquisition of Europe Beauty Group and was aided by the positive EUR/USD exchange rate. Excluding the acquisition, turnover declined compared to 2021 due continued industry-wide product scarcity as well as rising consumer inflation from Q3 onwards.

B&S Personal Care

Turnover increased as a result of sales growth to key customers and growth of private label assortment, both aided by lifted COVID restrictions and well managed stock positions.

B&S Food

Turnover growth for 2022 was mainly driven by the Duty-free and Domestic markets in our Brand Distribution services. The Food distribution also recovered overall turnover by growing the Maritime business post COVID, which counterbalanced the lack of growth in the Remote business.

B&S Health

Turnover grew slightly compared to FY 2021 mainly as a result of continued recovery of the vaccine business related to travel and flu vaccines in the second half of 2022.

B&S Retail

Turnover more than doubled in 2022 because of higher passenger numbers, higher spend per passenger following the eased travel restrictions as well as new shop openings. In Q4, sales growth was less steep as Q4 2021 already benefitted from eased travel restrictions.

Gross profit

Gross profit amounted to € 303.9 million (2021: € 287.3 million). As a percentage of turnover, margins decreased from 15.4% to 14.1%. This was mainly due to consumer inflation leading to a shift from the premium to the main stream products in the Liquor segments, which comes at lower margins.

Operating expenses

Operating expenses increased from € 170.9 million to € 213.1 million. The increase of € 42.2 million is mainly the outcome of increased advisory costs, increased IT costs related to further development of the technology backbone and increased marketing costs driven by expanded Direct-to-consumer business.

EBITDA

As a result of the gross margin decrease, operating expenses increase and the provision for a doubtful debtor in the B&S Food segment, EBITDA decreased 21.9% to € 90.8 million (FY 2021: € 116.4 million). Corrected for the one-off provisions, EBITDA decreased 8.3% to € 106.7 million.
EBITDA margin decreased to 4.2% (FY 2021: 6.2%). Adjusted for the provision, EBITDA margin stood at 5.0%.

Group result for the year

Depreciation of tangible fixed assets and amortisation of intangible fixed assets amounted to € 32.9 million (2021: € 40.9 million).

Financial expenses increased to € 10.4 million (2021: € 3.9 million) as a result of increased lending rates. This resulted in profit before tax of € 47.7 million (2021:€ 71.7 million).

The effective tax rate stood at 24.3% compared to 23.9% FY 2021. As a result, net profit from continuing operations amounted to € 36.1 million (2022: € 54.6 million).

Net profit attributable to non-controlling interests amounted to € 10.0 million (2021: € 16.1 million). The decrease is mainly the result of declined contribution of FragranceNet. Net profit attributable to the owners of the Company amounted to € 26.1 million (2022: € 38.5 million).

Segmental performance

B&S Liquors

€ million (unless stated otherwise)	FY 2022 reported	FY 2021 reported	Δ (%) reported
Turnover	649.7	540.9	20.1%
Gross profit	62.0	56.9	9.0%
EBITDA	24.6	28.2	(12.5%)
EBITDA margin	3.8%	5.2%	

B&S Liquors saw sales increase by 20.1% while gross profit increased by 9.0% compared to FY 2021 due to consumer inflation leading to a shift from premium to main stream products. Staff costs increased due to additional FTE, leading to decreased EBITDA and EBITDA margin.

Our European Liquor wholesale saw the positive effects from lifted COVID measures while the launch of our B2C webshop that was rolled out across several European countries in the second half of 2022 contributed to results. However, from the second half onwards margins decreased because of the aforementioned consumer inflation.

Our international Liquor distribution was still impacted by zero-COVID policies and industry wide product scarcity that continued throughout the year. This impacted especially the fourth quarter which is traditionally the strongest quarter given the holiday season.

"Consumer inflation lead to a shift from the premium to the main stream product segment, impacting margins in the Liquor segment."

Arben Hajrullahu
Managing Director B&S Liquors

B&S Beauty

€ million (unless stated otherwise)	FY 2022 reported	FY 2021 reported	Δ (%) reported
Turnover	**729.6**	675.7	8.0%
Gross profit	**126.3**	126.7	(0.4%)
EBITDA	**46.9**	62.4	(24.8%)
EBITDA margin	**6.4%**	9.2%	

B&S Beauty increased turnover mainly resulting from acquired growth (Europe Beauty Group), yet saw margins slightly decrease driven by consumer inflation from the second half of the year onwards. EBITDA declined significantly following the lower margins combined with increased staff costs due to expansion of the online B2C business. Q4 2022 turnover was better than Q4 2021 as a result of the acquisition.

B2B and B2R sales were impacted by product scarcity and reduced spending levels. Online B2C continued turnover growth, driven by international geographical expansion. The EUR/USD exchange rate had a positive effect on sales levels in B2C. Margin growth however was held back by higher marketing costs and consumer inflation.

"Online B2C continued to grow turnover, while B2B and B2R sales were impacted by product scarcity and reduced spending levels."

Willem Tuk
Managing Director B&S Beauty

B&S Personal Care

€ million (unless stated otherwise)	FY 2022 reported	FY 2021 reported	Δ (%) reported
Turnover	**301.7**	276.4	9.1%
Gross profit	**50.5**	46.3	9.0%
EBITDA	**25.7**	25.3	1.6%
EBITDA margin	**8.5%**	9.1%	

B&S Personal Care increased sales by 9.1% while gross profit increased by 9.0% compared to FY 2021. This performance was driven by increased sales to key clients and well managed stock positions.

Further sales growth was held back by high purchase prices of the private label assortment due to raw material scarcity and increased transport costs.

EBITDA increased as well but growth was held back by higher deployment of temporary workers.

"Performance was driven by increased sales to key clients and well managed stock positions."

Bert Boersema
Managing Director B&S
Personal Care

B&S Food

€ million (unless stated otherwise)	FY 2022 reported	FY 2021 reported	Δ (%) reported
Turnover	329.6	287.2	14.8%
Gross profit	33.2	36.2	(8.3%)
EBITDA	(2.2)	3.1	(171.0%)
EBITDA margin	(0.7%)	1.1%	

In 2022, B&S Food increased sales with 14.8% over the full year compared to 2021. Turnover growth was primarily driven by the Duty-free and Domestic markets within our Brand Distribution services. Additionally, our Food Service distribution showed signs of recovery, with the Maritime and in particular the Cruise business growing post-Covid, compensating for the lack of growth in the Remote G&D business.
Throughout the year, digital transformation efforts have been prioritized which laid the groundwork for our future as a data-driven distributor, focused on delivering quality and added value services. Digital initiatives like EDI and B2B e-commerce proved successful with over 33% of all orders being received digitally at year-end, accounting for as much as 17% of the year's turnover. The newly launched King of Reach platform is expected to further streamline back-end operations, enhance our competitive advantage, and create ample opportunities for data-driven, scalable growth.
Gross profit decreased in absolute numbers and as a percentage of turnover due to the one-off provisions totaling € 15.8 million. Excluding the provisions, normalized gross profit increased as a result of the strong focus on sustainable margin business amplified by the King of Reach platform approach. Normalized EBITDA stood at € 13.5 million (4%).

"Turnover growth was driven by Maritime markets in our Foodservice business as well as the Duty-free and Domestic markets in our Brand Distribution business."

Maurice Riegel
Managing Director B&S Food

B&S Health

€ million (unless stated otherwise)	FY 2022 reported	FY 2021 reported	Δ (%) reported
Turnover	**47.6**	46.7	1.9%
Gross profit	**8.5**	7.9	7.2%
EBITDA	**1.7**	1.9	(13.8%)
EBITDA margin	**3.5%**	4.1%	

B&S Health increased turnover by 1.9%, with a margin increase of 7.2%. This was driven by the recovery of the vaccine business. EBITDA margin significantly decreased because of increased transportation costs in the export business that could only partly be passed on to customers.

"EBITDA margin significantly decreased because of increased transportation costs in the export business."

Rogier van Duin
Managing Director B&S Health

B&S Retail

€ million (unless stated otherwise)	FY 2022 reported	FY 2021 reported	Δ (%) reported
Turnover	**89.9**	42.5	111.5%
Gross profit	**23.4**	11.8	97.5%
EBITDA	**2.8**	(1.5)	284.5%
EBITDA margin	**3.2%**	(3.5%)	

B&S Retail managed to realise a doubling of turnover and gross profit as travel restrictions over 2022 were lifted. This led to sharp increases in passenger numbers and travel movements and increased spend per passenger. Also, new shops were opened in 2022 that contributed to growth.

EBITDA almost tripled when compared to 2021, as the fixed cost base remained largely in line with last year.

"The lifting of travel restrictions as well as new shop openings resulted in a doubling of turnover and gross profit."

Guus Jonge Poerink
Managing Director B&S Retail

Balance sheet

€ million (unless stated otherwise)	31.12.2022	31.12.2021	Change
Intangible fixed assets	128.1	119.1	7.6%
Tangible fixed assets	50.0	38.1	31.2%
Right-of-use assets	77.9	60.7	28.3%
Financial fixed assets	7.9	6.3	25.4%
Non-current assets	263.9	224.2	17.7%
Inventory	416.9	381.8	9.2%
Trade receivables	176.3	195.0	(9.6%)
Cash and cash equivalents	38.7	12.5	209.6%
Other current assets	40.0	44.2	(9.5%)
Current assets	672.0	633.5	6.1%
Total assets	935.8	857.7	9.1%
Equity	306.9	303.3	1.2%
Non-current liabilities	312.6	291.7	7.2%
Current liabilities	316.3	262.7	20.4%
Total equity and liabilities	935.8	857.7	9.1%

Non-current assets

Non-current assets increased to € 263.9 million at year-end 2022, compared to € 224.2 million at the end of 2021. The increase is the result of the Group acquiring 70% of the shares of the France based beauty company Europe Beauty Group in May 2022. Furthermore the increase as a result of investments in PPE mainly relate to new shops in B&S Retail and a new warehouse in Atlanta for B&S Beauty. Right of use assets increased mainly due to renewals of existing lease contracts.

Current assets

Current assets stood at € 672.0 million at year-end 2022, compared to € 633.5 million at year-end 2021.

The main increase in our current assets relate to an increased inventory position. In 2021 with limited visibility on the market developments as a result of COVID-19 we minimalised the inflow of inventory. Inventory positions were influenced by the scarcity in the market which was notable throughout 2022. The number of inventory days decreased from 88 days in 2021 to 84 in 2022.

Net working capital decreased to € 456.2 million at year-end 2022, compared to € 470.1 million at year-end 2021, due to increased inventory position, offset by decreased trade receivables and increased payables positions. Working capital in days decreased from 101 days in 2021 to 86 days in 2022.

Group equity

The Group's equity increased to € 306.9 million at year-end 2022, compared to € 303.3 million at the end of 2021. During 2022, the Group paid € 15.2 million dividend to owners of the Company (2021 € 8.5 million) and paid € 10.8 million dividend to non-controlling interests (2021: € 11.9 million). Group equity was further impacted for an amount of € 49.5 million as a result of the acquisition of the J.T.G. Holding B.V. shares and the following conversion of the remaining 8.21% shares in this company towards B&S Beauty B.V. shares. Furthermore Group equity was impacted by changes in deferred payments with three minority shareholders for written put options.

Non-current liabilities

Non-current liabilities stood at € 312.6 million at the end of 2022, compared to € 291.7 million at year-end 2021. The increase of the non-current liabilities is mainly the result of higher lease liability as a result of renewals of existing lease contracts and increased deferred payments.

Current liabilities

Current liabilities increased to € 316.3 million at year-end 2022, compared to € 262.7 million at the end of 2021, mainly the result of the increase in current liabilities on bank debt.

Financing

B&S is financed through a combination of unsecured bank loans and unsecured revolving credit facilities both on a committed and an uncommitted basis. Reference is also made to note 24 of this annual report.

Net debt increased from € 294.7 million as per year-end 2021 to € 334.9 million as per year-end 2022. Net debt / EBITDA ratio stood at 3.7 (FY 2021: 2.5).
It should be noted that Net debt / Adjusted EBITDA ratio, calculated in accordance with the definition used by the banks for the determination of the covenant stood at 3.5, within covenant <4.0.

Cash Flow

€ million (unless stated otherwise)	2022	2021
Net cash from operations	98.8	14.8
Net cash from investing activities	(77.7)	(23.8)
Net cash from financing activities	5.1	(17.3)
	26.2	(26.3)

Investing activities mainly related to the payment of the acquired minority shares of JTG (acquired as per 2021, with deferred payment in 2022) and the acquisition of 70% of the shares of Europe Beauty Group and the investments in new shops in B&S Retail and equipment for the new warehouse in Atlanta for B&S Beauty.

Financing activities mainly related dividend payments to both the shareholders of B&S Group and the minority shareholders, offset by changes in credit facilities.

Divided proposal

At the Annual General Meeting to be held on May 22, 2023, B&S will propose the payment of € 0.12 per share, in cash (subject to withholding tax if applicable). This translates into a pay-out ratio of 40% of the annual results attributable to the owners of the Company.

Outlook 2023

We continue to see uncertainties related to inflation and we expect the consumer buying behaviour to remain a factor impacting turnover and margin levels in 2023. It should be noted that the 2022 reported matters relating to the governance of the Company will, in line with the 2022 results and financial position, not have any direct material impact on the 2023 results nor on the financial position of the Company in 2023.

For 2023 B&S projects continued topline growth yet less steep as 2022, and slight improvement in gross margin when compared to 2022. This will be driven by focusing on higher margin business rather than volume sales. Provided market circumstances will not substantially worsen, organic turnover growth projections of 7.5% are expected to be feasible. However, given the rising interest rates and economic uncertainty we do not expect to meet the 7.5% acquisitive turnover growth target.

Staff costs are expected to increase while we anticipate other operating expenses to remain at similar levels in 2023 through enhanced focus on cost control management.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Governance

Corporate Governance

B&S operates a two-tier board structure, managed by an Executive Board and supervised by a Supervisory Board. At the time of this publication the Executive Board comprised three members and the Supervisory Board comprised three members.
The Executive Board and Supervisory Board are responsible for the Company's corporate governance structure. The corporate governance of B&S is determined by Luxembourg Law, the Articles of Association, and – as these are underwritten by the Company - by the regulations of the Dutch Corporate Governance Code (the 'Code').

Review of governance policies and practices

As per the end of 2022, a financial relation between - at that time CEO of B&S - and a company owned by the majority shareholder of B&S surfaced that should have been disclosed in the Annual Report of 2020 and 2021. Along with several other critical publications in the media, this required the appropriate attention of the Boards.

As a result, the Executive Board and Supervisory Board (the Boards) initiated a review into the Company's corporate governance policies and practices at the end of 2022. All parties concerned have provided full cooperation.

The review, which was concluded in March 2023, showed that several transactions had existed between the majority shareholder (directly or indirectly) with management members that should have been disclosed in the Annual Reports of B&S. These are specified as follows;

Five financial relations between B&S management and majority shareholder

Five transactions were identified in the review involving management and (directly or indirectly) the majority shareholder. In addition to these management transactions, two loans were provided to employees. B&S was not involved in any manner in one of these transactions. All transactions originated prior to the financial year 2022.
These transactions that should have been disclosed are as follows:

x 1,000	31.12.2022		
	Originating year	Transaction value	Balance outstanding
1 – Bonus payment	2018	1,000	n/a
2 – Mortgage loan	2020	2,900	2,900
3 – Investment loan	2020	2,500	-
4 – Option agreement	2020	2,500-6,300	n/a
5 – Personal loan	2020	2,050	-
6 - Personal loan	2020	20	-
7- Mortgage loan	2020	90	90

1 – Bonus payment
Mid 2018, an Executive Board member received a Bonus payment directly from the majority shareholder amounting to € 1 million for special services that he had rendered to B&S.

2 – Mortgage Loan
During 2020, B&S CEO at the time received a Mortgage Loan of € 2.9 million indirectly from the majority shareholder. This Mortgage Loan has a term of 30 years, has no re-payment schedule and carries a fixed interest of 0.75% per annum.
The Mortgage Loan has been evaluated by a reputable Dutch financial institution. This external expert concluded that the amount of the Loan fits within the criteria of a regulated bank, based on property value (Loan to value) and base income.
The external expert also concluded that, although less common, a 30-year interest-only mortgage for more than 50% of the property value could have been obtained at that time, provided there would be additional pledges. However, taking into account all aspects of the Mortgage Loan, the external expert concluded that a regulated bank would not have been able to issue a comparable mortgage loan.
As such it has been concluded that the Mortgage Loan was not at arm's length.
In January 2023, parties entered into a Settlement Agreement in which it has been agreed between the parties that the Mortgage Loan will be refinanced by a third party.

3&4 – Investment Loan and corresponding Option Agreement
In December 2020, a private entity of the majority shareholder transferred part of its investment in an externally managed investment fund in the name of B&S CEO at the time for a consideration of $ 2.5 million whereby the transfer price was converted into a loan. The Loan did not have a fixed term, carried an interest rate of 1.5% and had the investment as a pledge. At the same moment, parties entered into an Option Agreement under which B&S CEO at the time would be able to sell back the investment for a minimum consideration of $ 2.5 million, and whereby the majority shareholder indirectly would have the option to buy back the investment at fair market value, with the total consideration not exceeding $ 6.25 million.

In January 2023, parties entered into a Settlement Agreement in respect of the above. Early 2023 (with effective date January 1, 2023) the investment has been transferred back to the legal entity of the majority shareholder for a consideration of $ 2.5 million, therewith settling the Investment Loan. The option agreement has been cancelled.

5 – Private Loan
In 2020, the majority shareholder (indirectly) provided a personal loan to a member of the B&S Leadership Team for a total amount of € 2 million. The total outstanding loan balance was re-paid early 2022.

6 – Private Loan
In 2020, the majority shareholder (indirectly) provided a personal loan to an employee of B&S for a total amount of € 20,000.

7 – Mortgage Loan
In 2020, the majority shareholder (indirectly) provided a mortgage loan to an employee of B&S for a total amount of € 90,000.

Related party rental agreements

During the review, certain rental agreements were identified and assessed.
For such related party transactions, B&S has designed and implemented a control procedure to ensure that transactions with related parties are entered into at arm's length. The control procedure in place requires pre-approval of related party transactions by local Management, the Executive Board, and/or the Supervisory Board, depending on the size and nature of the transaction. The procedure prescribes that each transaction's arm's length basis must be substantiated upfront before the transaction can be entered into.

During 2022, two related party rental agreements were renewed for which the related party procedure was not adhered to properly. In one case - a rental agreement with B&S' majority shareholder and subsidiary minority shareholders/management as landlord - the procedure was followed, however it was not adhered to timely (not documented timely). In the other case, for which the landlord was B&S' majority shareholder, the related party procedure was not adhered to properly.

The Company asked independent valuators to evaluate the arm's length basis (market conformity) of these transactions. Based on this evaluation these transactions have been concluded to be at arm's length basis. Please refer to note 33 for the related party transaction overview.

Duality of roles

As a separate category, the Company had noted a number of duality of roles as some of the Company's employees also occasionally performed services for entities of the majority shareholder. These services were concluded to be non-material over the past years as part of the Company's related party transaction analysis, but in light of the examination, the Company decided to re-evaluate the period since 2018 in full. The Company performed an in-depth analysis of the noted duality of roles from 2018 up to and including 2022 and invoiced Sarabel Invest S.àr.l. for these services for the period concerned. This resulted in a correction (an additional income) of € 0.4 million in the 2022 results, relating to the financial years 2018-2021. For 2022, the costs have been paid by the majority shareholder within the year. As per the end of 2022, all these dual roles have been cancelled.

Conclusion

The Company has now concluded its review, leading to full disclosure of all material transactions. All transactions that were found to be not at arm's length have been settled and/or terminated. Upon conclusion of this examination, (March 2023) there were no financial relationships between Executive Board members or management and the majority shareholder.

Based on the findings in the review, the Boards have taken action to strengthen B&S policies and practices to prevent such transactions in the future. The measures taken, among others, are:

- The Company will establish new onboarding procedures and training for all employees on the Company's Code of Business Ethics; the Company has put more strict adherence safeguards in place to ensure adherence to the Company's related party transaction procedures and controls;
- The Executive Board has entered into separate agreement with the majority shareholder that the majority shareholder will not directly or indirectly enter into any contract with any key management member or legal entity of B&S or any of the B&S subsidiaries without the prior written approval of the Executive Board of B&S;
- All management members need to confirm twice a year in writing that no financial and/or other agreements with B&S' majority shareholder directly or indirectly have been entered into;
- The governance around rental contracts will be further improved.

Last but not least it is important to understand that the above disclosed transactions have not directly materially disadvantaged B&S in any manner.

Composition of the Boards

Changes in 2022

In August 2022 CFO and Executive Board member Peter Kruithof resigned effective October 31, 2022 to pursue other career opportunities. Subsequently, Mark Faasse was appointed as CFO as of November 1, 2022. He will be officially appointed to the Executive Board, upon proposal of the Supervisory Board, in the Annual General Meeting (AGM) of 2023. Mark joined B&S in 2014 as Financial Director and holds over 15 years of experience in senior financial and managerial roles.

On September 2, 2022 Supervisory Board member Rob Cornelisse resigned from his position for personal reasons, effective immediately.

In a press release dated October 3, 2022, it was announced that majority shareholder Sarabel requested an Extraordinary General Meeting (EGM) to remove Jan Arie van Barneveld as member and chairman of the Supervisory Board. The request from Sarabel followed on a difference of opinion between the Supervisory Board and Sarabel on the assessment made by the Supervisory Board of a confidential non-binding indicative offer ('the offer') for all the B&S' assets and liabilities (including its full operating business) from Sarabel. This offer was rejected by the Company and subsequently withdrawn by Sarabel on August 31, 2022[1]. Subsequently, on October 17, 2022 B&S published a press release regarding the conditional resignation of independent Supervisory Board member Kitty Koelemeijer. The resignation of Kitty Koelemeijer would become effective conditional upon the EGM adopting the dismissal of the chairman of the Supervisory Board.

The EGM which was originally scheduled for November 15, 2022 was adjourned following a request on November 8, 2022 from shareholders together holding at least 10% of the issued and outstanding share capital of B&S to adjourn the EGM. The EGM was then held on December 15, 2022 and the resolution to dismiss the chairman of the Supervisory Board was adopted. Consequently, the resignation of Kitty Koelemeijer became effective as well.

On December 19, 2022, the Supervisory Board, at that time consisting of Willem Blijdorp and Leendert Blijdorp, announced it had appointed Derk Doijer as Chairman of the Supervisory Board and member of the Selection, Appointment and Remuneration Committee and the Audit and Risk Committee with immediate effect. The appointment was made by co-optation in accordance with the applicable law of the GD of Luxembourg and B&S' Articles of Association. Derk Doijer continues the term of his predecessor Jan Arie van Barneveld, ending after the AGM to be held in 2026. His appointment is to be confirmed by the shareholders of the Company at the AGM of 2023.

On December 30, 2022, the Supervisory Board (consisting of Derk Doijer, Willem Blijdorp and Leendert Blijdorp) announced it had appointed Bert Tjeenk Willink as member of the Supervisory Board and Chairman of the Selection, Appointment and Remuneration Committee with immediate effect. This appointment was also made by co-optation. Bert Tjeenk Willink continues the term of his predecessor Kitty Koelemeijer, ending after the AGM to be held in 2025. The appointment of Bert Tjeenk Willing is to be confirmed at the AGM of 2023.

Derk Doijer and Bert Tjeenk Willink comply with the Code's independence criteria and the profile for B&S' Supervisory Board members.

[1] On September 15, 2022, Sarabel initially requested B&S to convene a General Meeting of Shareholders to remove Jan Arie van Barneveld and Kitty Koelemeijer from their position as members of the Supervisory Board and to appoint two new members to the Supervisory Board. That request was withdrawn on the same date, September 15, 2022.

Changes in Q1 2023

In the last quarter of 2022 the Company noted the existence of a mortgage loan of its (former) CEO Tako de Haan from the Company's majority shareholder, which was not disclosed in line with the Company's policies regarding (potential) conflicts of interest. The Company subsequently decided to initiate a careful review of its control framework and governance practices during the preparation of the 2022 Annual Accounts as presented in this report. In this review, several matters relating to the governance of the Company were identified that could potentially entail a conflict of interest. These matters required additional disclosure that can be found in the "Review of governance policies and practices" section of the corporate governance chapter. The Company decided that even though certain matters were not strictly forbidden according to its framework - provided they are disclosed properly - they formed an undesired situation from a Corporate Governance perspective. In the best interest of the Company, CEO and Chairman of the Executive Board Tako de Haan and Vice-Chairman of the Supervisory Board Willem Blijdorp decided to resign from their respective positions on February 19, 2023 with immediate effect.

Bas Schreuders, Executive Board member since 2012, was appointed interim CEO, until the Supervisory Board appoints a successor. Bert Tjeenk Willink was appointed as the Vice-Chairman of the Supervisory Board.

Further envisaged changes during 2023

The Supervisory Board (consisting of Derk Doijer, Bert Tjeenk Willink and Leendert Blijdorp) has started a recruitment process for a new CEO and for two additional Supervisory Board members that are independent under the meaning of the Corporate Governance Code to bring necessary balance to the current Supervisory Board composition. With these envisaged changes, the Company is progressing well to complete its goal to establish an updated and robust governance framework which is fully in line with the Dutch Corporate Governance Code and the practices of a listed Company.

Composition of the Executive Board

as per February 19, 2023[1]

Bas Schreuders, M (1954)

Position: Member of the Executive Board since 2012 (re-appointed in 2020),Senior Counsel and interim CEO. In this role he holds responsibility for legal affairs and temporarily assumes the responsibility for corporate strategy, IT, business development, marketing and human resources until a new CEO is appointed.
End of current term: 2024
Nationality: Dutch
Other position: board member at Paladin European Cyber Holdings S.à r.l.
Previous positions held: CEO of Intertrust Group until 2010, several senior management positions at BNP and MeesPierson Bank & Trust.

Mark Faasse, M (1981)[2]

Position: CFO since November 2022. In his role as CFO he holds responsibility for finance, tax, internal audit, treasury and risk management.
Nationality: Dutch
Previous positions held: Finance Director and member of management team B&S since 2014, Before B&S he was an external auditor at Deloitte.

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 shares his B&S experience of 10+ years on the complex environment in which the Company operates, international business conduct and specifically B&S' emerging markets operations and its associated risks.
End of current term: 2024
Nationality: Dutch
Previous positions held: Started at B&S in 2011, held several senior finance positions before becoming Managing Director in 2020 for the Dubai operation of the Company.

1 Tako de Haan was CEO for the full financial year 2022 but resigned February 19, 2023 with immediate effect.

2 Official appointment to the Executive Board, upon proposal of the Supervisory Board to be confirmed in the AGM of 2023

Leadership Team

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

Arben Hajrullahu, M (1974)
Chief Commercial Officer and Managing Director B&S Liquors

Ken Lageveen, M (1977)
Chief Operations Officer

Willem Tuk, M (1969)
Managing Director B&S Beauty

Bert Boersema, M (1971)
Managing Director B&S Personal Care

Maurice Riegel, M (1978)
Managing Director B&S Food

Rogier van Duin, M (1972)
Managing Director B&S Health

Guus Jonge Poerink, M (1977)
Managing Director B&S Retail

Composition of the Supervisory Board

as per February 19, 2023[1]

Derk Doijer, M (1949), Chairman

First appointed: 2022
End of current term: 2026
Nationality: Dutch
Committees: Selection, Appointment and Remuneration Committee (member), Audit and Risk Committee (member)
Last position held: member of the Executive Board of SHV Holdings until 2004
Other positions: Chairman of the Supervisory Board of Lucas Bols until 2020, member of the Supervisory Board of Ahold until 2016, and Chairman of the Supervisory Board of Corio until 2015.

Bert Tjeenk Willink, M (1960), Vice Chairman

First appointed: 2022
End of current term: 2025
Nationality: Dutch
Last position held: CEO of Stada Arzneimittel GmbH until 2017
Committees: Selection, Appointment and Remuneration Committee (chair)
Other positions: Chairman of Non-Executive Board of Allecra Therapeutics GmbH, Chairman of the Board of BioSana Pharma B.V., Non-Executive Board Member of JoyDew LLC, Advisory Board position for a health care focused private equity fund.

Leendert Blijdorp, M (1988)

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

[1] Willem Blijdorp was Vice-Chairman of the Supervisory Board for the full financial year 2022 but resigned February 19, 2023 with immediate effect.

Mr. Willem Blijdorp, through Sarabel Invest S.à. r.l. ('Sarabel'), at year-end 2022 held 67.26% of the shares in B&S Group S.A. Mr. Leendert Blijdorp at year-end 2022 held 0.53% of the shares in B&S Group S.A.
The other Supervisory Board members do not hold any ordinary shares or rights to obtain ordinary shares.

Executive Board

The Executive Board is responsible for day-to-day management, strategy and advocacy of general stakeholders' interests. The Executive Board may perform all acts necessary or useful for achieving the Company's corporate purposes, except 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. At the time of the publication of this report, the Executive Board consisted of three members (of which the appointment of the CFO is to be confirmed by the AGM in May 2023).

The composition of the Executive Board and information about its members is provided on page 92 of this Annual Report.

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

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

No member can simultaneously be a member of the Executive Board and 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 14 formal meetings. 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.

The Company has an IT steering committee in place that assists the Executive Board in its oversight of the Company's IT function and prepares recommendations for the Company's IT policy.

Supervisory Board

The Supervisory Board is responsible for supervising and providing advice to 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. At the time of the publication of this report, the Supervisory Board consisted of three members. The composition of the Supervisory Board and information about its members is provided on page 94 of this Annual Report.

Members of the Supervisory Board are appointed for a maximum period of four years and may 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 four 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. The Supervisory Board held 16 formal meetings in the financial year under review.

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 it holds at least 30% of the ordinary shares.

Committees

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

Remuneration

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

Diversity

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

The Company views diversity as a relevant mix of required elements that evolves with time, based on business objectives and future needs of the Company. B&S treats diversity of the Boards as means for improvement and development and commits to the objectives of the relevant best practice provisions of the Code (2.1.5 and 2.1.6). In the recruitment of new Supervisory Board members, the Supervisory Board took into account these views.

Derk Doijer has significant Supervisory Board membership experience gained at Ahold, Corio and Lucas Bols. He also has extensive experience in the international consumer goods industry through his 30 years in senior positions with Makro (part of SHV Holdings) and as member of the Executive Board of Directors of SHV Holdings. As such, Derk Doijer has a solid understanding of B&S' business environment. In addition, his background in governance, compliance and risk management will bring substantial added value to the Supervisory Board.

Bert Tjeenk Willink has significant Supervisory Board membership experience gained in the pharmaceutical and biotech industry and multiple start-ups in different sectors. He gained 30 years of experience in the pharmaceutical industry, for instance, with multinational Boehringer Ingelheim GmbH as Member of the Board of Managing Directors. With his extensive experience in multiple managerial roles within large international organisations and his broad strategic and operational experience in marketing & sales and business development, he will bring substantial added value to the Supervisory Board.

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 these transactions, reference is made to note 33 of the financial statements in this report. These transactions were compliant with arm's length principles. The following transactions were reported:

- During the EGM on December 15, 2022 conflicts of interest were declared in connection with the confidential non-binding indicative offer received from its shareholder Sarabel on July 6, 2022.
- The following Supervisory Board members who have consequently abstained from deliberations and vote in respect of the offer:
  - Mr. Willem Blijdorp, who has declared an interest in the potential transaction contemplated by the Offer by virtue of his position as a director of Sarabel and his controlling interest in Sarabel.
  - Mr. Leendert Blijdorp, who has declared an interest in the potential transaction contemplated by the Offer by virtue of having a relative by blood in the first degree that is a member of the management board or supervisory board – or is a representative in some other way – of a legal entity which holds at least ten percent of the shares in B&S.

The independent members of the Supervisory Board, together with the designated Executive Board members, reviewed and assessed the offer in consultation with legal and financial advisors, in accordance with their responsibilities and fiduciary duties and taking into account the interests of the Company and all its stakeholders, and rejected the offer on July 19, 2022. Sarabel has withdrawn the offer in its letter dated August 31, 2022. Mr. Bas Schreuders, Executive Board member, has also declared an interest (taking a prudent approach and despite such interest not being personal nor financial) in the potential transaction contemplated by the offer by virtue of his capacity as a director of Sarabel and has therefore abstained from deliberations and vote within the Executive Board in respect of the Offer. It was further noted on behalf of the Executive Board that the designated Executive Board members, together with the independent members of the Supervisory Board, reviewed and assessed the offer in consultation with legal and financial advisors in accordance with their responsibilities and fiduciary duties and taking into account the interests of B&S and all its stakeholders, and rejected the offer.

In addition to the transactions described above, other transactions that entail a potential conflict of interest have been identified, following the review of the Company's governance practices and policies. This review was initiated as financial relations of B&S management and majority shareholder Sarabel Invest S.à. r.l., the investment vehicle of Willem Blijdorp, surfaced during 2022 that previously had not been disclosed. Such relations could indicate a (potential) conflict of interest, based on the Company's policies as well as the Dutch Corporate Governance Code. The review into such matters can be found in the "Review of governance policies and practices" section of this report.

Herewith, the Code's best practice provisions regarding (reporting of) conflict of interests have been complied with.

General Meeting of Shareholders

At least once a year, the Company convenes a shareholder meeting.

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

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

- the composition, appointment and dismissal of members of the Executive Board and the Supervisory Board;
- approval of the remuneration policy of the Executive Board and the Supervisory Board;
- the adoption of the annual financial statements and declaration of dividends on Ordinary shares;
- discharge from liability of the members of the Executive Board and the Supervisory Board;
- any transaction or measure entailing an important change of the identity or character of the Company;
- the issuance of ordinary instruments under the Ordinary Shares Authorised Capital in the excess of 10% maximum set out in Art. 6.3(i) in the Articles of Association;
- amendments to the Articles of Association in accordance with Art. 12.3 in the Articles of Association.

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

Share capital

The authorised share capital of the Company consists of one single category of shares: ordinary shares. All issued shares are fully paid up and each share confers the right to cast a single vote in the General Meeting. At year-end 2022, 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 it holds at least 30% of the ordinary shares.

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

Preference shares

For a period of five years, starting March 22, 2018, the Executive Board, as per Article 6 of the Articles of Association, is authorised to issue preference shares to a foundation (Stichting Continuïteit B&S Company) up to a total number of voting rights, after the issue, of 33.33%. The object of the foundation is limited to the protection of the interests of (i) the Company, (ii) the business connected therewith and (iii) all involved stakeholders. Contravening influence threatening the continuity, independence, or 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 it holds at least 30% of the ordinary shares. In 2022, no preference shares were issued.

Share transactions by management

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

Major shareholdings

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

Financial reporting and role of the auditor

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

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

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

Compliance with the Dutch Corporate Governance Code

As a public limited liability company organised under the laws of the Grand Duchy of Luxembourg, the Company is not subject to the Code. However, we acknowledge the importance of good governance and are committed to complying 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 as per February 19, 2023

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. Contrary to best practice principle 4.3.3., it is not possible under Luxembourg law to set aside the binding nature of this nomination right.

Outlook 2023 for compliance with the Code

B&S will continue to comply with the Code as updated on December 20, 2022. We are currently in the process of assessing the updated Code and the possible implications for our governance structure, practices, policies and communications. As required, we will report on compliance in line with the Code in the 2023 annual report based on the 'comply or explain' principle.

Sustainability Governance

B&S has a corporate sustainability team responsible for advising on the development of the corporate sustainability strategy and target setting, and subsequently for initiating projects and updating executive committees about progress made. COO Ken Lageveen is overall responsible for the execution of the "Reach with Impact" sustainability strategy. The CEO and Executive Board validate the sustainability strategy and are updated on a periodic basis about progress made and which next steps to take.

In 2023, the governance structure of sustainability will be further integrated into management steering and oversight as well as various segment teams. The Supervisory Board will receive periodic updates, reviews whether the right trajectory is followed and signals whether any emerging sustainability issues need to be considered.

The Audit & Risk Committee will be responsible for overseeing and advising on transparent non-financial reporting and following regulatory sustainability reporting requirements. In this they are supported by the sustainability manager and the internal audit department.

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 Business Ethics
- Whistleblower Policy

Risk Management

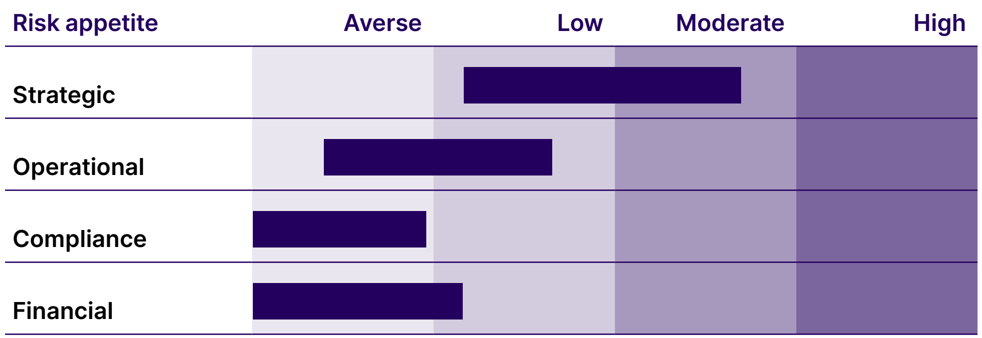
B&S is a globally operating listed Company with a focus on long term value creation. Being active in many different markets worldwide inherently entails risks, not only in the specific markets we are active in but also with regard to business strategy.

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

We have reviewed our risk descriptions for these principal risks over the year. As part of that, management has evaluated the potential impact of global political and economic uncertainties on the risk assessment as well. The Company also initiated a careful review of its control framework and governance practices including avoiding conflict of interest. Furthermore, based on recent publications in several newspapers, we have reassessed the potential impact of these publications on our risk assessment. As a result, we enhanced the descriptions where relevant to reflect these developments further. Other principal risks remain largely unchanged from last year.

Risk appetite

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



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

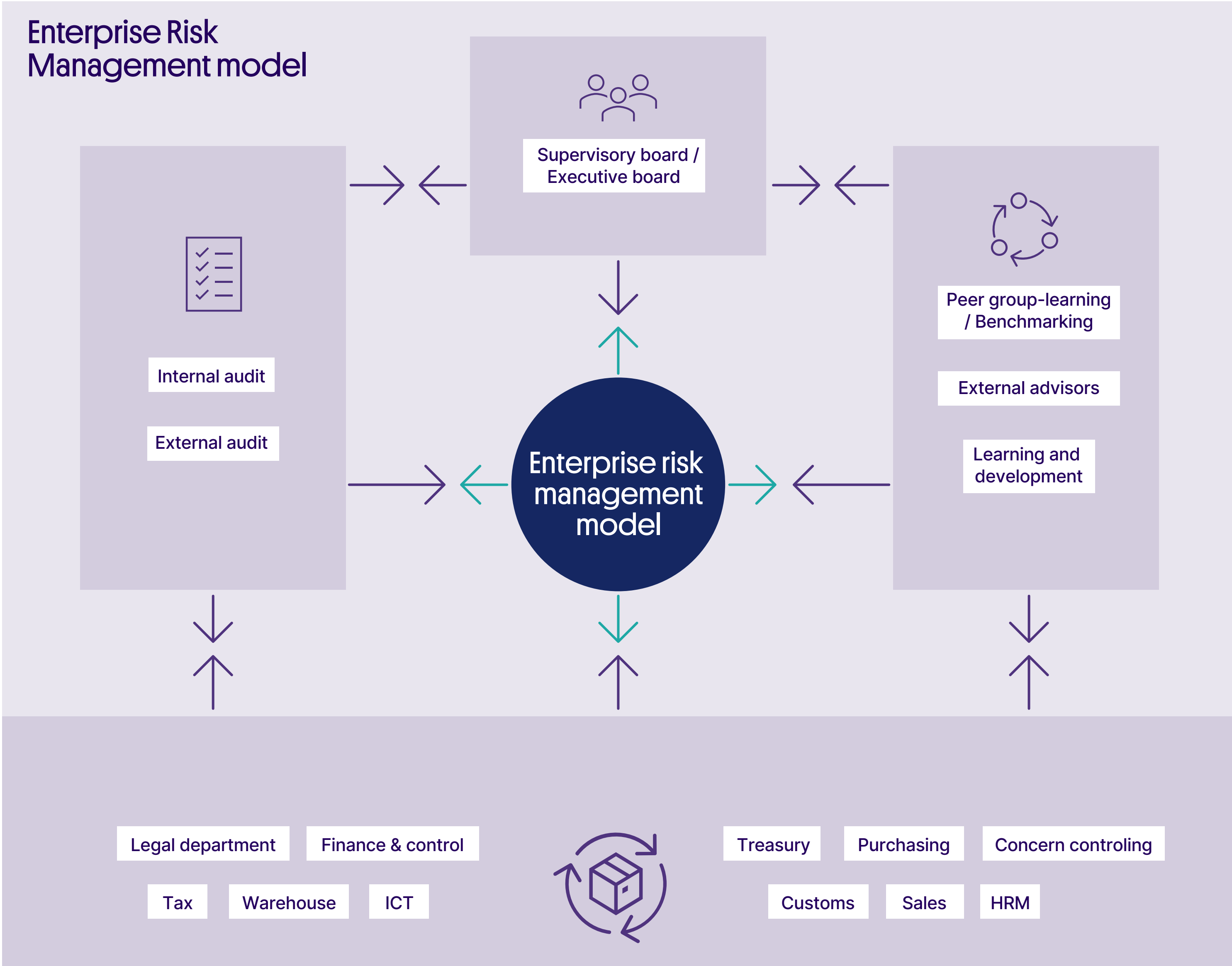
There may be risks or risk categories currently identified as not having a significant impact on the business but could develop into main risks in the future. The objective of the Company's Enterprise Risk Management model ('ERM model') is to timely identify changes in risk profiles so that appropriate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

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

Enterprise Risk Management model

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

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



Main risks and control measures

The main risks and control measures are presented below.

Risk type	Description	How we manage this risk
Strategic		
International nature of our business	The international scope of our operations, particularly in certain developing countries and emerging markets, exposes the Company to risks related to trade protection measures, closure of borders and restriction of travel in case of a global pandemic, changes to taxation policies, changes in regulation, import/export licensing requirements, quotas or wage and price controls.	Diversifying in markets, product groups, regions, and client portfolios mitigates these risks. The Company has spread its risk over various niche markets all over the world, making it less vulnerable to decline in specific market segments and / or to geographical risks. Although geographical economic recessions can have some effect, the risk of a disproportionally adverse impact will be limited because of the indicated market diversification and regional spread. Cost control measures are in place to manage, where possible, the impact of inflation.
Managing growth	Quality of the Company's growth should always remain sustainable, manageable and well under control. However, the Company may fail to meet these standards by inefficient or inadequate controlled organisational aspects, challenging economic market conditions, or adverse global events, i.e. pandemics. The Company may fail to acquire other businesses as contemplated by the growth strategy or may fail to realise the expected benefits from such acquisitions.	The Company invests substantially in optimisation and digitisation of business processes and compliance procedures, and in expansion of warehousing and storage facilities. The diversification in markets, product groups, regions and client portfolios makes the business less cyclical and less vulnerable to changing market conditions. Furthermore, the Company is continuously improving, digitising and controlling its processes in order to be able to adapt quickly to changing circumstances. Acquisitions are preceded by careful due diligence processes carried out by both internal and external experts to ascertain that an acquisition will provide adequate financial returns and will contribute towards the Company's synergy and integration demands. The added value and cash flow contributions of intangible assets are tested regularly.

Risk type	Description	How we manage this risk
Reputation	The Company's reputation and relationship with suppliers and customers could be harmed by performance failures and incidents occurred by internal or external parties in the supply chain, such as fraud, corruption, non-compliance with laws and regulations, cyber incidents, human rights violations and environmental damages. These reputational risks could result in a loss of sales or other financial impact caused by a harmed reputation.	The Company is focused on adding value to its partners' businesses that provides long-term mutual growth, which results in trustworthy relationships. The focus on maintaining long-term partnerships with customers and suppliers makes the Company less vulnerable to reputational damage. Also, internal policies and guidelines regarding business agreements with new suppliers and customers are applied through an extensive Know Your Relation (KYR) procedure. Internal and external procedures and policies are in place to avoid incidents, such as fraud, corruption, non-compliance with laws and regulations and cyber incidents and adequate reporting channels are in place in case such incidents occur.
Sustainability performance	Given the increased importance of sustainability, this topic is added to the strategic risk section. Increased consumer demand for more sustainable, healthy and responsible products, as well as understanding the origin and how they are produced, requires different purchase strategies, sales tactics. Also, it might open new markets for growth. Developments in relation to sustainability laws and regulations result in increased requests for information on our sustainable initiatives and performance metrics from investors and other key stakeholders such as suppliers and customers. Subsequently, measuring success as per traditional financial performance is no longer a sufficient method to reflect upon how we mitigate negative impacts and how we add and create value for the long term, not only for shareholders but society at large.	In 2022, we launched our first corporate, overarching Sustainability Strategy which defined our course of action as well as how we will measure success as per set targets. For the various material/ key topics, policy papers were developed, describing the issues at hand, our vision and commitment, targets and KPI's as well as plans for action to mitigate adverse impacts, foster the positive ones and seize business opportunities for growth. These plans laid the foundation for ensuring an integrated approach of sustainability and our business developments. As such, sustainability has been integrated into the annual plans per segment. Also, roadmaps with concrete projects, timelines and roles & responsibilities have been developed. Increasing awareness among our employees, as well as ensuring they develop the right skill sets is key. In light of this, a variety of training will be provided tailored to specific business functions.

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

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

Risk type	Description	How we manage this risk
Climate change & sustainability regulations	The international activities of the Company are exposed to risks of non-compliance with climate change & sustainability regulations, resulting from governmental ambitions in the parts of the world we are doing business. Relevant laws and regulations include, but are not limited to the Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy, (plastic) packaging taxes and regulations regarding bans on certain ingredients and substances. Changes in, or failure to comply with laws and regulations could result in fines, impact on operations, reputation damage and loss of competitive advantages.	Climate Change & sustainability compliance are overseen by the Executive Board. Our sustainability, QHSE, legal and finance teams remain up to date with the latest developments through various networks, industry associations as well as in liaison with external legal advisors. The implementation of these and other risk management initiatives are included in Climate Change & sustainability reports to the Executive Board. The Sustainability Strategy Reach with Impact and its corresponding policies and commitments are designed in such manner so as to ensure compliance with the regulatory ESG landscape.

Financial

Currency risks	The Company is exposed to currency exchange rate risk in the conduct of our business. Inadequate monitoring of our positions might lead to exchange rate losses.	The Company deals with risks from transactions in non-Euro currencies by matching incoming and outgoing cash flows as closely as possible in the same currency. Extraordinary currency positions and risks are dealt with at corporate level by a dedicated treasury department, which uses hedging instruments when appropriate and on a case-by-case basis to mitigate currency transaction risks. Derivative transactions are subject to continuous risk management procedures. Derivative financial contracts are only entered into with banks that have a good credit rating.
Credit risks	Delayed payment or failure to pay by our customers could have an adverse effect on our business resulting in the Company not being able to grow at the desired rate.	The Company applies strict internal policies and guidelines regarding credit risk management. All transactions must be secured, either by credit insurance, payment upfront, or by a secured payment instrument (guarantee or letter of credit). A centralised credit control department is in place to mitigate credit risks and to monitor compliance with internal credit management policies.

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

For more details about financial risk management, see note 32 in the consolidated financial statements. These notes are considered to be part of this report.

Internal Audit

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

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

Specific risk-mitigating actions in 2022

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

Control Framework

In 2022 the internal control framework was further developed and improved based on a reassessment of the (fraud) risk assessment. The Company sees this activity as an ongoing process. Improvements have been made, for example in the IT security procedures, credit management procedures, and period-closing and controlling processes. All have been optimised and harmonised. Also, improving and harmonising the control framework of foreign (non-NL) companies was a focus area in 2022. Additionally, the review of governance policies and practices initiated as per the end of 2022 which continued into 2023 along with the noted findings (presented in this Annual Report) regarding the related party transactions procedure, resulted in further adjustments to the Control Framework.

ERP migrations

To support the enhancements of review activities and monitoring controls as set out above, we proceeded with further improving our ERP- and other financial IT-systems within the Group. As part of that, during 2022 we have implemented a new product data management platform within the current ERP system, by which we can further improve our monitoring on product standards. Also, we proceeded with the migration of several foreign companies into the Company's inhouse developed and maintained ERP system BiT. This included amongst others newly acquired companies and companies that worked with legacy systems.

We further enhanced our security controls to mitigate potential cyber security risks.

IT & Cyber security

The Company further enhanced its security controls in order to further mitigate risks related to cyber security. These controls consist of both preventive as well as detective controls. An independent party ('ethical hacker') executed penetration tests on our network and e-commerce applications. Based on the reported observations and the already existing internal agenda, physical security has been improved by harmonising security policies, further segmenting the network and tightening the external monitoring services. This was underlined with the achievement of ISO 27001 and ISO 22301 certification. Further to that, the Company continued its cybersecurity awareness program amongst employees in order to ensure that everyone remains alert on to possible threats.

Specific internal control activities planned for 2023

In 2023, the Company will proceed with the ongoing process of optimising and harmonising internal controls and procedures and the monitoring thereon by both Executive Board and the internal audit function. The main focus areas are related to controls regarding the Company's related party transaction procedure and the changed Governance of B&S. Secondly, focus will be on controls within the inventory, working capital in general and sales processes, foreign and standalone entities, compliance with laws and regulations, IT and cyber security and the execution of a climate and sustainability risk assessment. All of this is aligned with and in support of the Company's strategic goals and under supervision of the Audit and Risk Committee.

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 2022, 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;
- the Company's Control Framework requires a pre-approval of material related party transactions by the independent members of the Supervisory Board. During the year it was noted that one transaction was overlooked. The Company has reviewed this transaction and assessed the at arm's length principle retrospectively. There have been no material failings in the effectiveness of the internal risk management and control systems of the Company;
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of the Company's operations in the coming twelve months after drawing up the report, and;
- drawing up the financial reporting on a going concern basis is justified based on the current state of affairs.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. Nor can they provide certainty that we will achieve our objectives.
In view of all of the above, the Executive Board declares that, to the best of its knowledge and belief, the financial statements presented in this annual report and prepared in accordance with IFRS standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the undertakings audited in the consolidation taken as a whole; and that the management report includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year and of the undertakings audited in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Company faces.

Mensdorf, G.D. Luxembourg, April 14, 2023

Executive Board

Bas Schreuders, Senior Counsel and Interim CEO
Mark Faasse, CFO
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.

Share information

B&S Group S.A. shares have been listed on Euronext Amsterdam since March 23, 2018 and have been included in the Smallcap Index (AScX) since June 19, 2018. The issued share capital as at December 31, 2022 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	€ 0.31
Highest price	€ 8.19
Lowest price	€ 4.39
Year-end share price	€ 4.84

Dividend policy

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

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

Dividend proposal 2022

At the Annual General Meeting to be held on May 22, 2023, B&S will propose to distribute a dividend of € 0.12 per share, in cash (subject to withholding tax if applicable).

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

Notification of capital interests

On December 31, 2022, the following major shareholders with a substantial participating interest (>5%) were known by B&S based on a former notification by them in accordance with the Transparency Law[1].

Sarabel Invest S.à r.l	67.26%
JNE Partners LLP	5.45%

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

Investor relations policy

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

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

Investor contact

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

General Meeting

General Meetings of Shareholders are convened in accordance with the provisions of the Luxembourg law of May 24, 2011 on the exercise of certain rights of shareholders in general meetings of listed companies and the Articles of Association. The General Meeting of Shareholders will be held on May 22, 2023 in Luxembourg.

Contacts with the capital markets are dealt with by the members of the Executive Board and by Investor Relations.

Financial Calendar	
May 15, 2023	Q1 2023 trading update (07:00 CET)
May 22, 2023	Annual General Meeting
August 21, 2023	Half Year 2023 results (07:00 CET)
November 6, 2023	9M 2023 trading update (07:00 CET)

Independent analyst reports

The following analysts covered B&S in the course of 2022:

ABN AMRO	Robert Jan Vos
ING	Tijs Hollestelle
Kepler Cheuvreux	Patrick Roquas

Supervisory Board report

Message from the chairman

2022 has been a truly challenging year for the Company, marked by ongoing global uncertainties and volatility. While the lingering effects from COVID caused product shortages and supply chain disruption, the economy was further challenged by the Ukraine war, global energy crisis and sharply increased inflation. Furthermore, the Company was confronted with substantial changes at Board level as well as adverse publicity.

Both Bert Tjeenk Willink and myself joined the Supervisory Board, both as independent members, only in the second half of December 2022 as the Company was tackling the challenges at hand. Although we had constructive meetings so far with the Supervisory Board and Executive Board, it would be too early to claim we have a solid opinion on all aspects of the Company.

Our first impressions are twofold. On one hand, amidst all this turmoil, the organisation showed its ability to adapt to these adverse circumstances and continued to deliver double digit turnover growth. The foundation is solid and attitudes and contacts are open and constructive. At the same time, we can't deny that the events and turbulence in 2022 have been a distraction to management, which will have to be addressed as soon as possible.

In the process to strengthen the governance structure, on February 19, 2023 CEO Tako de Haan resigned from his position while Willem Blijdorp withdrew himself as member and vice-chairman from the Supervisory Board. We would like to thank Willem for his commitment to the Company and its future and will certainly continue to make use of his in-depth knowledge of the Group and the industries in which it is operating.

Going forward, our main priorities now will be to attract a new CEO, to complete the Supervisory Board with 2 independent, preferably female, candidates and make sure that management can fully concentrate on the further development of the business.

Derk Doijer
Chairman

"One of our key priorities coming period is enhancing the governance compliance structure."

Meetings

Until December 15, 2022

In 2022 the Supervisory Board (SB) held five regular formal meetings in the presence of the Executive Board (EB). The Supervisory Board met face-to-face in its full composition on two occasions, in November. All other regular meetings were held with some of the members attending in person and other members attending via videoconferencing.

The Chairman met with the Executive Board on multiple occasions, both pre-scheduled in preparation for meetings between the Supervisory Board and the Executive Board, as well as in impromptu meetings / conference calls.

The Supervisory Board held four pre-planned closed sessions without Executive Board members attending. Discussions in these meetings focused on topics such as the functioning of the Executive Board and remuneration in 2021 and status updates on the recruitment and selection process for a CFO.

The independent members of the Supervisory Board met several times in a closed session without Executive Board members and non-independent members attending. Topics discussed were the non-binding indicative offer from shareholder Sarabel for the business of B&S, the response of the independent members of the SB on this offer and consequently the request from Sarabel for an EGM to remove the chairman of the Supervisory Board.

After December 15, 2022

The Supervisory Board after December 15, 2022 had additional closed meetings to decide and approve on the appointment of Derk Doijer as new Chair of the Supervisory Board, the appointment of Bert Tjeenk Willink as member of the Supervisory Board, and the Supervisory Board's approach in its new composition as from December 30, 2022.

Main topics

In exercising its tasks in 2022, the Supervisory Board, after consultation with the Executive Board and members of the Leadership team identified a number of topics which would be SB priorities for the year. Regular topics on the agenda were the development of results and financial position, (potential) acquisitions and reports on risk, legal and compliance matters.

On various occasions, the Executive Board and the Supervisory Board discussed the **Company strategy** for long term value creation and the implementation thereof. In 2022 most time was spent on discussing the activities and management of the operating segments in their setting as introduced in 2021.

The Supervisory Board followed the progress of the **operating segments** closely. At each regular meeting, progress was discussed and challenges or potential risks were addressed. At its request, the Supervisory Board was kept informed on progress in the way segments are managed, how responsibilities are defined and communicated and how opportunities for synergy between the segments are approached. The need for clarity about responsibilities, strong leadership and role modelling from the top was addressed by the Supervisory Board, as well as the potential risk of segments being fully P&L responsible without having clarity about responsibilities and decision making.

The SB continued to receive regular updates on the progress in **centralisation of operations** to reduce costs and effective utilisation of centralised corporate support functions and shared services centres. Priority was discussion to keep inventory management (and thus working capital management) and debtor management priority for P&L responsible Managing Directors as a structural part of their responsibility.

In discussing the commercial strategy, operational performance was part of the discussions in every regular meeting. Considerable time was spent on the organisation, management and expansion of the strategic hubs in MEA and US region. In addition, the acquisition of Europe Beauty Company and potential other acquisition candidates were discussed.

Considerable progress was made to embed **sustainability** practices in B&S' own business operations as well as progressing its roadmap for strategic sustainability objectives and accompanying targets. The Supervisory Board was pleased with the commitment to environmental topics and formulated Key Performance Indicators as part of the business priority 'Sustainable Value Chain' as pillar of the sustainability strategy. And although the Supervisory Board is encouraged by the work done in 2022 on 'Empowered People' topics of talent management, diversity and inclusion, it also recognises that a lot of work remains to be done.

Information security and cyber threat remained key topics in 2022. The ARC and SB were updated on a regular basis on developments and adequate measures taken. In this context the control framework and general IT controls are constantly being improved and tested.

Regarding **digitisation**, the SB continued to discuss the IT project approach in each scheduled meeting with the Executive Board. Topics discussed included the progress of development of the e-com businesses platforms, the development of the B&S Nfinity backbone and the harmonisation legacy IT systems into the centralised IT architecture.

A topic that was not part of the regular agenda items but became part of the regular meetings as well as closed meetings from August onwards was the Company's **governance structure**. Discussions included topics related to compliance of good governance and measures for having a well-functioning Supervisory Board and Executive Board in place. Other additional topics were responses to the questions from minority shareholders preceding and following the EGM, as well as questions following several publications regarding the (majority shareholder of the) Company in Dutch newspapers.

In the first quarter of 2023, additional meetings took place on the Company's governance structure in light of the initiated review.

In the meeting on February 24, 2023 with the SB in its current form, the 2023 budget was discussed with the EB in its current form and subsequently approved.

Functioning of the Supervisory Board and Executive Board

Given the number of major changes in the Supervisory Board in 2022 no self-assessment over this year was performed. For 2023, the Supervisory Board will perform an annual assessment of the Supervisory Board and Executive Board that addresses the performance of itself, the committees and individual members.

Composition of the Board

The Supervisory Board strives for a variation in nationality, age, gender and expertise taking the required qualifications of the Supervisory Board as a whole into account. In addition, the SB strives for a balance in the experience and affinity with the nature and culture of the business of B&S.

At the same time, the knowledge the Company requires with regard to its key markets is still a key appointment criterium. The composition of the Supervisory Board is such that its members are able to provide the Executive Board with optimum support in any particular field of interest. Each member of the Supervisory Board has their own field of expertise, including expertise in retail markets, international trade, IT, 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

At year-end 2022, the Supervisory Board met the requirements of the Dutch Corporate Governance Code with regards to independence of the Chairman. Two out of four members of the Supervisory Board did not qualify as independent members of the Supervisory Board within the meaning of the Code, it concerned Willem Blijdorp and Leendert Blijdorp.

From February 20, 2023 onwards, the Supervisory Board meets the requirements of the Dutch Corporate Governance Code with regards to independence of its members.

Under the chapter Governance in this report, the governance structure of the Company as well as deviations from the Dutch Corporate Governance Code – as these are underwritten by the Company - are described in more detail.

Audit and Risk Committee Report

Leendert Blijdorp (Chair), Derk Doijer (member)

Audit and Risk Committee Report

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

The chairman of the ARC is Mr. Leendert Blijdorp. During 2022 Mr. Jan Arie van Barneveld was replaced by Mr. Derk Doijer as member of the ARC. For a full description of the changes in the Supervisory Board, reference is made to page 95 of this report.

Meetings

In 2022, the ARC had four regular scheduled meetings. Except for one occasion where the CFO was absent and one occasion where the Director Internal Audit was absent, all regular scheduled meetings were attended by the CFO, the Finance Director and the Director Internal Audit.

The ARC convened several additional meetings with the Executive Board and/or support teams, and with the CFO individually to address specific risk developments and actions taken to mitigate these. Specific focus areas during these meetings were related to identified improvement areas within the (fraud) risk and control systems including IT and cyber security, compliance with its policy and legislative requirements and the impact of business developments on the risk and control framework.

The Chairman of the Committee also had regular meetings with the Director Internal Audit and external auditor, to provide additional opportunity for open dialogue and feedback.

It is customary that the ARC shares its main discussion points and findings and the minutes of these meetings in the Supervisory Board meeting immediately following the ARC meeting. During these meetings, the Company's results as well as the annual and semi-annual reports were discussed.

Financial statements

The FY2022 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 March 2023 meeting, the ARC discussed the financial statements in detail with the Executive Board and the Supervisory Board and discussed the audit of the financial statements with the external auditor.

Risk management and control framework

The main points of discussion throughout the year were the internal control framework and the execution of the 2022 internal audit calendar. Special attention was given to harmonising the internal control framework for (acquired and foreign) companies and segments and IT and cyber security, compliance with laws and regulations, periodic (financial) closing procedures, sales and credit management procedures.

In each scheduled meeting the Director Internal Audit presented main internal audit findings. Also, the further development of the internal audit function and accompanying plan was discussed. As an overall conclusion for the year, the ARC confirmed that further progress was made on firmly embedding the Internal Audit function.

During the ARC meeting in February 2022, the Director Internal Audit presented the 2022 Internal Audit plan that was then approved, focussing on;

- Further embedding the Internal Audit function;
- Performing audit procedures on the higher risk areas in the value creation model of B&S; and
- Optimising and further improving the internal control framework.

Also, the effectiveness of quarterly and monthly IT control procedures was discussed and improvements were presented. Other topics of the February meeting included the possible impact of the Russia-Ukraine conflict on operations and the results of the (fraud) risk assessments finalised in Q4 2021. Also, specific subjects from the external audit were discussed, including related party transactions and goodwill impairment testing.

In the May meeting, several specific reports and position papers from the Director Internal Audit were discussed. The Audit reports related to credit management procedures, sanction screening procedures and the (financial) month closing procedures of Spanish subsidiaries.

In the August meeting the Director Internal Audit presented an update on the internal audit activities for the second quarter, including the onboarding of the acquired Europe Beauty Group (May 2022), the half-year update on compliance with related party procedures and the internal audit response on the provision of a receivable position in the B&S Food Segment.

During the November meeting specific reports and position papers from the Director Internal Audit were discussed, mainly focussing on the purchase approval procedures, the updated and harmonised internal control framework of the US subsidiaries and pending projects regarding IT-migrations. Also, the (draft) management letter from the external auditor was discussed.

Early 2023, including its March 2023 meeting, the ARC discussed both the noted control deficiencies regarding the Company's related party transaction control procedure, and the changed Governance of B&S.

External auditor

Throughout the year the ARC discussed and assessed progress with external auditor Deloitte on their key audit findings. As is customary, the ARC also evaluated the performance of the external auditor Deloitte. During the August meeting, the half year report was discussed as well as the external audit plan for 2022, which was approved.

FY2022 financial statements and dividend

The Supervisory Board has approved the FY2022 financial statements and recommends that the Annual General Meeting to be held on May 22, 2023 adopts these financial statements. The Supervisory Board also recommends that the Annual General Meeting discharges the members of the Executive Board for their management of the Company and the members of the Supervisory Board for their supervision of said management for the financial year 2022.

The distribution of dividend over 2022 was discussed in the Supervisory Board meeting of February 24, 2023. At the Annual General Meeting to be held on May 22, 2023, B&S will propose the payment of € 0.12 per share, in cash (subject to withholding tax if applicable). This translates into a pay-out ratio of 40% of the annual results attributable to the owners of the Company.

Remuneration report

Bert Tjeenk Willink (Chair), Derk Doijer and Willem Blijdorp* (members)

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.
The Selection, Appointment and Remuneration Committee (SARCO) advises the Supervisory Board regarding selection, appointment and remuneration matters of Board members, senior management and/or other personnel. This report outlines the remuneration policy for the Executive Board and the Supervisory Board as applied in 2022.

Executive Board remuneration policy

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

The remuneration policy follows best practice provision 3.1.2 of the Dutch Corporate Governance Code. The pay ratios within the Group are taken into consideration. The Supervisory Board believes that the remuneration policy expedites the short-term operational performance and the objectives for the strategy for long-term value creation within the meaning of best practice provision 1.1.1 of the Dutch Corporate Governance Code. Furthermore, the Supervisory Board believes that the value of the remuneration for the members of the Executive Board for 2022 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 their advisory vote.
The remuneration policy was last approved by the General Meeting of Shareholders on May 18, 2021. The current Remuneration Policy stimulates decision-making by the aforementioned Board Members that serves long-term sustainable growth in a long-term incentivised manner. Additionally, the conditional award of variable remuneration and a claw back arrangement contribute to a fair and reasonable way of remuneration payment.

* Until February 19, 2023.

Employment contracts

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

Effective dates of employment contracts of the Executive Board members as at December 31, 2022 and their contract term

Name	Effective date contract	Contract term
Tako de Haan[1]	August 11, 2020	4 years
Mark Faasse[2]	May 22, 2023	4 years
Bas Schreuders[3]	May 19, 2020	4 years
Niels Groen[4]	May 19, 2020	4 years

1 Tako de Haan was appointed to the Board on August 11, 2020 and resigned on February 19, 2023 effective immediately.
2 Upon proposal of the Supervisory Board in the AGM of 2023, Mark Faasse will be appointment to the Executive Board for a period of four years.
3 Bas Schreuders was reappointed to the Board on May 19, 2020.
4 Niels Groen was reappointed to the Board on May 19, 2020.

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

Remuneration structure

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

The total remuneration and the remuneration components are based on the going rates of what the Supervisory Board considers to be in line with international trade and distribution services market and globally benchmarked against companies which are similar to B&S in terms of scale and complexity.
Before the level of remuneration of individual board members is determined, scenario analyses with regards to the variable remuneration components are conducted to determine their consequences on the level of remuneration of these Board members.

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

Remuneration components

The members of the Executive Board express their views of their remuneration packages with the SARCO at least once a year. The SARCO includes all feedback when evaluating the Remuneration Policy. The remuneration package for members of the Executive Board 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 2022 for the members of the Executive Board was € 1,109,000.

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

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

Termination arrangements / Severance payments

The management service agreements with members of the Executive Board contain termination arrangements. The management service agreement with the CEO and CFO[1] 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 members of the Executive Board require payment of statutory severance payment.

Performance Incentive (PI)

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

[1] This was applicable to CFO Peter Kruithof until his resignation as per November 1, 2022.

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

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

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

[1] The CFO PI criteria will apply to Mark Faasse as per 2023 provided his official appointment to the Executive Board, upon proposal of the Supervisory Board, in the AGM of 2023.
* Criteria for MD are related to the business operations in Dubai.

For 2022, the Supervisory Board determined the PI criteria as presented. The financial performance targets (1 and 2) contribute to the Company's overall focus on long term 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.

Share Appreciation Rights (SAR)

In 2021, SAR's over the financial year of 2020 were granted. The Board members may exercise these SAR's based upon the LTI SAR rules stated in the Remuneration Policy of May 2020. On February 22, 2021 the Supervisory Board granted 125,000 SARs to the former CEO and 20,000 SARs to the former CFO[1], which was approved by the Annual General Meeting of 2021. All SARs are forfeited per year-end 2022, as the former CEO and CFO left the Company during the vesting period.

[1] CEO Tako de Haan and CFO Peter Kruithof.

Pension contribution

For the former CEO and former CFO of the Executive Board, no pension contribution plan was in place. For the other members of the Executive Board, the defined contribution pension expense is included in the table 'Overview remuneration Executive Board 2022'.

Overview remuneration Executive Board 2022

Remuneration of Executive Board members for 2022[1]

€ x 1,000	Fixed Remuneration – annual base pay			Severance payments		PI – annual cash bonus plan	Pension expense	Total remu-neration	Proportion of fixed and variable remunera-tion
	Base salary	Fees	Fringe benefits	Fixed	Variable				
T. de Haan CEO until February 19, 2023	500	-	39	-	-		-	539	-
P. Kruithof[2] CFO until October 31, 2022	236	-	15	-	-		-	251	-
M. Faasse[3] CFO as of November 1, 2022	50		3			50	4	107	100%
B.L.M. Schreuders Senior Counsel and interim CEO as of February 20, 2023	135	-	18	-	-	125	11	289	93%
N.G.P. Groen MD	188	-	44	-	-	100	17	349	53%

[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.
[2] Remuneration up to October 31, 2022.
[3] Remuneration as per November 1, 2022

Loans

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

Comparative information on remuneration and company performance

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

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

Annual Change € x 1,000	Information regarding the RFY	RFY-1	RFY-2	RFY-3	RFY-4
Remuneration					
J.B. Meulman	-	-	713	1,121	1,245
G. van Laar	-	-	120	467	508
T. de Haan	539	781	634	-	-
P. Kruithof	251[1]	588	299	-	-
M. Faasse	107[2]				
B.L.M. Schreuders	289	183	160	159	131
N.G.P. Groen	349	306	235	151	127
Company Performance					
Financial metric: Profit before tax	47.7	71.7	51.2	77.5	90.8
Average remuneration on a full-time equivalent basis of employees					
Employees of the group	69	63	62	58	58

[1] Remuneration up to October 31, 2022.
[2] Remuneration as per November 1, 2022.

Claw back

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

Conditionally awarded variable remuneration

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

Supervisory Board remuneration

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

As per December 31, 2022, the members of the Supervisory Board had no loans outstanding with the Group.

Supervisory Board remuneration in 2022

The annual base pay in 2022 for every Supervisory Board member was €60,000. The Chairman of the Supervisory Board receives an additional annual fee of €10,000.

Supervisory Board remuneration 2022

	Amount (in €)
Supervisory Board member	
Jan Arie van Barneveld (Chairman until December 15, 2022)	70,000
Derk Doijer (Chairman as of December 19, 2022)	-
Willem Blijdorp (Vice-chairman until February 19, 2023)	60,000
Leendert Blijdorp	60,000
Rob Cornelisse (until September 1, 2022)	40,000
Kitty Koelemeijer (until December 15, 2022)	60,000
Engelbert Tjeenk Willink (as of December 30, 2022, and Vice-Chairman as of February 20, 2023	-
Total	290,000

Financial statements

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Consolidated statement of profit or loss

for the year ended December 31, 2022

x € 1,000	Note	2022	2021
CONTINUING OPERATIONS			
Turnover	6	2,148,239	1,869,507
Purchase value		1,844,320	1,582,206
Gross profit		303,919	287,301
Personnel costs	7	147,080	117,610
Amortisation	13	13,017	11,626
Depreciation	14	8,151	7,629
Depreciation right-of-use assets	25	11,610	11,455
Impairment of non-current assets	25,12	135	10,193
Other operating expenses	8	65,994	53,327
Total operating expenses		245,987	211,840
Operating result		57,932	75,461
Financial expenses	9	(10,401)	(3,889)
Share of profit of associates	15	138	159
Result before taxation		47,669	71,731
Taxation on the result	10	(11,587)	(17,157)
Profit for the year from continuing operations		36,082	54,574
Attributable to:			
Owners of the Company		26,100	38,471
Non-controlling interests		9,982	16,103
Total		36,082	54,574
Earnings per share (basic / diluted)			
From continuing operations in euros	11	0.31	0.46

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, 2022

x € 1,000	2022	2021
Profit for the year from continuing operations	36,082	54,574
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
• Foreign currency translation differences net of tax	6,426	8,344
• Effective portion of changes in fair value of cash flow hedges net of tax	1,756	(1,112)
Other comprehensive income for the year net of tax	8,182	7,232
Total comprehensive income for the year	44,264	61,806
Attributable to:		
Owners of the Company	33,726	42,559
Non-controlling interests	10,538	19,247
Total	44,264	61,806

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

Consolidated statement of financial position

at December 31, 2022

x € 1,000	Note	31.12.2022	31.12.2021
Non-current assets			
Goodwill	12	79,470	65,092
Other intangible assets	13	48,598	54,061
Property, plant and equipment	14	50,031	38,078
Right-of-use assets	25	77,879	60,680
Investments in associates	15	2,925	2,783
Receivables	16	889	1,234
Deferred tax assets	17	4,082	2,300
		263,874	224,228
Current assets			
Inventory	18	416,878	381,763
Trade receivables	19	176,301	195,038
Corporate income tax receivables	20	4,322	6,090
Other tax receivables		14,279	17,023
Other receivables		21,438	21,027
Cash and cash equivalents		38,723	12,547
		671,941	633,488
Total assets		935,815	857,716

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

x € 1,000	Note	31.12.2022	31.12.2021
Equity attributable to			
Owners of the Company		281,876	264,164
Non-controlling interest	23	25,121	39,107
		306,997	303,271
Non-current liabilities			
Loans and borrowings	24	182,059	180,956
Lease liabilities	25	73,804	58,344
Deferred tax liabilities	26	9,025	10,966
Employee benefit obligations	27	1,027	1,359
Other provisions	28	650	1,002
Other liabilities	29	45,999	39,089
		312,564	291,716
Current liabilities			
Loans and borrowings	24	105,136	59,925
Lease liabilities due within one year	25	12,716	11,035
Derivative financial instruments		91	-
Trade payables		137,519	106,652
Corporate income tax liabilities		4,432	9,157
Other tax liabilities		9,933	9,791
Other current liabilities	30	46,427	66,169
		316,254	262,729
Total equity and liabilities		935,815	857,716

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, 2022

x € 1,000	Paid-up share capital	Hedging reserve	Translation reserve	Retained earnings	Total attributable to Owners	Non-controlling interest	2022 Total equity
Balance as at January 1	5,051	(31)	(175)	259,319	264,164	39,107	303,271
Total comprehensive income							
• Profit for the year from continuing operations	-	-	-	26,100	26,100	9,982	36,082
• Other comprehensive income for the year	-	1,536	6,090	-	7,626	556	8,182
	-	1,536	6,090	26,100	33,726	10,538	44,264
Other transactions							
• Dividend	-	-	-	(15,152)	(15,152)	(10,815)	(25,967)
• Transactions under common control	-	-	-	(2,696)	(2,696)	(1,147)	(3,843)
• Acquired in business combination	-	-	-	-	-	2,460	2,460
• Share-based payments	-	-	-	900	900	-	900
• Other movements	-	-	-	-	-	-	-
	-	-	-	(16,948)	(16,948)	(9,502)	(26,450)
Deferred payments							
• Reclassification to non-current liabilities	-	-	-	-	-	(15,022)	(15,022)
• Fair value adjustment non-current liabilities	-	-	-	934	934	-	934
	-	-	-	934	934	(15,022)	(14,088)
Balance as at December 31	5,051	1,505	5,915	269,405	281,876	25,121	306,997

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

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

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

Consolidated statement of cash flows

for the year ended December 31, 2022

x € 1,000	Note	2022	2021
Profit for the year from continuing operations		36,082	54,574
Adjustments for:			
Taxation on the result	10	11,587	17,157
Share of profit of associates	15	(138)	(159)
Financial expenses	9	10,401	3,889
Depreciation and impairment of right-of-use assets	25	11,745	19,105
Depreciation and impairment of property, plant and equipment	14	7,759	9,616
Amortisation and impairment of goodwill and other intangible assets	12, 13	13,017	12,182
Provisions		(684)	(365)
Non-cash share-based payment expense	21, 28	825	975
Other non-cash movements		2,575	1,104
Operating cash flows before movements in working capital		93,169	118,078
Decrease / (increase) in inventory		(27,457)	(73,490)
Decrease / (increase) in trade receivables		21,881	610
Decrease / (increase) in other tax receivables		2,744	(5,728)
Decrease / (increase) in other receivables		2,721	(3,310)
Increase / (decrease) in trade payables		22,487	4,124
Increase / (decrease) in other taxes and social security charges		142	(1,634)
Increase / (decrease) in other current liabilities		10,903	(475)
Cash generated by operations		126,590	38,175
Income taxes paid		(18,579)	(19,550)
Interest paid		(9,203)	(3,840)
Net cash from operations		98,808	14,785

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

x € 1,000	Note	2022	2021
Interest received		-	47
Repayments on loans issued to associates	16	-	210
Acquisition of subsidiaries, net of cash acquired	34	(57,256)	(11,234)
Acquisition of other investments	16	(500)	-
Payment for property, plant and equipment	14	(19,185)	(10,462)
Payment for intangible assets	13	(1,142)	(2,649)
Proceeds from disposals		349	274
Net cash from investing activities		(77,734)	(23,814)
Repayments on loans from banks	16, 24	(2,762)	(53,667)
Receipts on loans to shareholders	16	878	-
Repayments on lease liabilities	25	(11,774)	(11,091)
New loans received from banks	24	-	175,700
Transaction costs related to loans and borrowings	24	(50)	(250)
Dividend paid to owners of the Company	22	(15,152)	(8,418)
Dividend paid to non-controlling interests	23	(10,815)	(11,986)
Changes in credit facilities	24	44,777	(107,582)
Net cash from financing activities		5,102	(17,294)
Balance January 1,		12,547	38,870
Net movement in cash and cash equivalents		26,013	(28,039)
Net foreign exchange difference		163	1,716
Balance December 31,		38,723	12,547

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

Notes to the consolidated financial statements

1 General

B&S Group S.A. (the “Company”) has its registered office at 14 Rue Strachen, Mensdorf, G.D. Luxembourg. B&S Group S.A. is a holding Company of an international conglomerate of companies (together referred to as the “Group”). A detailed list of the Group’s main subsidiaries is enclosed in the appendix on page 202.

The consolidated financial statements of the Group for 2022 include the accounts of B&S Group S.A. and its subsidiaries, as well as the Company’s interests in associates.

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

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

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

On January 1, 2022 several new and amended standards and interpretations became effective for annual periods beginning on or after January 1, 2022. 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

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, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Amendments to IAS 37 (Onerous Contracts – Cost of Fulfilling a Contract)	The Group has adopted the amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract, for the first time in the current year. The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, clarify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply to contracts existing at the date when the amendments are first applied. The Group has determined that adoption has not had any material impact to the contracts existing at January 1, 2022.
Improvements to IFRS 9, IFRS 16, IFRS 1 and IAS 41 (Annual Improvements to IFRS Standards 2018-2020)	The Group has adopted the improvements to IFRS 9, IFRS 16, IFRS 1 and IAS 41 (Annual Improvements to IFRS Standards 2018-2020), for the first time in the current year. The Group has determined that adoption has not had any material impact on the amounts reported in these consolidated financial statements.

Amendments to IAS 16 (Property, Plant and Equipment (PPE): Proceeds before Intended Use)	The Group has adopted the amendments to IAS 16, Property, Plant and Equipment: Proceeds before Intended Use, for the first time in the current year. Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. The Group has determined that the adoption of this amendment has not led to any retrospective adjustments.
Amendments to IFRS 3 (Reference to the Conceptual Framework)	The Group has adopted the amendments to IFRS 3, Reference to the Conceptual Framework, for the first time in the current year. The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The Group has determined that adoption of these amendments has not had any material impact on the amounts reported in these consolidated financial statements.

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

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

Amendments to IAS 1 and IFRS Practice Statements 2	Disclosure of Accounting Policies	Endorsed
Amendments to IAS 8	Definition of Accounting Estimate	Endorsed
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Endorsed
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with covenants	Not yet endorsed
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	Not yet endorsed
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet endorsed

Under the amendments to IAS 12, the Group will present a separate deferred tax liability of € 21.0 million and a deferred tax asset of € 21.9 million based on the leases as per January 1, 2023. There will be no material impact on retained earnings on adoption of the amendments.
The Group does not expect that the adoption of the other 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 2022 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

The consolidated financial statements were approved by the Executive Board and authorised for issue on April 14, 2023.

3.2 Political and economic uncertainties

Management has evaluated the potential impact of global political and economic uncertainties on company results, statement of financial position and cash flows. The continued influence of the Russia-Ukraine war on commodity and energy prices and consequently purchase prices and sourcing opportunities are expected to pressure sales and margins for FY 2023 especially in the Beauty and Liquor segment although the diversified business lines of B&S are relatively robust during economic hardship, inflation and the risk of a global recession are expected to impact staff and other direct costs. Furthermore, these conditions are expected to influence consumer buying behaviour which could affect activities (primarily) in the premium Beauty and Liquor segment. We will continue to reassess these impacts as the situation unfolds.

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

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

The following financial covenants are applicable:

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

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

x € 1,000	31.12.2022	31.12.2021
Lease liabilities due within one year	12,716	11,035
Loans and borrowings, current	105,136	59,925
Lease liabilities	73,804	58,344
Borrowings from banks	182,059	177,956
Cash and cash equivalents	(38,723)	(12,547)
	334,992	294,713

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

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

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

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 Corrections of errors

As per the end of 2022, financial relation between Executive Board member of B&S Group S.A. and a company owned by the majority shareholder of B&S Group S.A. and the majority shareholder surfaced that should have been disclosed in the Annual Report of 2018, 2020 and 2021. The transactions have no impact on the statement of profit or loss and the statement of the financial position even as no impact on the statement of change in equity and statement of cash flows. There is no impact on the Group's basic or diluted earnings per share.

The disclosure deficiency in prior years has been disclosed in note 33 – related party transaction under the heading Financial relations between B&S management and majority shareholder.

3.7 Basis of consolidation

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

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes (none in 2022) to one or more of the three elements of control listed above.

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

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

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

3.8 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 2022 has been completed.

3.9 Goodwill

Goodwill is initially recognised and measured as set out above.

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

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

3.10 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.

3.11 Revenue recognition

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

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

Revenue from the sale of goods
Revenue from the sale of goods is recognised when control of the goods has transferred, at which time all the following conditions are satisfied:

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

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

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

3.12 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.

3.13 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the period of time in exchange for consideration. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate applied to the lease liabilities on December 31, 2022 was 1.5% (December 31, 2021: 1.7%).

Lease payments included in the measurement of the lease liability comprise:

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

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

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

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

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.
The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

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

3.14 Foreign currencies

Foreign currency transactions

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

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

Foreign operations

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

3.15 Employee benefits

Share-based payment arrangements

A group of managers has received a share incentive plan, which are settled in equity. Annually, an equal amount will be recognised as an expense during the vesting period. Reference is made to note 21 for more details on the share-based payment.
The fair value of the amount payable to employees in respect of share appreciation rights (SARs), which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss. Reference is made to note 29 for more details on the share-based payment arrangements.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group operates various pension schemes. These schemes are financed through payments to insurance companies, industry branch pension funds or the collective pension funds.

The industry pension funds are treated as multi-employer pension funds as the plans are collectively negotiated by multiple employers and labour unions. Reference is made to note 27 for more details on the retirement and termination benefits.

Short-term and other long-term employee benefits

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

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

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

3.16 Financial expenses

The Group's financial expenses include:

- interest expense;
- interest on lease liabilities;
- the foreign currency gain or loss on financial assets and financial liabilities;
- changes in the fair value of derivatives;
- changes in the fair value on contingent consideration classified as a financial liability;

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the carrying amount of the financial asset; or
- the amortised cost of the financial liability.

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

3.17 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

3.18 Intangible assets other than goodwill

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

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

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

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

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

Change in estimate in useful life of intangible assets
During 2022, the Group decided to start developing a new E-commerce platform and phase-out one of the existing E-commerce platforms. As a result, the expected useful life of software with a book value of € 2.3 million decreased. The effect of the change of the expected useful life is an increase in the amortisation of € 0.5 million for 2022 and an increase of € 1.8 million in amortisation charge for 2023.

3.19 Property, plant and equipment

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

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

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

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

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

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

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

3.20 Inventories

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

3.21 Financial instruments

Financial assets

Financial assets are recognised when a Group entity becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets expire, or if the Group transfers the financial asset to another party in which either substantially all risks and rewards of ownership of the financial assets are transferred, or if the group neither transfers nor retains substantially all the risks and rewards of ownership 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 32.

Impairment of financial assets

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

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

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

Financial liabilities

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

Financial liabilities are initially recognised, they are measured at their fair value. All financial liabilities are measured subsequently at amortised cost using the effective interest rate method, except for derivatives and contingent considerations, which are measured at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 32.

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, 2022, no material derivative financial instruments were entered into by the Group.

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

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

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

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

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

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

Cash flow hedges

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

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

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

Movements in the hedging reserve in equity are detailed in note 22.

3.23 Provisions

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

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

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

4 Critical accounting judgements and key sources of uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, such as the impact of the political and economic uncertainties 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 other intangible 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.

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.

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.

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.

5 Segment reporting

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

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

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

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

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

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

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

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

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

x € 1,000								2022
	B&S Liquors	B&S Beauty	B&S Personal Care	B&S Food	B&S Health	B&S Retail	Holdings & Eliminations	Total
Turnover	649,739	729,558	301,700	329,647	47,644	89,921	30	2,148,239
Purchase value	587,707	603,307	251,243	296,432	39,130	66,555	(54)	1,844,320
Impairment of non-current assets	135	-	-	-	-	-	-	135
EBITDA	24,648	46,867	25,656	(2,252)	1,674	2,845	(8,592)	90,845
Financial expenses	4,307	2,485	1,679	1,323	81	128	398	10,401
Result before taxation	19,287	34,734	17,888	(9,145)	(110)	1,435	(16,419)	47,669
Total assets	217,566	399,188	197,680	181,416	25,546	57,469	(143,050)	935,815
Total liabilities	164,375	226,015	126,143	123,792	17,115	44,397	(73,019)	628,818
Capital Expenditures	523	4,138	2,355	1,480	13	7,611	3,065	19,185

x € 1,000								2021
	B&S Liquors	B&S Beauty	B&S Personal Care	B&S Food	B&S Health	B&S Retail	Holdings & Eliminations	Total
Turnover	540,867	675,727	276,447	287,195	46,738	42,518	15	1,869,507
Purchase value	483,947	549,032	230,176	251,022	38,797	30,684	(1,452)	1,582,206
Impairment of non-current assets	-	-	-	10,193	-	-	-	10,193
EBITDA	28,175	62,362	25,257	3,112	1,942	(1,541)	(2,943)	116,364
Financial expenses	2,474	1,177	437	868	42	114	(1,223)	3,889
Result before taxation	2,474	54,002	19,687	(15,009)	209	(2,960)	(8,919)	71,731
Total assets	253,935	373,871	141,103	224,020	30,819	43,301	(209,333)	857,716
Total liabilities	207,559	232,201	73,227	152,453	17,820	30,942	(159,757)	554,445
Capital Expenditures	141	2,444	2,287	3,891	13	533	1,153	10,462

Geographic information

x € 1,000								2022
	B&S Liquors	B&S Beauty	B&S Personal Care	B&S Food	B&S Health	B&S Retail	Holdings & Eliminations	Total
Turnover								
Europe	317,529	275,762	292,781	136,116	39,059	77,370	30	1,138,647
America	28,835	367,349	2,481	16,554	4,049	-	-	419,268
Asia	258,758	39,573	1,016	50,448	3,330	-	-	353,125
Middle East	22,228	40,831	3,581	71,215	1,049	5,662	-	144,566
Africa	17,350	99	1,814	55,231	118	6,889	-	81,501
Oceania	5,039	5,944	27	83	39	-	-	11,132
Total Turnover	649,739	729,558	301,700	329,647	47,644	89,921	30	2,148,239
Non-current assets								
Europe	9,375	21,158	57,121	26,023	7,836	18,843	27,426	167,782
America	-	93,135	-	-	-	-	-	93,135
Middle East	68	68	-	1,145	51	1,625	-	2,957
Total Non-current assets	9,443	114,361	57,121	27,168	7,887	20,468	27,426	263,874

x € 1,000								2021
	B&S Liquors	B&S Beauty	B&S Personal Care	B&S Food	B&S Health	B&S Retail	Holdings & Eliminations	Total
Turnover								
Europe	285,898	271,282	268,467	98,910	40,810	36,530	107	1,002,004
America	19,686	322,989	2,383	11,062	4,008	(1)	-	360,127
Asia	204,831	44,020	1,039	42,535	1,565	-	1	293,991
Middle East	8,304	30,625	3,172	96,879	350	642	(262)	139,710
Africa	16,622	283	1,386	37,738	5	5,347	1	61,382
Oceania	5,526	6,528	-	71	-	-	168	12,293
Total Turnover	540,867	675,727	276,447	287,195	46,738	42,518	15	1,869,507
Non-current assets								
Europe	4,630	2,141	25,505	46,912	9,024	13,103	29,050	130,365
America	-	91,071	-	-	-	-	-	91,071
Middle East	96	96	-	1,701	72	827	-	2,792
Total Non-current assets	4,726	93,308	25,505	48,613	9,096	13,930	29,050	224,228

6 Turnover

The revenue per product group is as follows:

x € 1,000	2022	2021
Liquors	669,511	551,994
Beauty	729,558	675,727
Personal Care	301,700	276,447
Food	333,775	292,230
Health	47,644	46,738
Electronics	66,051	26,371
	2,148,239	1,869,507

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

x € 1,000	2022	2021
Europe	1,138,647	1,002,004
America	419,268	360,127
Asia	353,125	293,991
Middle East	144,566	139,710
Africa	81,501	61,382
Oceania	11,132	12,293
	2,148,239	1,869,507

7 Personnel costs

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

x € 1,000	2022	2021
Salary costs	107,063	87,121
Social security charges	12,879	10,623
Pension costs	5,368	4,615
Government grants	(122)	(700)
Equity-settled share-based payments	900	900
Cash-settled share-based payments	(75)	75
Other personnel costs	7,659	5,400
	133,672	108,034
Temporary staff	13,408	9,576
	147,080	117,610

The remuneration of the Executive Board and the Supervisory Board is disclosed in the note on related parties (refer to note 33).

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

	2022	2021
B&S Liquors	111	99
B&S Beauty	564	470
B&S Personal Care	219	212
B&S Food	368	347
B&S Health	79	78
B&S Retail	230	187
Holdings & Eliminations	364	321
	1,935	1,714

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 consolidated statement of profit or loss.

8 Other operating expenses

The other operating expenses can be specified as follows:

x € 1,000	2022	2021
Personnel related costs	6,520	4,067
Office / warehouse costs	8,765	9,036
Marketing costs	7,556	3,961
ICT costs	19,330	17,227
Insurance costs	4,720	4,265
External advisory costs	10,372	7,100
Other operating expenses	8,731	7,671
	65,994	53,327

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	201	1,702	1,903
Other non-audit services	22	72	94
	223	1,774	1,997

9 Financial expenses

The financial expenses can be specified as follows:

x € 1,000	2022	2021
Interest related to bank facilities	8,296	3,478
Interest on lease liabilities	1,364	1,139
Currency exchange results	(279)	(745)
Credit and commitment fees	653	-
Other interest	256	332
Changes in the fair value of derivatives	112	(124)
Changes in the fair value of contingent considerations	(1)	(191)
	10,401	3,889

10 Taxation on the result

The taxation on the result can be specified as follows:

x € 1,000	2022	2021
Income tax current period	14,191	18,317
Income tax previous periods	(438)	67
Deferred taxes	(2,166)	(1,227)
	11,587	17,157

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

x € 1,000		2022		2021
Result before taxation		47,669		71,731
Income tax using the applicable tax rate in Luxembourg	25.0%	11,917	25.0%	17,933
Tax effect of:				
Other applicable tax rates abroad	0.5%	255	-2.0%	(1,467)
Share of profit of associates	0.1%	35	0.1%	40
Non-deductible expenses	16.7%	1,984	2.5%	1,811
	29.8%	14,191	25.5%	18,317

New corporate tax law was enacted in which corporate tax rates will change compared to prior period. The effect of this change amount to € nil million to the remeasurement of deferred tax assets and liabilities.

11 Earnings per share

The basic earnings per share can be specified as follows:

x € 1	2022	2021
Basic earnings per share from continuing operations	0.31	0.46

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	2022	2021
Profit for the year attributable to Owners of the Company	26,100	38,471

x 1	2022	2021
Weighted average number of Ordinary shares	84,177,321	84,177,321

12 Goodwill

The movements can be specified as follows:

x € 1,000	2022	2021
Balance as at January 1,	65,092	62,337
Acquired in business combinations	11,760	-
Impairment loss	-	(500)
Foreign currency translation	2,618	3,255
Balance as at December 31,	79,470	65,092

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

x € 1,000	31.12.2022	31.12.2021
B&S Liquors	2,096	2,096
B&S Beauty	57,159	42,781
B&S Personal Care	8,680	8,680
B&S Food	-	-
B&S Health	4,934	4,934
B&S Retail	6,601	6,601
	79,470	65,092

* Reference is made to note 5 segment reporting

x € 1,000	31.12.2022	31.12.2021
The Netherlands	21,277	21,777
Rest of the world	58,193	43,315
	79,470	65,092

Impairment testing

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

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 CGU-specific discount rate. Increases in market volume (due to increase of population and rising consumption) have been taken into consideration as well as the scarcity of products, growing market pressure on prices, government-induced or otherwise. Assumptions for average selling prices and cost of sales are based on historical experience and expectations of future changes in the market. Cash flows beyond the five-year period have been calculated using a steady 2.0 per cent (2021: 0.5 per cent) terminal growth rate. This growth rate does not exceed the inflation rate for markets in the territories B&S operates in. Company's assumptions used in the recoverable amount calculations, such as capital expenditure and other assumptions are inherently uncertain and may ultimately differ from actual amounts.

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

x 1,000	Discount rate 2022	Discount rate 2021	Terminal growth rate 2022	Terminal growth rate 2021
B&S Liquors	9.1%	7.4%	2.0%	0.5%
B&S Beauty	10.3%	8.1%	2.0%	0.5%
B&S Personal Care	9.3%	8.0%	2.0%	0.5%
B&S Food	10.8%	7.8%	2.0%	0.5%
B&S Health	9.0%	8.7%	2.0%	0.5%
B&S Retail	9.7%	8.6%	2.0%	0.5%

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

The impairment testing for 2022 did not result in impairments (2021: €10.2 million in B&S Food).

x € 1,000		2022	2021
Goodwill	12	-	500
Other intangible assets	13	-	56
Property, plant and equipment	14	-	1,987
Right-of-use assets	24	-	7,650
		-	10,193

Sensitivity to changes in assumptions

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

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

- If the discount rate is assumed to be 0.5% higher than applied in the separate impairment tests, no impairments would have been required for the cash-generating units B&S Liquors, B&S Beauty, B&S Personal Care, B&S Food, B&S Health and B&S Retail.
- If future annual sales growth rate is set 5.0% lower than applied in the separate impairment tests, whilst maintaining cost levels on the original assumptions,

no impairments would have been required for the cash-generating units B&S Beauty, B&S Personal Care, B&S Food and B&S Retail.

- If gross margins were to show a decrease of 1.0% over the coming years, while maintaining the other assumptions applied in the separate impairment tests, no impairments would have been required for the cash-generating units B&S Liquors, B&S Beauty, B&S Personal Care, B&S Food, B&S Health and B&S Retail.

13 Other intangible assets

The other intangible assets can be specified as follows:

x € 1,000	31.12.2022	31.12.2021
Software	8,691	12,610
Brand names	4,584	2,953
Concessions	958	837
Customer portfolios	7,260	6,460
Supplier portfolios	20,541	23,717
Private labels	5,409	5,979
Other	1,155	1,505
	48,598	54,061

x € 1,000	31.12.2022	31.12.2021
The Netherlands	16,626	23,218
Rest of the world	31,972	30,843
	48,598	54,061

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

The movements can be specified as follows:

x € 1,000	Software	Brand names	Concessions	Customer portfolios	Supplier portfolios	Private labels	Other	2022 Total
At cost:								
Balance as at January 1,	25,829	5,330	6,004	9,892	40,189	8,859	5,154	101,257
Additions	1,065	77	-	-	-	-	-	1,142
Acquired in business combinations	-	2,106	665	2,412	-	-	84	5,267
Foreign currency translation	202	169	-	-	1,887	550	171	2,979
Disposals	166	-	(424)	(297)	-	-	-	(555)
	27,262	7,682	6,245	12,007	42,076	9,409	5,409	110,090
Accumulated amortisation and impairment:								
Balance as at January 1,	(13,219)	(2,377)	(5,167)	(3,432)	(16,472)	(2,880)	(3,649)	(47,196)
Acquired in business combinations	-	-	(421)	-	-	-	(127)	(548)
Disposals	(140)	-	425	-	-	-	-	285
Foreign currency translation	(132)	(51)	-	-	(613)	(125)	(95)	(1,016)
Amortisation	(5,080)	(670)	(124)	(1,315)	(4,450)	(995)	(383)	(13,017)
	(18,571)	(3,098)	(5,287)	(4,747)	(21,535)	(4,000)	(4,254)	(61,492)
Balance as at December 31,	8,691	4,584	958	7,260	20,541	5,409	1,155	48,598

x € 1,000								2021
	Software	Brand names	Concessions	Customer portfolios	Supplier portfolios	Private labels	Other	Total
At cost:								
Balance as at January 1,	22,958	5,011	6,004	9,595	37,840	8,177	4,845	94,430
Additions	2,474	153	-	-	-	-	22	2,649
Acquired in business combinations	-	-	-	297	-	-	-	297
Reclassification from PP&E	146	-	-	-	-	-	-	146
Foreign currency translation	251	214	-	-	2,349	682	287	3,783
Disposals	-	(48)	-	(48)				
	25,829	5,330	6,004	9,892	40,189	8,859	5,154	101,257
Accumulated amortisation and impairment:								
Balance as at January 1,	(8,588)	(1,901)	(5,060)	(1,992)	(11,683)	(1,841)	(3,107)	(34,172)
Reclassification from PP&E	(88)	-	-	-	-	-	-	(88)
Foreign currency translation	(158)	(58)	-	-	(529)	(320)	(189)	(1,254)
Impairment loss	(5)	-	-	(51)	-	-	-	(56)
Amortisation	(4,380)	(418)	(107)	(1,389)	(4,260)	(719)	(353)	(11,626)
	(13,219)	(2,377)	(5,167)	(3,432)	(16,472)	(2,880)	(3,649)	(47,196)
Balance as at December 31,	12,610	2,953	837	6,460	23,717	5,979	1,505	54,061

14 Property, plant and equipment

Property, plant and equipment (PP&E) can be specified as follows:

x € 1,000	31.12.2022	31.12.2021
Land and property	16,032	16,184
Equipment	21,688	15,157
Other	12,311	6,737
	50,031	38,078

x € 1,000	31.12.2022	31.12.2021
The Netherlands	37,727	31,208
Rest of the world	12,304	6,870
	50,031	38,078

The movements can be specified as follows:

x € 1,000				2022
	Land and property	Equipment	Other	Total
At cost:				
Balance as at January 1,	49,212	46,349	29,679	125,240
Additions	1,662	9,940	7,583	19,185
Acquired in business combinations	-	384	2,193	2,577
Foreign currency translation	8	309	507	824
Disposals	(202)	(5)	(101)	(308)
	50,680	56,977	39,861	147,518
Accumulated depreciation and impairment:				
Balance as at January 1,	(33,028)	(31,192)	(22,942)	(87,162)
Acquired in business combinations	-	(342)	(1,966)	(2,308)
Disposals	24	17	188	229
Foreign currency translation	(8)	(147)	(332)	(487)
Depreciation	(1,636)	(3,625)	(2,498)	(7,759)
	(34,648)	(35,289)	(27,550)	(97,487)
Balance as at December 31,	16,032	21,688	12,311	50,031

x € 1,000				2021
	Land and property	Equipment	Other	Total
At cost:				
Balance as at January 1,	47,951	39,798	27,397	115,146
Additions	1,464	6,762	2,236	10,462
Acquired in business combinations	-	-	29	29
Foreign currency translation	10	312	606	928
Reclassification to Other Intangible assets	-	-	(146)	(146)
Reclassification within PP&E	-	(299)	299	-
Disposals	(213)	(224)	(742)	(1,179)
	49,212	46,349	29,679	125,240
Accumulated depreciation and impairment:				
Balance as at January 1,	(30,635)	(26,667)	(20,517)	(77,819)
Acquired in business combinations	-	-	(5)	(5)
Disposals	113	128	627	868
Foreign currency translation	(10)	(218)	(450)	(678)
Reclassification to Other intangible assets	-	-	88	88
Reclassification within PP&E	-	19	(19)	-
Impairment loss	(487)	(1,258)	(242)	(1,987)
Depreciation	(2,009)	(3,196)	(2,424)	(7,629)
	(33,028)	(31,192)	(22,942)	(87,162)
Balance as at December 31,	16,184	15,157	6,737	38,078

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

The Company has entered into a capital commitment amounting to € 3.6 million for Property, plant and equipment.

15 Investments in associates

Investments in associated companies can be specified as follows:

x € 1,000	2022	2021
Balance as at January 1,	2,783	2,630
Share of profit of associated companies	138	159
Foreign currency translation	4	-
Balance as at December 31,	2,925	2,783

The principal associated companies of the Group are as follows:

	2022	2021
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	31.12.2022	31.12.2021
Current assets	3,592	4,069
Non-current assets	3,710	3,666
Current liabilities	1,253	718
Non-current liabilities	2,769	4,196
Turnover	6,948	7,977
Profit (loss) for the year	208	389
Net assets of the associate	3,280	2,821
Carrying amount of the Group's interest	1,691	1,603

STG Logistica Y Depositos S.L.:

x € 1,000	31.12.2022	31.12.2021
Current assets	368	101
Non-current assets	93	117
Current liabilities	298	82
Non-current liabilities	176	150
Turnover	19	630
Profit (loss) for the year	(2)	(1)
Net assets of the associate	(13)	(14)
Carrying amount of the Group's interest	2	2

Capi-Lux South Africa (PTY) Ltd.:

x € 1,000	31.12.2022	31.12.2021
Current assets	2,972	2,595
Non-current assets	123	142
Current liabilities	584	328
Turnover	4,888	1,937
Profit (loss) for the year	118	(72)
Net assets of the associate	2,511	2,409
Carrying amount of the Group's interest	1,232	1,178

16 Receivables

The receivables can be specified as follows:

x € 1,000	2022	2021
Balance as at January 1,	1,234	1,444
Acquired in business combinations	283	-
New loans issued	500	-
Repayments	(1,128)	(210)
Balance as at December 31,	889	1,234

This item consists of the following loans as at December 31, 2022:

- 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 remaining amount has been repaid in 2022. No securities have been provided.
- In 2020 the Company granted a loan to an associate, STG Logistica Y Depositos S.L., for the original amount of € 150,000, no maturity date has been set. The applicable interest rate is 10%. No securities have been provided.
- In 2020 the Company granted a loan to a third party for the original amount of € 242,000, no maturity date has been set. The applicable interest rate is 10%. No securities have been provided.
- In 2022 the Company acquired € 283,000 of which € 250,000 relates to a guarantee for a loan from banks. This loan has been repaid in 2022 and therefor the guarantee has been received in 2022.
- The Company acquired an 6% investment for an amount of € 500,000 in 2022.

17 Deferred tax assets

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

x € 1,000	2022	2021
Balance as at January 1,	2,300	1,417
Additions	-	1,458
Transfer to/ from profit or loss	1,785	(574)
Foreign currency translation	(3)	(1)
Balance as at December 31,	4,082	2,300

The deferred tax assets relate to the following items:

x € 1,000	31.12.2022	31.12.2021
Property, plant and equipment	1,092	140
Other intangible assets	517	29
Right-of-use assets	1,978	1,883
Other	495	248
	4,082	2,300

Deferred tax assets have not been recognised for an amount of € 1,7 million, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

18 Inventory

The inventory can be specified as follows:

x € 1,000	31.12.2022	31.12.2021
Value of trade goods	378,538	322,542
Prepayments on trade inventory	43,524	65,539
Provision for obsolescent inventory	(5,184)	(6,318)
	416,878	381,763

The amount of the write-down during 2022 amounts to € 2.2 million (2021: € 1.7 million) and has been recognised in the consolidated statement of profit or loss as a loss. Similar as in the previous year, no inventories have been pledged as a security for non-current loans and borrowings and current liabilities provided by credit institutions. The cost of inventories recognised as an expense during the year in respect of continuing operations was € 1.7 million (December 31, 2021: € 1.5 million).

19 Trade receivables

The trade receivables can be specified as follows:

x € 1,000	31.12.2022	31.12.2021
Trade receivables	195,276	197,345
Allowance for doubtful debts	(18,975)	(2,307)
	176,301	195,038

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 € 17.0 million (2021: € 0.3 million) 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	2022	2021
Balance as at January 1,	2,307	2,685
Acquired in business combinations	-	-
Transfer from profit or loss	17,040	342
Amounts written off as uncollectable	(372)	(720)
Balance as at December 31,	18,975	2,307

The working capital tied up in trade receivables is expressed in Days of Sales Outstanding (DSO). The average DSO for 2022 was 31 days (2021: 38).
The provision for doubtful receivables, taking into account the expected lifetime losses following the simplified approach as per IFRS 9, relates entirely to trade receivables past the contractually agreed due date for payment. Items that are considered doubtful have been fully provided for. Estimations and assumptions are applied to determine the size of the provision. Those estimates and assumptions are based on age analysis and specific developments in terms of market conditions and credit risks. In the judgement of the Group, the credit quality for receivables past due at the balance sheet date but not provided for is sufficient. As per March 3, 2023 the Group has entered into a settlement agreement amounting to € 5 million with a debtor for which a receivable amounting to € 12.6 million had been provided for during 2022. Based thereon we expect to reverse part of the provision in the years to come for the maximum amount of € 5 million. We have taken a prudent view that the provision will only be reversed on a euro for euro received basis.

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

x € 1,000	31.12.2022	31.12.2021
Trade receivables less than 30 days due	17,162	26,042
Trade receivables between 30 and 60 days due	8,285	14,897
Trade receivables more than 60 days due	13,776	12,183
	39,223	53,122

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.

20 Corporate income tax receivables

The tax receivables include an amount of € 1.4 million (2021: € 5.7 million) with a possible long-term character. The maturity period of all other receivables is less than one year.

21 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, 2022 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 2022 and 2021.

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. Upon the publication of this Annual Report, the Ordinary shares will be transferred to the managers. 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.

22 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	2022	2021
Balance as at January 1,	(31)	1,066
Effective portion of changes in fair value of cash flow hedges	1,536	(1,097)
Balance as at December 31,	1,505	(31)

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	2022	2021
Balance as at January 1,	(175)	(5,360)
Foreign currency translation through OCI	6,090	5,185
Balance as at December 31,	5,915	(175)

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	2022	2021
Balance as at January 1,	259,319	255,618
Profit for the period	26,100	38,471
Dividend to the owners of the Company	(15,152)	(8,418)
Transactions under common control (note 34)	(2,696)	(34,256)
Share-based payments	900	-
	268,471	252,315
Fair value adjustment non-current liabilities	934	7,004
Balance as at December 31,	269,405	259,319

Proposed appropriation of the result for 2022

The Executive Board proposes to pay a dividend of € 10.4 million and to add € 15.7 million to the reserves. This proposed appropriation has not been accounted for in the consolidated financial statements.

Profit appropriation 2021

The 2021 consolidated financial statements were approved during the General Meeting on May 17, 2022. The General Meeting approved the proposed profit appropriation. The paid dividend per share was € 0.18.

23 Non-controlling interest

The non-controlling interest consist of the third-party share in the following companies:

	31.12.2022	31.12.2021
J.T.G. WWL S.à r.l., G.D. Luxembourg	8.21%	8.21%
Topbrands Europe B.V., the Netherlands	29.17%	32.83%
FNet Acquisition Company LLC, Delaware, United States	25%	25%
FNC International B.V., the Netherlands	25%	25%
B&S HTG B.V., the Netherlands	5%	5%
Lagaay Medical Group B.V., the Netherlands	30%	30%
Europort Groep B.V., the Netherlands	20%	20%
J.T.G. Distribution HK Ltd, Hong Kong	22.50%	22.50%
B&S Beauty B.V., the Netherlands	5%	5%
Europe Beauty Group S.A.S., Autun, France	30%	-
Top Care Distribution S.L.U., Valencia, Spain	24.5%	-
Profit Rights:		
B&S Investments B.V., Delfzijl, the Netherlands	100%	100%

The movement in the non-controlling interest can be specified as follows:

x € 1,000	2022	2021
Balance as at January 1,	39,107	50,527
Share of profit of associated companies	9,982	16,103
Foreign currency translation	336	3,159
Effective portion of changes in fair value of cash flow hedges	220	(15)
Acquired in business combinations	2,460	-
Transactions under common control	(1,147)	(15,178)
Dividend paid to non-controlling interest	(10,815)	(11,986)
	40,143	42,610
Reclassification to 'Other non-current liabilities'	(15,022)	(3,503)
Balance as at December 31,	25,121	39,107

The reclassification to 'Other non-current liabilities' relates to the non-controlling interest for which the Group has deferred payments. Reference is made to note 29 for further details on this reclassification.

24 Loans and borrowings

The loans and borrowings can be specified as follows:

x € 1,000	31.12.2022	31.12.2021
Borrowings from banks	179,059	177,956
Borrowings from third parties	3,000	3,000
Non-current liabilities	182,059	180,956
Unsecured borrowings from banks	103,896	58,810
Borrowings from banks due within one year	1,240	1,115
Current liabilities	105,136	59,925

The movements in the loans and borrowings can be specified as follows:

x € 1,000	2022	2021
Balance as at January 1,	240,881	227,626
New loans received from banks	-	175,700
Acquired through business combinations	4,253	-
Repayments on borrowings from banks	(3,012)	(53,667)
Changes on unsecured borrowings from banks	44,777	(107,794)
Transaction costs related to loans and borrowings	(205)	(1,504)
Amortisation transaction costs	501	520
	287,195	240,881
Reclassification to 'current liabilities'	(105,136)	(59,925)
Balance as at December 31,	182,059	180,956

x € 1,000	Interest	Year of maturity	% Nominal interest rate	31.12.2022 Maximum amount	Nominal value	Carrying amount	31.12.2021 Maximum amount	Nominal value	Carrying amount
Unsecured bank loans	variable [1,2]	2024	1.1%	175,000	175,000	174,311	175,000	175,000	174,016
Unsecured revolving credit facilities	variable [1,2]	2024 - 2025[3]	2.9%	145,000	60,802	60,455	145,000	48,633	48,113
Unsecured overdraft facilities	variable [1,2]	Until further notice	3.1%	290,000	39,169	39,169	290,000	8,000	8,000
Other bank loans	fixed	2026-2027	1.5%	5,987	5,987	5,987	5,055	5,055	5,055
Other revolving credit facilities	variable [2]	2023-2025	3.8%	10,650	4,273	4,273	10,650	2,697	2,697
Borrowings from third party	when conditions are met		0%	3,000	3,000	3,000	3,000	3,000	3,000
Total loans and borrowings				629,637	288,231	287,195	628,705	242,385	240,881
Lease liabilities		2023-2037	1.5%-1.7%			69,905			58,344
Lease liabilities due within one year			1.5%-1.7%			12,630			11,035
Total interest bearing loans and borrowings				629,637		369,730	628,705		310,260

[1] Based on covenants with financial institutions and the Group's leverage ratio

[2] Reference rate depending on the currency drawn: EURIBOR, SOFR, SONIA, TONAR, EIBOR

[3] Two extensions options of one year each till 2026

Borrowings from banks

At December 30, 2021, the Group entered into multiple bilateral term loans and committed revolving credit facilities to provide surety and maturity to its financing portfolio while renewed overdraft facilities contribute to the necessary flexibility to counter swings in working capital and to provide headroom for potential business opportunities. The bilateral agreements are entered into with five major European banks and are provided on equal terms and conditions. Unlike with previous borrowings and credit facilities, no assets have been pledged as security for the loans and borrowings provided. Instead, guarantees of companies within the Group are provided.

As per May 4, 2022, B&S International B.V. became acceding borrower of the multi bilateral term loans and committed revolving credit facilities.

The unsecured bank loans of € 175 million consist out of three fully drawn term loans that are to be fully repaid at maturity in 2024. These loans form the basis of the debt provided by financial institutions.

The unsecured revolving credit facilities of € 145 million have all been entered into for three years until 2024. The Group holds extension options of one year each, possibly prolonging the agreements until 2026. In 2022 the Group exercised the extension option for € 125 million till 2025. The unsecured revolving credit facilities are drawn on demand utilising multicurrency ancillary facilities.

The unsecured overdraft facilities of € 290 million are provided on an 'until further notice' basis by the financial institutions and provide the Group with necessary headroom and flexibility. Similar to the revolving credit facilities, they are drawn on demand using ancillary facilities. To support future growth and liquidity needs, the unsecured overdraft facilities could possibly be converted to revolving credit facilities when utilisation has become structural.
The quarterly tested financial covenants for the financial agreements applicable to the Group are:

- A maximum of 4.0 of Leverage Ratio
- A maximum of 4.5 of Leverage Ratio after a considerable acquisition
- A minimum of 4.0 of Interest Coverage Ratio

The other bank loans and other revolving credit facilities relates to Spanish and French facilities with a maximum amount of € 16.6 million and will mature between 2023 and 2027.

For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 32.

Borrowings from third parties

Borrowings from third parties exists of two loans of €1.5 million each. The applicable interest rate for both loans is 2.5%, but will only become applicable after fulfilment of certain conditions. No securities are provided. An amount of € 2.3 million will be repaid within one year, the repayment of the remaining amount is dependent on fulfilment of beforementioned conditions.

25 Leases

The leases can be specified as follows:

x € 1,000	31.12.2022	31.12.2021
Property	75,414	58,537
Vehicles	2,465	2,143
	77,879	60,680

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

x € 1,000	2022	2021
Balance as at January 1,	60,680	66,075
Additions	25,115	13,051
Acquired in business combinations	2,832	-
Impairment loss	(135)	(7,650)
Depreciation right-of-use assets	(11,610)	(11,455)
Foreign currency translation	997	659
Balance as at December 31,	77,879	60,680

x € 1,000	31.12.2022	31.12.2021
The Netherlands	59,675	43,708
Rest of the world	18,204	16,972
	77,879	60,680

The Group leases several assets including buildings and vehicles. During the year several new lease contracts have been entered into for locations previously rented and two new locations. Furthermore for one location in the Netherlands which is rented from a related party, the lease contract duration has been shortened during 2022. The average remaining lease term is four years. The total cash outflow for leases amounts to € 13.8 million.

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

x € 1,000	2022	2021
Balance as at January 1,	69,379	66,732
Additions	25,115	13,051
Acquired in business combinations	2,832	-
Repayments on lease liabilities	(11,774)	(11,091)
Foreign currency translation	968	687
	86,520	69,379
Reclassification to 'Current liabilities'	(12,716)	(11,035)
Balance as at December 31,	73,804	58,344

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

x € 1,000				31.12.2022
	< 1 year	1 <> 5 years	> 5 years	Total
Lease liabilities	12,716	41,537	32,267	86,520
	12,716	41,537	32,267	86,520

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	2022	2021
Depreciation expenses on right-of-use assets (Property)	10,673	10,573
Depreciation expenses on right-of-use assets (Vehicles)	937	882
Impairment loss on right-of-use assets (Property)	135	7,650
Interest expense on lease liabilities	1,364	1,139
Expenses relating to short-term leases and leases of low value assets	2,033	1,189
	15,142	21,433

26 Deferred tax liabilities

The movement in deferred tax liabilities can be specified as follows:

x € 1,000	2022	2021
Balance as at January 1,	10,966	10,684
Acquired in business combinations	1,130	75
Addition	-	1,458
Transfer to profit or loss	(3,218)	(1,823)
Foreign currency translation	147	572
Balance as at December 31,	9,025	10,966

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

x € 1,000	31.12.2022			
	< 1 year	1 <> 5 years	> 5 years	Total
Deferred tax liabilities	2,099	5,899	1,027	9,025
	2,099	5,899	1,027	9,025

The deferred tax liabilities relate to the following items:

x € 1,000	31.12.2022	31.12.2021
Property, plant and equipment	150	1,500
Other intangible assets	8,378	8,934
Other	497	532
	9,025	10,966

27 Retirement and other employee benefit obligations

The movements for the provision can be summarised as follows:

x € 1,000	2022	2021
Balance as at January 1,	1,359	1,001
Paid during the financial year	(682)	(20)
Transfer to/from profit or loss	350	378
Balance as at December 31,	1,027	1,359

The provision for pension obligations consists of a provision for pensions of former personnel that have taken effect and are valued at fair value. The maturity of these obligations is less than five years.

This provision also includes an end-of-service indemnity payable to employees at the reporting date in accordance with the U.A.E. labour laws, and is based on current remuneration and cumulative years of service at the reporting date. This provision is considered as a defined benefit plan. Total amount of end-of-service indemnity provision as per 2022 was € 0.7 million (2021: € 0.4 million).

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 € 5.4 million (2021: € 4.6 million) represents contributions paid or payable by the Group at rates specified in the rules of the plans. As at December 31, 2022, contributions of € 0.7 million (2021: € 0.5 million) due in respect of the 2022 (2021) 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 (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 € 0.1 million (2021: € 0.1 million). 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 111.6% at December 31, 2022 (2021: 102.9%).

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 Capi-Lux Holding B.V. (formerly known as 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 its investment return.

The annual accrual of the pension entitlements amounts to 1.4% of the pensionable salary that is based on the gross wage net of a deductible (of € 14,720).
The pensionable salary is capped (at € 59,706). The annual employer-paid contribution is 24.75% of which 6.1% is contributed by the employee. Based on the funding ratio and expected returns the board of the industry pension fund sets the contribution on a yearly basis.

The related industry pension fund has stated that the funding ratio is 117.3% at the end of 2022 (2021: 119.2%). Based on the administrative regulations the group has no obligation to make additional contributions in the event of a deficit other than through higher future contributions.

Based on IAS 19, the Pension Plan as such is accounted for as a defined contribution plan. The Group presents the employer contribution in the profit or loss item “Personnel costs”.

Other defined benefit plans
In several countries, defined benefit plans are in place. However due to the limited number of employees and limited financial risk these plans are accounted for as defined contribution plans. Pension plans for which the pension fund cannot provide data on an individual company basis are, in line with IAS19, accounted for as a defined contribution plans. In 2022 the premium related to these plans charged to the consolidated statement of profit or loss amounts to € 0.5 million (2021: € 0.3 million).

28 Other provisions
The movements in the ‘Other provisions’ can be specified as follows:

x € 1,000	2022	2021
Balance as at 1 January	1,002	1,500
Transferred to profit or loss	(352)	(498)
Balance as at 31 December	650	1,002

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 € 0.7 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.

29 Other liabilities

The other liabilities can be specified as follows:

x € 1,000	2022	2021
Deferred payments	45,360	38,349
Subsidy (IPR)	617	652
Share appreciation rights	-	75
Other non-current liabilities	22	13
	45,999	39,089

Deferred payments

The movements in 'Deferred payments' can be specified as follows:

x € 1,000	2022	2021
Balance as at January 1,	38,349	41,850
Reclassification from 'Non-controlling interest'	15,022	3,503
	53,371	45,353
Fair value adjustment	(934)	(7,004)
	52,437	38,349
Reclassification to 'Current liabilities'	(7,077)	-
Balance as at December 31,	45,360	38,349

The Group has three deferred payments with three minority shareholders for written put options.

The exercise prices are dependent on the agreed terms with the minority shareholders. 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 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.

	Deferred payment 1	Deferred payment 2	Deferred payment 3
Closing date	October 2018	May 2022	September 2022
Percentage of shares	25.00%	15.00%	29.17%
Exercise date	First tranche of 12.5%: five years after closing date (effectively October 29, 2023). Second tranche: ten years after closing date (effectively October 29, 2028).	Three years after closing date (effectively May 12, 2025), during a three-year period. The seller may exercise the put option between January 1 and June 30 of each year of the put option period. The purchaser may exercise the call option between July 1 and December 31 of each year of the call option period.	One year and three months after closing date (effectively January 1, 2024), during a four-year period. At exercise date 50% will be paid, the remaining amount will be paid after one year.
Calculation method of the exercise price	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 higher price of (a) € 3,7 million (15% of the purchase price at acquisition date) or (b) multiple that is dependent on the EBITDA of the company of the year prior to execution of the option minus net financial debt as per financial year end prior to executing the option x 15%.	The higher price of (a) the minimum price of € 34,056,019.40 for 525 shares including a correction for the solvability ratio or (b) the weighted average of the profit before tax for the last three years prior to exercise period times 5.9 after dividend payment.
Discount rate	US government bond yields plus a company specific mark-up	German bond yields plus a company specific mark-up	German bond yields plus a company specific mark-up
Fair value	€ 18.0 million	€ 3.4 million	€ 31.0 million

Share appreciation rights (cash-settled)

On February 22, 2021, the Group granted 145,000 share appreciation rights (SARs) to the CEO and CFO at the time, that entitle them to a cash payment after three years of service. All SARs are forfeited per year-end 2022. The carrying amount of liabilities for SARs as per December 31, 2022 is € nil (2021: € 75,000).

30 Other current liabilities

The other current liabilities can be specified as follows:

x € 1,000	2022	2021
To be paid for additional shares J.T.G. Holding B.V. and J.T.G. W.W.L. S.à r.l.	-	38,500
Current part of deferred payments	7,077	-
Other current liabilities	39,350	27,669
	46,427	66,169

The other current liabilities includes personnel related liabilities of € 13.2 million (2021: 11.2 million).

31 Contingent liabilities and contingent assets

Concession fee

The Group has entered into long-term concession agreements. The maturity of these agreements varies up to 9 years. The amounts involved are based on the turnover of the particular agreement.

Guarantees

The Group has issued guarantees. These guarantees can be specified as follows:

x € 1,000	31.12.2022	31.12.2021
Total maximum level of guarantees facility granted to the Group	22,500	22,500
Issued guarantees in relation to import duties	4,152	5,683
Issued guarantees in relation to rental agreements	4,691	2,783
Other issued guarantees	769	834
	9,612	9,300

32 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			31.12.2022
					Level 1	Level 2	Level 3
Financial assets not measured at fair value							
Receivables, non-current assets	889	-	-	889			
Trade receivables	176,301	-	-	176,301			
Cash and cash equivalents	38,723	-	-	38,723			
	215,913	-	-	215,913			
Financial liability measured at fair value							
Deferred Payments	-	-	52,437	52,437	-	-	52,437
Derivative financial instruments	-	-	91	91	-	-	91
	-	-	52,528	52,528	-	-	52,528
Financial liabilities not measured at fair value							
Borrowings, non-current liabilities	182,059	-	-	182,059			
Lease liabilities	86,520	-	-	86,520			
Unsecured borrowings from banks	103,896	-	-	103,896			
Borrowings from banks due within one year	1,240	-	-	1,240			
Trade payables	137,519	-	-	137,519			
	511,234	-	-	511,234			

x € 1,000	Amortised cost	FVTPL	FVTOCI	Total			31.12.2021
					Level 1	Level 2	Level 3
Financial assets not measured at fair value							
Receivables, non-current assets	1,234	-	-	1,234			
Trade receivables	195,038	-	-	195,038			
Cash and cash equivalents	12,547	-	-	12,547			
	208,819	-	-	208,819			
Financial liability measured at fair value							
Deferred Payments	-	-	38,349	38,349	-	-	38,349
Share appreciation rights	-	75	-	75	-	-	75
	-	75	38,349	38,424	-	-	38,424
Financial liabilities not measured at fair value							
Borrowings, non-current liabilities	180,956	-	-	180,956			
Lease liabilities	69,379	-	-	69,379			
Unsecured borrowings from banks	58,810	-	-	58,810			
Borrowings from banks due within one year	1,115	-	-	1,115			
Trade payables	106,652	-	-	106,652			
	416,912	-	-	416,912			

Measurement of fair values

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Deferred Payment 1	EBITDA multiplier: The valuation model is based on the EBITDA realized in the 12 months preceding the exercise date and a multiple that is dependent on the EBITDA growth rate in the years prior to the exercise date. The expected future consideration is discounted against long term US government bond yields plus a company specific mark-up.	Realized EBITDA 12 months preceding the exercise (December 31, 2022 first tranche € 10.6 million and second tranche € 18.7 million) Expected EBITDA growth (December 31, 2022 first tranche (47%) and second tranche 5.0%) Discount rate (December 31, 2022: 6.1% and 5.4%)	The estimated fair value would increase (decrease) if: • The EBITDA realized 12 months preceding the exercise were higher (lower); or • The EBITDA growth rate in the years prior to the exercise date were higher (lower); or • The discount rate were lower (higher).
Deferred Payment 2	EBITDA multiplier: The valuation model is based on the EBITDA of the Beauty company of the year prior to execution of the option minus net financial debt as per financial year end prior to executing the option x 15%. The expected future consideration is discounted against long term German bond yields plus a company specific mark-up.	EBITDA of the year prior to execution of the option (December 31, 2022: € 3.7 million) Discount rate (December 31, 2022: 3.8%)	The estimated fair value would increase (decrease) if: • The EBITDA of the year prior to execution of the option were higher (lower); or • The discount rate were lower (higher).
Deferred Payment 3	Profit before tax multiplier: The valuation model is based on the weighted average of the profit before tax for the last three years prior to exercise period times 5.9 after dividend payment. The expected future consideration is discounted against long term German bond yields plus a company specific mark-up.	Profit before tax of the three years prior to execution of the option (December 31, 2022: € 20.7 million) Discount rate (December 31, 2022: 3.5%)	The estimated fair value would increase (decrease) if: • The profit before tax of the three years prior to execution of the option were higher (lower); or • The discount rate were lower (higher).

Financial risk management objectives

As a result of its activities, the Company is exposed to various financial risks. The Company applies a Group-wide treasury policy for the adequate management of cash flows and financing flows combined with management of the related financial risks, such as currency risks and interest rate risks.

A summary of the main financial risks is provided below. The risks are linked to the Company's core objectives and categorised as currency risks, interest rate risks, credit risks and liquidity risks. Also mentioned is how the Company manages 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 or paid. 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 2022 rate with all other variables held constant the hypothetical result on income before taxes would have been a change of € 3.1 million if no cash flow hedge accounting has been applied. A 3% increase or decrease of the other currencies the Group is trading in would not have a significant impact on both the income before taxes and the equity of the Group.

x 1,000 Foreign currency	31.12.2022		31.12.2021	
	Assets	Liabilities	Assets	Liabilities
USD	480,688	370,304	426,029	416,864
GBP	11,175	11,397	8,883	7,936
JPY	905,551	1,198,306	246,012	340,794

Interest rate risk

The Group is exposed to interest rate risks because the entities are mainly financed by variable interest rate borrowings.

On the basis of the financing position as at year-end 2022, 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 € 3.7 million on net finance costs and thus the result before taxes and a negative effect of € 2.9 million on equity. Fluctuations in long-term interest rates had a direct effect on the result, as the interest rate terms are mainly variable.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty in a financial instrument fails to meet its contractual obligations. The risk for B&S Group S.A. arises mainly from trade receivables, for which credit concentration is limited.

The activities of the B&S Retail segment consist mainly of retail activities in exchange for direct cash. The Group has a significant number of customers and accordingly there is no material concentration of credit risk.

As the Company trades with a large number of clients around the world, strict internal policies and guidelines have been drawn-up regarding business agreements with new clients as well as the setting of payment terms and credit risk management. The Corporate rule is that trade transactions must be secured, either by payment up front, insurance or by a secured payment instrument (guarantee or letter of credit). Exceptions from this rule can only be accepted approval of an internal limit by the Executive Board. Before doing business with new clients their creditworthiness is checked by the credit risk department.

The credit risk department also monitors outstanding payments on a daily basis using an automated and sophisticated credit risk monitoring system. This process meets the requirements specified by the insurance institutions. The rigid handling of new client acceptance and payment control means the Company's debtor risk is fairly limited and well under control. The average outstanding debt period is less than 60 days, which is within the limits set by management and acceptable for global trading.

Management is aware of the deteriorating creditworthiness of clients in a number of countries due to political and economic uncertainties related trade issues. Given the outstanding relationship with their credit insurers the group was able to remain in a good dialogue with their clients and maintain the required credit insurance lines in place.

Liquidity risk
Liquidity risk is the risk that B&S Group S.A. is unable to meet its financial obligations at the required time. Liquidity management is based on the principle that sufficient liquidity is maintained in the form of credit facilities or cash and cash equivalents to meet the obligations in both normal and exceptional circumstances. Cash flows are forecasted within the Group on a regular basis and the extent is determined to which the Group has sufficient liquidity for the operating activities while maintaining sufficient credit facilities (headroom).

The loans and borrowings (note 24) provided, excluding borrowings from third party, amounted to € 610 million as at December 31, 2022, meaning a headroom of € 335 million under the existing facilities. The available headroom is not subject to borrowing base restrictions and can be utilised as long as the Company remains within the agreed covenants. The Company therefor has credit facilities that are sufficient for the existing and expected credit requirements of the Group.

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

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 Leverage by 0.4 points, at unchanged Net Debt. The Total Leverage Ratio agreed with financial institutions is set at a maximum of 4.0 points. For 2022 Net debt / Adjusted EBITDA ratio, calculated in accordance with the definition used by the banks for the determination of the covenant stood at 3.5. This covenant would only be breached if the operating result decreases by more than 12%, at unchanged Net Debt, whereas the adjusted EBITDA is capped for exceptional items.

A 10% decrease in our operating result would reduce interest coverage by 0.6 points, at unchanged interest rates on interest-bearing debt. The interest coverage ratio covenant agreed with financial institutions is set at a minimum of 4.0 points. This covenant would only be breached if the operating result decreases by more than 36%, at unchanged Net Debt, whereas the adjusted EBITDA is capped for exceptional items.

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					31.12.2022
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		137,519	-	-	137,519
Lease liabilities	1.5%	12,716	41,537	32,267	86,520
Variable interest rate instruments	2.04%	105,136	179,059	-	284,195
Fixed interest rate instruments	2.5%	-	3,000	-	3,000
Closing balance at 31.12.2022		255,371	223,596	32,267	511,234

x € 1,000					31.12.2021
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		106,652	-	-	106,652
Lease liabilities	1.7%	11,035	34,308	24,036	69,379
Variable interest rate instruments	1.36%	59,925	177,956	-	237,881
Fixed interest rate instruments	2.5%	-	3,000	-	3,000
Closing balance at 31.12.2021		177,612	215,264	24,036	416,912

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

x € 1,000					31.12.2022
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		176,301	-	-	176,301
Fixed interest rate instruments	4.0%	-	389	500	889
Cash and cash equivalents		38,723	-	-	38,723
Closing balance at 31.12.2022		215,024	389	500	215,913

x € 1,000					31.12.2021
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		195,038	-	-	195,038
Fixed interest rate instruments	5.4%	-	1,234	-	1,234
Cash and cash equivalents		12,547	-	-	12,547
Closing balance at 31.12.2021		207,585	1,234	-	208,819

In 2022, there was no covenant breach related to the applicable covenants which belong to the prior loans and borrowings.

Capital risk

The majority of the financing agreements are on an equal basis and centralised, this provides the possibility to further diversify the overall capital portfolio of the Company. In general our policy is to preserve a healthy financing structure that maintains a balance between adequate solvency, the availability of adequate working capital and sufficient available funding. To achieve this, we take into account, our internal policy of minimal equity values after dividend payments, our dividend distribution strategy as well as external requirements, such as financial covenants. No changes were made in the policies and objectives for managing capital during the year-end.

The Company's balance sheet structure, cash flow generation and available headroom remains strong over years.

33 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 2022 the Executive Board consisted of the following members:
- Mr. T. de Haan (until February 19, 2023)
- Mr. P. Kruithof (until October 31, 2022)
- Mr. M. Faasse (as per November 1, 2022)[1]
- Mr. B.L.M. Schreuders
- Mr. N.G.P. Groen

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

x € 1,000	2022	2021
Gross salary	1,228	1,133
Social security charges	54	61
Pension charges	32	24
Cash-settled share-based payments	(75)	75
Variable short-term remuneration	275	600
	1,514	1,893

Remuneration of members of the Supervisory Board

During 2022 the Supervisory Board consisted of the following members:
- Mr. J.A. van Barneveld (until December 15, 2022)
- Mr. W.A. Blijdorp (until February 19, 2023)
- Mr. R.P.C. Cornelisse (until September 2, 2022)
- Ms. K. Koelemeijer (until December 15, 2022)
- Mr. L.D.H. Blijdorp
- Mr. D. Doijer (as per December 19, 2022)
- Mr. E.C. Tjeenk Willink (as per December 30, 2022)

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

x € 1,000	2022	2021
Annual fee	290	292
	290	292

[1] Upon proposal of the Supervisory Board in the AGM of 2023, Mr. M. Faasse will be appointed to the Executive Board.

Entities with joint control or significant influence over the entity

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

x € 1,000	31.12.2022		31.12.2021	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	32,382	136	10,674	337
Purchase of products and services	24,924	1,151	12,176	227
Non-recourse sale of assets	25,126	305	-	-
Premises rented	5,671	-	7,739	858
Other receivables	-	46	-	231
Tangible fixed assets	-	550	-	-
Loans received	-	1,500	-	1,500
Operating expenses	654	-	602	-
Charged costs	(1,208)	462	(1,923)	4,004

Related party transactions are transfers of resources, services or obligations between the reporting entity and a related party. Related party transactions are conducted at arm's length. Sales of products and services and/or purchase of products and services mainly consist of the sales and purchases of goods which vary year on year as a result on product and sourcing availability. For the year 2022 these mainly concern purchase and sales for the Liquor segment. Non-recourse sales of assets concerns the non-recourse sale of entitled receivables during the year to expedite incoming payments enabling the company to deploy assets for other purposes. Although not a related party transaction for B&S Group, a similar transaction occurred in a segment subsidiary amounting to € 11 million. Transaction value of premises rented decreased compared to prior year as a result of the fact that the related party landlord sold the premises rented to a third party during 2022. Charged cost include the cost charged related to duality of roles. As per the end of 2022, all dual roles have been cancelled. Going forward, the renewed governance structure of B&S will prevent B&S employees to enter into such dual roles.

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	31.12.2022		31.12.2021	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	1,340	439	413	88
Purchase of products and services	1,330	613	758	38
Interest received on loans issued	32	-	40	-
Loans issued	-	150	-	150

Financial relations between B&S management and majority shareholder

Bonus payment
Mid 2018, an Executive Board member received a bonus payment directly from the majority shareholder amounting to € 1 million for special services he had rendered to B&S.

Mortgage loan
During 2020, B&S CEO at the time received a mortgage loan of € 2.9 million indirectly from the majority shareholder. This mortgage loan has a term of 30 years, has no re-payment schedule and carries a fixed interest of 0.75% per annum.
The mortgage loan has been evaluated by a reputable Dutch financial institution. This external expert concluded that the amount of the loan fits within the criteria of a regulated bank, based on property value (loan to value) and base income.
The external expert also concluded that, although less common, a 30-year interest-only mortgage for more than 50% of the property value could have been obtained at that time, provided there would be additional pledges. However, taking into account all aspects of the mortgage loan, the external expert concluded that a regulated bank would not have been able to issue a comparable mortgage loan.
As such it has been concluded that the mortgage loan was not at arm's length.

In January 2023, parties entered into a settlement agreement in which it was agreed between the parties that the mortgage loan will be refinanced by a third party.

Investment loan and corresponding option agreement
In December 2020, a private entity of the majority shareholder transferred part of its investment in an externally managed investment fund in the name of B&S CEO at the time for a consideration of $ 2.5 million whereby the transfer price was converted into a loan. The loan did not have a fixed term, carried an interest rate of 1.5% and had the investment as a pledge. At the same moment, parties entered into an option agreement under which B&S CEO at the time would be able to sell back the investment for a minimum consideration of $ 2.5 million, and whereby the majority shareholder indirectly would have the option to buy back the investment at fair market value, with the total consideration not exceeding $ 6.25 million.

In January 2023, parties entered into a settlement agreement in respect of the above. Early 2023 (with effective date January 1, 2023) the investment has been transferred back to the legal entity of the majority shareholder for a consideration of $ 2.5 million, therewith settling the investment loan. The option agreement has been cancelled.

34 Acquisitions

During the financial year the Group acquired the following company:

	%	Date
Europe Beauty Group S.A.S., France	70%	12.05.2022

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

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

x € 1,000	
Non-current assets	
Goodwill and other intangible assets	16,538
Financial fixed assets	283
Property, plant and equipment	262
Right-of-use assets	2,832
Current assets	
Inventory	7,659
Trade receivables	3,144
Other receivables	4,223
Cash and cash equivalents	2,591
Current liabilities	
Borrowings due within one year	(309)
Lease liabilities due within one year	(523)
Trade payables	(8,380)
Other current liabilities	(977)
Non-current liabilities	
Deferred tax liabilities	(1,130)
Loans and borrowings	(3,944)
Lease liabilities	(2,309)

The goodwill arising on the acquisition can be specified as follows:

x € 1,000

Total considerations	17,500
Plus: non-controlling interest	2,460
Less: fair value of identifiable net assets acquired	(8,200)
	11,760

The goodwill is mainly attributable to the combination of the services which will be provided to consumers via closed online platforms (members only), via B2C web shop and via its physical stores throughout France. None of the goodwill is expected to be deductible for income tax purposes.

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

Impact of acquisition

The acquisition contributed € 21.0 million revenue and € 0.9 million 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 € 6.2 million higher and Group profit would have been € 0.3 million higher.

Transactions with minority shareholders

On July 15, 2022 the Group acquired an additional 3.67% of the shares in Topbrands Europe B.V. for an amount of € 4.4 million. Following this transaction, the stake in Topbrands increased to 70.83%. The difference between the acquisition price and the non-controlling interest in the assets and liabilities is accounted for in retained earnings and amounts to € 2.7 million.

On October 21, 2022 the group sold 24.5% of the shares of Top Care Distribution S.L.U. for an amount of € 0.4 million. Following this transaction, the stake in Top Care decreased to 75.5%. The difference between the sale price and book value of sold interest in the assets and liabilities is accounted for in retained earnings and amounts to € 0.2 million.

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

35 Subsequent events

There were no material events after December 31, 2022 that would have changed the judgement and analysis by Management of the financial condition as at December 31, 2022 or the result for the year of the Group.

In the best interest of the Company, CEO and Chairman of the Executive Board Mr. T. de Haan and Vice-Chairman of the Supervisory Board Mr. W.A. Blijdorp decided to resign from their respective positions on February 19, 2023 with immediate effect.

Other information

Other information

Independent auditor's report

To the Shareholders of B&S Group S.A.
14, rue de Strachen
L-6933 Mensdorf
Grand Duchy of Luxembourg

Report of the reviseur d'entreprises agree

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of B&S Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, 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, 2022, 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.

Corporate Governance

Key audit matter description

In accordance with ISA 315 "Identifying and assessing the risks of material misstatements through understanding the entity and its environment" we have obtained an understanding of the Group's control environment. The control environment includes the governance and management functions and the attitudes, awareness, and actions of those charged with governance and management concerning the Group's internal control and its importance in the Group.

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 Vice-Chairman of the Supervisory Board of the Group, a function held till February 19, 2023 by the majority shareholder of the Group (through Sarabel Invest S.à r.l.) has power to control the decision taking within the Supervisory and Executive Board via holding the majority of voting rights allowing him to impact the composition of the Supervisory and Executive Board.

As disclosed in the Governance section of the Annual Report a series of events took place which led to changes in the composition of the Supervisory Board in September 2022, December 2022 and February 2023. As disclosed in note 33 to the consolidated financial statements, there have been related party transactions with either the majority shareholder personally or with entities controlled by him and with Executive Board members and entities of the Group

We consider the changes to the composition of the Supervisory Board of the Group, in particular the removal of the former Chair of the Supervisory Board, appointment of a new Chair of the Supervisory Board and the resulting change to the composition of the Audit and Risk Committee as a key audit matter as these events have an impact on the corporate governance of the Group and the supervision of the financial reporting process.

How the Key Audit Matter was addressed in our audit?
Our procedures or actions taken to address the changes within the Corporate Governance of the Group included amongst others:
- Appointing experienced, senior, dedicated team members.
- Holding private sessions with the Supervisory and Executive Board members.
- Holding private sessions with the Director Internal Audit.
- Using specialists in a number of areas, including IT, forensic, valuation, financing and tax.
- Reading and analysing minutes of the Supervisory and Executive Board meetings.
- Assessing the results of the corporate governance review performed by the Group.
- Appointing experienced, senior and dedicated quality reviewers.
- Performing procedures as described in the Key Audit Matter about Related Party Transactions.

Related party transactions – Refer to Note 33 to the consolidated financial statements

Key audit matter description
As disclosed in note 33, the Group has multiple transactions with related parties including but not limited to sales of products and services amounting to € 32.4 million, purchases of products and services amounting to € 24.9 million, non-recourse sale of assets amounting to € 25.1 million and rent of premises of € 5.7 million for the year ended December 31, 2022. Certain transactions are concluded with entities over which the Vice-Chairman of the Supervisory Board of the Group, a function held till February 19, 2023 by the majority shareholder of the Group has (joint) control or significant influence. As disclosed in note 33, the Vice-Chairman of the Supervisory Board of the Group also had entered into transactions with key management of the Group.

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, 2022, 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 taking in consideration the observations on (changes in) control and Corporate Governance as noted in Key Audit Matter about Corporate Governance
- Meeting with the Supervisory Board, Executive Board 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 (forensic, IT, valuation, real estate, employment law, debt advisory and tax) in respect to the identification of related parties and assessing related party transactions
- Analysing the information prepared by the Group for ensuring that transactions of the Group with related parties are complete and at arm's length
- Assessing whether material suppliers and customers of the Group are related parties
- Obtaining confirmations about duality of roles, related parties and related party transactions (the "Related Party Confirmations") from the majority shareholder, members of the Supervisory Board, Executive Board and Leadership Team
- Performing open source cross-checks based on information in the Related Party Confirmations
- Comparing information in Related Party Confirmations to confirmations obtained in prior periods
- Obtaining from the Group's management the exhaustive list of the Group's related parties
- Comparing the related parties list to:
    - information in the Related Party Confirmations
    - confirmations obtained in prior periods
    - information obtained during interviews with the Supervisory Board and Executive Board
    - information based on open source cross-checks
- Sharing this related parties 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 perform a keyword search on entity names, personal names and description for all journal entries in the accounting system and top side entries
    - To identify all the component's transactions with related parties and test related contracts for compliance with the arm's length principle for material transactions

We also assessed the adequacy of the Group's related party transactions disclosures in note 33 to the consolidated financial statements.

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 € 79.5 million as at December 31, 2022. 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;
- setting appropriate terminal growth rates; and
- selection of the appropriate discount rate.

The audit procedures carried out on the valuation of goodwill are regarded as a key audit matter as the valuation of goodwill is susceptible to management judgment and estimates and is based on assumptions that are affected by future market and economic conditions.

How the matter was addressed in the audit?
Our audit procedures included, but were not limited to:
With the assistance of our Valuation Specialists, we have addressed the goodwill valuation by testing the assumptions, discount rates, methodologies and financial data used. Specific focus was given to the sensitivity in the available headroom of cash-generating units (CGUs) where a reasonably possible change in the underlying assumption could cause the carrying amount to exceed its recoverable amount. We have also assessed management's internal controls with regard to the goodwill impairment test.

Other Information

The Executive Board 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 and Those Charged with Governance of the Group for the consolidated financial statements

The Executive Board 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 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 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 either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Executive Board is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format as amended ("the ESEF Regulation").

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation Nº 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation Nº 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of the Executive Board use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Our responsibility is also to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as Réviseur d'Entreprises Agréé by the General Meeting of the Shareholders on May 17, 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is five years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the consolidated management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the consolidated financial statements of the Group as at December 31, 2022 with the relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements.

For the Group it relates to:

- Financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at December 31, 2022, identified as B&S Group S.A. Annual Report 2022 iXBRL pack, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014, on the audit profession were not provided and that we remain independent of the Group in conducting the audit.

For Deloitte Audit, Cabinet de révision agréé
Jan van Delden, Réviseur d'entreprises agréé
Partner

April 14, 2023
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, 2022. The disclosed significant subsidiaries represent the largest subsidiaries and represent approximate 90% of the total result before taxation of the Group. All subsidiaries are 100% owned unless stated otherwise.

Anker Amsterdam Spirits B.V., the Netherlands
B&S B.V., the Netherlands
B&S Beauty B.V., the Netherlands (95%)
B&S Beauty Holding B.V., the Netherlands (established April 11, 2022)
B&S Brand Distribution B.V., the Netherlands
B&S Foodservice B.V., the Netherlands
B&S HTG B.V., the Netherlands (95%)
B&S International B.V., the Netherlands
B&S Investments B.V., the Netherlands
B&S New Horizons B.V., the Netherlands
B&S Retail Holding B.V., the Netherlands
B&S World Supply DMCC, U.A.E.
Capi-Lux Holding B.V. (formerly known as Koninklijke Capi-Lux Holding B.V.), the Netherlands
Capi-Lux Netherlands B.V., the Netherlands
Checkpoint Distribution B.V., the Netherlands
Checkpoint Trading B.V., the Netherlands
FragranceNet.com Inc., U.S.A.
HTG Liquors B.V., the Netherlands
JTG B.V., the Netherlands
JTG 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
Signature Beauty B.V., the Netherlands
Square Dranken Nederland B.V., the Netherlands
Topbrands Europe B.V., the Netherlands (2022: 70.83%, 2021: 67.17%)
Worldbrands Europe B.V., the Netherlands

Contact

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14, Rue Strachen
L-6933, Mensdorf
G.D. Luxembourg
Tel: +352 2687 0881
www.bs-group-sa.com

Appendices

EU taxonomy

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

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

Based on this analysis, our key economic activities are non-eligible as per all EU Taxonomy environmental objectives. The outcome of this exercise is summarised in the below table.

Eligible and non-eligible key economic activities

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

The table above depicts a simplified version of the reporting template for disclosing the KPIs for non-financial undertakings as set out in Annex II of Regulation (EU) 2020/852. It indicates in one overview the eligibility and alignment for our key economic activities. As our key economic activities are not eligible for neither of the six environmental objectives we perceived disclosing the extended table would not be of any value and might even add unnecessary complexity for the reader.

We would like to emphasise that the outcome of not being eligible does not provide any information of B&S' sustainability efforts and results. For an overview of our sustainability ambitions, activities undertaken, and progress made in 2022, please refer to the Results and Governance sections in this report.

Outlook 2023

The EU taxonomy will take further form the coming year(s) in both its scope and respective reporting obligations. For example, additional key economic activities per environmental objective might be extended. Naturally, B&S will closely monitor the developments regarding the EU Taxonomy as well as the Corporate Sustainability Reporting Directive and will adjust its reporting accordingly to ensure compliance with regulatory reporting requirements.

Reporting principles non-financial indicators

We are in the transition to include more quantitative information in our Annual Report regarding our sustainability performance in order to address stakeholder needs, comply with regulatory requirements as well as to better measure our company's success. In this section, we provide an overview of the reporting framework we apply for the selected non-financial indicators and the activities that fall within its scope.

We selected indicators to measure and monitor our progress made for the topics included in the Materiality Matrix. These performance indicators are selected based on relevance to our business and aligned with external standards and principles regarding non-financial reporting. Examples being the Global Reporting Initiative (GRI), Sustainable Development Goals (SDGs), GreenhouseGas (GHG) Protocol and the Food Waste and Food Loss Protocol. For some topics, we selected an own performance indicator as an external standard was not (yet) available or was perceived to be unsuitable to manage our progress made.

Due to the phase of our sustainability strategy, we were not yet able to report in a quantitative manner on all material topics. In addition, for some topics related to commercial excellence we are still in the process of defining a suitable quantitative performance indicator. All specific instances are indicated accordingly in the GRI Content Index table.. In this annual report we report our progress for the first time in accordance with GRI Standards 'core option'.

Scope

From an operational scope perspective, the data includes the following parts of the business, unless specifically noted otherwise:

- Indicators linked to empowered people: all B&S entities
- Indicators linked to energy, waste and packaging logistics: office and warehouses that are under our own operational control i.e. all locations in the Netherlands (7), Spain (1) and USA (4).
- Indicators linked to commercial excellence: all B&S entities

In case we did not yet achieve full coverage in reporting on an indicator in reporting year 2022, we clarified it accordingly in below reporting methodology paragraph.

Internal reviews and consolidation

The various locations reported to corporate office by means of data reporting templates. Source data and supporting documentation received from third parties such as invoices and vendor's dashboards were subsequently validated. In addition, sensitivity checks were performed and discussion with internal stakeholders were conducted in order to understand the trends detected.

Methodology and data collection Empowered People

Generic HR data indicators

Headcount

Employees registered on our payroll in our HR systems based on average during reporting period January 1, 2022 - December 31, 2022.

- Regions: America, Europe, Middle east and Africa
- Type of contract: permanent, temporary or intern
- Per employee type: fulltime (maximum contractual hours that can be worked at the business unit) or parttime contract
- Age: <30 – 30-50 – >50 (excluding Spain as they do not register date of birth)

- Gender: male or female
- New hires in number and ratio: first time contract with us. Renewed annual contracts or employees that changed entity are not considered to be new hires.
- Turnover in number and ratio: resignation date that the employee left the company voluntarily or due to dismissal, retirement, or death in service. Employees that changed entity are not considered to have left the company.

Workers
Workers are reported in headcount and based on average number of workers employed during reporting period January 1, 2022 - December 31, 2022. With workers we mean temporary hires that work for us via a recruitment agency.

Applicable GRI indicators:

102-8	Information on employees and other workers
401-1	New employee hires and employee turnover

Material topic: Employee health, safety & well-being
Workers covered by an occupational health and safety management system are considered to be those locations with a ISO 45001 certification or that have a formal safety committee installed which meets on a periodic basis.

We report safety incidents in our Topdesk incident management system.
The coming year we will be further improving upon registration and monitoring.

Applicable GRI indicator:

403-8	Workers covered by an occupational health and safety management system

Applicable SDG targets:
8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Material topic: People & talent development
Programmes in place that contribute to improving skills and the development of our employees.

Applicable GRI indicator:

404-2	Programmes for upgrading employee skills and transition assistance programmes

Applicable SDG targets:
4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

Material topic: Diversity & inclusion
Diversity ratio in senior management
Female / Male ratio in senior management in which senior management is defined as maximum 2 layers below the level of CEO.

Applicable GRI indicator:

405-1	Diversity of governance bodies and employees

Applicable SDG targets:

5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

Material topic: Community engagement

We are still finalising our community engagement approach as well as our volunteering platform. We aim to publish our policy paper for this material topic in 2023. To this end, we will also define suitable key performance indicators which allow us to track our progress made. For the time being, we report the number of NGO's supported throughout the reporting year it being either in monetary or in-kind manners. Monetary support is registered in our financial reporting system. Each different NGO donated to was counted as one separate organisation with whom we collaborate with in order to give back to the communities we serve.

Own indicators:

Number of NGO's supported

Methodology and data collection Sustainable Value Chain

Material topic: Climate action

Boundary: scope 1 and 2 CO_2 emissions as a result of own operations that are under our direct operational control being offices and warehouses.

Energy consumption

- The amount of energy purchased from our energy provider derived from non-renewable sources i.e. fossil fuels ('grey') or renewables in KwH. Data is based on:
  - Smart / remote meter readings which is accessible through our energy management dashboard portal
  - Consumption usage as stated on the received invoices from our energy providers
  - If data is not available we use estimate based on an average m^2 usage which is based on locations that are comparable in size and type of activities
- The amount of electricity consumed generated from our own solar panel park in KwH. Data is based on:
  - The amount of energy generated by our own solar panels is derived from smart meter readings and which is accessible through our energy management dashboard.
  - Only applicable for our sites in Dordrecht and Amsterdam

Refrigerants

The use of refrigerants classified per type in KG as a result of leakage of refrigerant substances. Data is based on consumption data received from our refrigerant maintenance suppliers per location.

Energy and CO_2 emissions intensity

- Energy consumption in KwH per m^2
- CO_2 emissions (scope 1 and 2) per m^2

CO_2 emissions

We report our scope 1 and 2 carbon emissions data according to the GHG Protocol Corporate Standard for our electricity, gas and refrigerant consumption.
CO_2 emissions are calculated by multiplying the source data (under energy consumption) with the relevant conversion factors. We use the latest available emission factors to calculate our CO_2 emissions.

Sources conversion factors used for electricity and gas:

- Netherlands: www.CO_2emissiefactoren.nl
- Spain: market based approach AIB (2020-2021) - Residual mixes 2020-2021
- USA: market based approach Environmental Protection Agency (EPA) based on eGrid 2020 values retrieved per state.

Source conversion factors used for refrigerants: www.CO_2emissiefactoren.nl

Applicable GRI indicators:

302-1	Energy consumption within the organization
302-3	Energy intensity
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-4	GHG emissions intensity

Own indictors:

- Number of solar panels: only applicable for our warehouse location in Amsterdam and Dordrecht.
- KwH renewables self-generated: total of electricity generated by our solar panels. Data based on electric meter readings.
- % of electric lease cars: share of electric lease cars on total lease cars. Only applicable for the Netherlands.
- % barge: share of containers moved by barge from inbound and outbound container loads which are planned by ourselves. Only applicable for the Netherlands.

Applicable SDG targets:

7.2: By 2030, increase substantially the share of renewable energy in the global energy mix
7.3: By 2030, double the global rate of improvement in energy efficiency

Material topic: Circular economy (be resource conscious)

Waste

- Our waste is segregated into various streams such as cardboard/paper, plastic, organic, metal, generic, glass, hazardous and wood from our warehouses and offices for all our Dutch locations. Data is based on reports provided by our external waste contractors whom measures waste that leaves our premises. Our waste contractors provide the type of waste, the weight in KG – either weighed or estimated based on volume collected - and its destination. Waste data for our locations in the USA will be reported from 2023 onwards.
- We use the Food Loss and Waste Accounting and Reporting Standard (FLW), a global standard on quantifying and reporting on food loss and waste, as guidance to calculate and report on our food waste.
- Food loss or waste are products that were originally meant for human consumption but for various reasons are removed from the human food chain. We consider food waste to be food products that we did not sell but sent to our waste contractors for destruction. This includes food products even if it is then directed to a non-food use such as animal feed, bioenergy or incineration with energy recovery. Products that have been donated to Dutch Food Banks are not considered to be food waste as these products are still consumed. We excluded the tobacco and non-food product category. All data used to calculate the annual food waste in kilograms is obtained from B&S' proprietary ERP system ('BiT'). This data consists of product master data, as well as all processed stock adjustments on a product batch level. All stock adjustments are registered with a stock adjustment category, the original unit of measure (UOM) and the monetary stock adjustment value in EUR. The net weight (excluding packaging) for every stock adjustment is calculated and verified by combining product master data

with stock adjustment data. Stock adjustment reasons include but are not limited to products nearing or having passed the best-before-date; or products which have become damaged by accident. We included both our Dutch and Dubai operations for this indictor.

Packaging
- Packaging in logistics: secondary and tertiary packaging materials added in our own operations for the purpose of warehousing, repacking, and shipping activities. Examples are shrink wrap, boxes, tapes and filling material. Due to the quantities in weight, we consider label usage to be not materials and out of scope. In addition, pallets are considered to be re-used to a large extend which are therefore also out of scope. For the Netherlands and Spain, data is provided by our packaging suppliers by type of packaging, materials used, weight and quantities purchased during the reporting year. Our USA data is based on quantities used throughout the reporting period. We will further optimize our registration system in BiT to ensure we can provide packaging materials used during a reporting year instead of materials purchased.
- Packaging in specialty brands products: due to data limitations we are not yet able to report on packaging materials used for our private labels and licensed products. In 2022, we started developing a reporting system as well as initiated pilots to gather packaging data. We are dependent on suppliers in providing accurate and complete information. We aim to have the reporting system up and running in 2023 after which we will further ramp up our data gathering efforts.

Applicable GRI indicators:

306-3	Waste generated
306-4	Waste diverted from disposal
306-5	Waste directed to disposal
301-1	Materials used by weight or volume

Own indicators:
- Tonnes of food waste per € million food sale
- % unsold food donated to the Food Banks (number of donated food products / number of unsold food products)

Applicable SDG targets:
12.2: By 2030, achieve the sustainable management and efficient use of natural resources
12.3: By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
12.5: By 2030 substantially reduce waste generation through prevention, reduction, recycling and reuse'

Methodology and data collection Commercial Excellence

Material topic: Business growth & profitability
Business growth and profitability contains numerous financial indicators which are integrated in the financial report and statements. Refer to Financial performance and Non-IFRS financial measures.

Applicable SDG targets:
16.5 Substantially reduce corruption and bribery in all their forms
16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels

Material topic: Customs & compliance

The number of confirmed incidents of corruption are based on:

- Total number and nature of confirmed incidents of corruption
- Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.

The number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices are based on:

- Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.

Applicable GRI indicators:

205-3	Confirmed incidents of corruption and actions taken
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices

Applicable SDG targets:

16.5 Substantially reduce corruption and bribery in all their forms

Material topic: Security & data privacy

The number of breaches of customer privacy and losses of customer data is based on:

- Total number complaints received from regulatory bodies or other third party and deemed valid by B&S concerning non-compliance with existing legal regulations and (voluntary) standards regarding the protection of customer privacy
- Total number of identified leaks, thefts, or losses of customer data.

Applicable GRI indicator:

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data

Material topic: Product quality & safety

Own indicators:

- Number of recalls throughout the reporting year either initiated by suppliers, ourselves or other stakeholders as registered and handled by our QHSE department.

GRI Content Index B&S

Standard	Disclosure	Reference	Additional content or reason for omission
Organisational profile			
102-1	Name of the organisation	Contact	B&S Group S.A.
102-2	Activities, brands, products, and services	Our markets, Our focus areas, Our solutions, Our business portfolio, How we add value, Our role in the value chain	
102-3	Location of headquarters	Contact	Luxembourg
102-4	Location of operations	Our locations	
102-5	Ownership and legal form	Governance	
102-6	Markets served	Our markets	
102-7	Scale of the organisation	How we add value, Financial performance	
102-8	Information on employees and other workers	Empowered people	
102-9	Supply Chain	Our role in the value chain	
102-10	Significant changes to the organization and its supply chain	Key events 2022	
102-11	Precautionary Principle or approach	Risk management	
102-12	External initiatives		UN Global Compact, Sustainable Development Goals United Nations
102-13	Membership of associations		Evofenedex, Dutch Association of Ship Suppliers, Agrarisch Import Platform, Gemzu, OCEAN
Strategy			
102-14	Statement from senior decision-maker	Message from the Boards	Update with GRI requirements
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	Our values, Governance	

Standard	Disclosure	Reference	Additional content or reason for omission
Governance			
102-18	Governance structure	Governance	
Stakeholder engagement			
102-40	List of stakeholder groups	What matters to our stakeholders	
102-41	Collective bargaining agreements		5% coverage by CAO
102-42	Identifying and selecting stakeholders	What matters to our stakeholders	
102-43	Approach to stakeholder engagement	What matters to our stakeholders	
102-44	Key topics and concerns raised	What matters to our stakeholders	
Reporting practice			
102-45	Entities included in the consolidated financial statements	Other information: list of subsidiaries	
102-46	Defining report content and topic boundaries	Materiality assessment	
102-47	List of material topics	Materiality assessment	
102-48	Restatements of information		No restatements were made.
102-49	Changes in reporting	Materiality assessment	
102-50	Reporting period		1-1-2021 - 31-12-2021
102-51	Date of most recent report		March 8, 2022
102-52	Reporting cycle		Annually
102-53	Contact point for questions regarding the report	Contact	
102-54	Claims of reporting in accordance with the GRI Standards	Materiality assessment	This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI content index	Other information: GRI Content index	
102-56	External assurance		We aim to have limited assurance on non-financial indicators when our reporting is more mature and aligned with the latest requirements under the CSRD.

Standard	Disclosure	Reference	Additional content or reason for omission
Specific disclosures			
Empowered people			
DMA 1	Explanation of the material topics and boundaries	Empowered people	
DMA 2	The management approach and its components	Empowered people	
DMA 3	Evaluation of the management approach	Empowered people	
401-1	New employee hires and employee turnover	People & talent development	
404-2	Programmes for upgrading employee skills and transition assistance programs	People & talent development	
403-8	Workers covered by an occupational health and safety management system	Employee health, safety & well-being	
405-1	Diversity of governance bodies and employees	Diversity & inclusion	
Own KPI	Number of NGO's supported	Community engagement	
Sustainable value chain			
DMA 1	Explanation of the material topics and boundaries	Sustainable value chain	
DMA 2	The management approach and its components	Sustainable value chain	
DMA 3	Evaluation of the management approach	Sustainable value chain	
302-1	Energy consumption within the organization	Take climate action	
302-3	Energy intensity	Take climate action	
305-1	Direct (Scope 1) GHG emissions	Take climate action	
305-2	Energy indirect (Scope 2) GHG emissions	Take climate action	
305-4	GHG emissions intensity	Take climate action	
Own KPI	Number of solar panels	Take climate action	
Own KPI	KwH renewables self-generated	Take climate action	
Own KPI	Share of electric lease cars	Take climate action	
Own KPI	Share of barge transport	Take climate action	
306-3	Waste generated	Be resource conscious	
306-4	Waste diverted from disposal	Be resource conscious	
306-5	Waste directed to disposal	Be resource conscious	

Standard	Disclosure	Reference	Additional content or reason for omission
301-1	Materials used by weight or volume	Be resource conscious	
Own KPI	# of sustainable products	Responsible product portfolio and Responsible & ethical business conduct	Omission: baseline is planned to be established in 2023. In 2022, we focussed upon developing the sustainable product scorecard and underlying reporting system.
308-1	New suppliers that were screened using environmental criteria	Responsible product portfolio and Responsible & ethical business conduct	Omission: we will start to screen new suppliers on environmental criteria in 2023 as part of Know Your Relation system and procedures.
414-1	New suppliers that were screened using social criteria	Responsible product portfolio and Responsible & ethical business conduct	Omission: we will start to screen new suppliers on social criteria in 2023 as part of Know Your Relation system and procedures.
Commercial excellence			
DMA 1	Explanation of the material topics and boundaries	Commercial Excellence	
DMA 2	The management approach and its components	Commercial Excellence	
DMA 3	Evaluation of the management approach	Commercial Excellence	
201-1	Direct economic value generated and distributed	Business growth & profitability	
205-3	Confirmed incidents of corruption and actions taken	Customs & compliance	
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Customs & compliance	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Security & data privacy	
Own KPI	Number of recalls	Product quality & safety	
Own KPI	Long term business relations	Commercial Excellence	Omission: we are still in the process of defining a meaningful KPI and formalising the required reporting structure.
Own KPI	Governance and accountability	Commercial Excellence	Omission: we are still in the process of defining a meaningful KPI. That said, our governance and accountability is explained in the Governance section of the annual report.
Own KPI	Innovative value adding services	Commercial Excellence	Omission: we are still in the process of defining a meaningful KPI and formalising the required reporting structure.

Forward looking statements

This report includes forward-looking statements. Other than reported financial results and historical information, all statements included in this press release, including, without limitation, those regarding our financial position, business strategy and management plans and objectives for future operations, are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms ''believes'', ''estimates'', ''plans'', ''projects'', ''anticipates'', ''expects'', ''intends'', ''may'', ''will'' or ''should'' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements are based on our current expectations and projections about future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond B&S's ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants and the actions of governmental regulators.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release and are subject to change without notice. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be traded, we have no intention or obligation to update forward-looking statements.

Non-IFRS financial measures

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

Gross profit margin	Gross profit margin is defined as realized turnover minus purchase value of items sold
EBITDA	EBITDA is defined as earnings before interest, taxes, depreciation and amortisation
EBITDA Margin	EBITDA Margin is defined as EBITDA as a percentage of turnover
Inventory in days	Inventory in days is defined as inventory as per period end divided by the Last Twelve Months (LTM) purchase value times 365
Solvency	Solvency is defined as group equity as a percentage of total assets
Working capital	Working capital is defined as Inventory plus Trade receivables minus Trade payables
Net Debt	Net debt is defined as interest bearing liabilities minus cash and cash equivalents
ROIWC	Return on invested working capital defined as the LTM EBITDA divided by Working Capital

King of Reach