CONSOLIDATED FINANCIAL STATEMENTS 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2019

x € 1,000	Note	2019	2018
Continuing operations			
Turnover	6	1,978,817	1,746,477
Purchase value	7	1,706,925	1,504,220
Gross profit		271,892	242,257
Investment income	8	244	223
Personnel costs	9	110,682	86,250
Amortisation	15	9,588	5,027
Depreciation	16	7,346	5,717
Depreciation right-of-use assets	26	9,712	–
Other operating expenses	10	46,822	47,231
Total operating expenses		184,150	144,225
Operating result		87,986	98,255
Financial expenses	11	(9,663)	(7,609)
Interest on lease liabilities	26	(1,247)	(37)
Share of profit of associates	17	432	203
Result before taxation		77,508	90,812
Taxation on the result	12	(17,196)	(19,432)
Profit for the year from continuing operations		60,312	71,380
Attributable to:			
Owners of the Company		46,962	60,394
Non-controlling interests		13,350	10,986
Total		60,312	71,380
Earnings per share (basic / diluted)			
From continuing operations in euros	13	0.56	0.72

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, 2019

x € 1,000	Note	2019	2018
Profit for the year from continuing operations		60,312	71,380
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
▪ Foreign currency translation differences net of tax		1,473	28
▪ Effective portion of changes in fair value of cash flow hedges		652	–
Other comprehensive income for the year net of tax		2,125	28
Total comprehensive income for the year		62,437	71,408
Attributable to:			
Owners of the Company		48,418	60,460
Non-controlling interests		14,019	10,948
Total		62,437	71,408

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2019

x € 1,000	Note	31.12.2019	31.12.2018
Non-current assets			
Goodwill	14	65,656	59,915
Other intangible assets	15	69,748	61,678
Property, plant and equipment	16	39,312	31,033
Right-of-use assets	26	71,498	–
Investments in associates	17	2,517	2,140
Receivables	18	3,270	2,331
Deferred tax assets	19	366	160
		252,367	157,257
Current assets			
Inventory	20	375,565	377,880
Trade receivables	21	201,256	205,722
Corporate income tax		2,191	1,752
Other tax receivables		6,514	5,985
Other receivables		25,704	21,690
Derivative financial instruments	30	32	–
Cash and cash equivalents		50,884	26,900
		662,146	639,929
Total assets		914,513	797,186

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

x € 1,000	Note	31.12.2019	31.12.2018
Equity attributable to			
Owners of the Company	22,23	242,671	233,985
Non-controlling interest	24	49,096	39,110
		291,767	273,095
Non-current liabilities			
Borrowings	25	54,557	55,429
Lease liabilities	26	62,091	341
Deferred tax liabilities	27	12,986	11,737
Employee benefit obligations	28	893	603
Other liabilities	29	42,124	24,627
		172,651	92,737
Current liabilities			
Credit institutions		280,482	271,494
Borrowings due within one year	25	11,548	11,807
Lease liabilities due within one year	26	9,575	571
Supplier finance arrangements		–	21,177
Derivative financial instruments	30	–	288
Trade payables		104,620	69,630
Corporate income tax liability		6,920	11,811
Other taxes and social security charges		11,264	14,588
Other current liabilities		25,686	29,988
		450,095	431,354
Total equity and liabilities		914,513	797,186

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, 2019

x € 1,000							2019
	Paid-up share capital	Cash flow hedge reserve	Reserve for translation differences	Retained earnings	Total attributable to owners of the Company	Non-controlling interest	Total equity
Opening balance at 1.01.2019	5,051	–	(540)	229,474	233,985	39,110	273,095
Total comprehensive income							
▪ Profit for the year	–	–	–	46,962	46,962	13,350	60,312
▪ Other comprehensive income for the year	–	643	813	–	1,456	669	2,125
	–	643	813	46,962	48,418	14,019	62,437
Other transactions							
▪ Dividend	–	–	–	(24,411)	(24,411)	(6,544)	(30,955)
▪ Acquired in business combinations	–	–	–	–	–	3,779	3,779
▪ Profit share certificates	–	–	–	(38)	(38)	(465)	(503)
▪ Share-based payments	–	–	–	900	900	–	900
▪ Other movements	–	–	–	–	–	–	–
	–	–	–	(23,549)	(23,549)	(3,230)	(26,779)
▪ Reclassification to non-current liabilities	–	–	–	–	–	(803)	(803)
▪ Fair value adjustment non-current liabilities	–	–	–	(16,183)	(16,183)	–	(16,183)
	–	–	–	(16,183)	(16,183)	(803)	(16,986)
Closing balance at 31.12.2019	5,051	643	273	236,704	242,671	49,096	291,767

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

x € 1,000							2018
	Paid-up share capital	Cash flow hedge reserve	Reserve for translation differences	Retained earnings	Total attributable to owners of the Company	Non-controlling interest	Total equity
Opening balance at 1.01.2018	5,238	–	(80)	196,370	201,528	40,442	241,970
IFRS 15 adjustments	–	–	–	(2,380)	(2,380)	–	(2,380)
Restated opening balance	5,238	–	(80)	193,990	199,148	40,442	239,590
Total comprehensive income							
■ Profit for the year	–	–	–	60,394	60,394	10,986	71,380
■ Other comprehensive income for the year	–	–	(460)	–	(460)	488	28
	–	–	(460)	60,394	59,934	11,474	71,408
Other transactions							
■ Dividend	–	–	–	(35,354)	(35,354)	(3,940)	(39,294)
■ Acquired in business combinations	–	–	–	–	–	24,735	24,735
■ Acquisition non-controlling interest JTG	–	–	–	(5,802)	(5,802)	(2,698)	(8,500)
■ Capital contribution non-controlling interest	–	–	–	–	–	8,525	8,525
■ Profit share certificates	–	–	–	–	–	(100)	(100)
■ Share-based payments	–	–	–	675	675	–	675
■ Pre-IPO restructuring	(187)	–	–	12,867	12,680	(12,753)	(73)
	(187)	–	–	(27,614)	(27,801)	13,769	(14,032)
■ Reclassification to non-current liabilities	–	–	–	–	–	(26,575)	(26,575)
■ Fair value adjustment non-current liabilities	–	–	–	2,704	2,704	–	2,704
	–	–	–	2,704	2,704	(26,575)	(23,871)
Closing balance at 31.12.2018	5,051	–	(540)	229,474	233,985	39,110	273,095

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

x € 1,000	2019	2018
Profit for the year from continuing operations	60,312	71,380
Adjustments for:		
Taxation on the result	17,196	19,432
Share of profit of associates	(432)	(203)
Interest on lease liabilities	1,247	37
Financial expenses	9,663	7,609
Depreciation right-of-use assets	9,712	–
Depreciation	7,346	5,717
Amortisation	9,588	5,027
Investment income	(244)	(223)
Provisions	269	(1,031)
Non-cash share-based payment expense	900	675
Other non-cash movements	378	(759)
Operating cash flows before movements in working capital	115,935	107,661
Decrease / (increase) in inventory	6,828	(29,085)
Decrease / (increase) in trade receivables	8,793	(61,894)
Decrease / (increase) in other tax receivables	(529)	(2,419)
Decrease / (increase) in other receivables	(4,182)	(6,304)
Increase / (decrease) in trade payables	30,623	8,209
Increase / (decrease) in other taxes and social security charges	(3,572)	3,195
Increase / (decrease) in other current liabilities	(4,853)	3,765
Cash generated by operations	149,043	23,128
Income taxes paid	(24,433)	(11,563)
Interest paid	(9,951)	(8,024)
Net cash from operations	114,659	3,541
Interest received	244	223
Dividend received from associates	93	95
New loan to associates	(1,088)	–
Repayments on loans issued to associates	149	256
Net cash outflow on acquisition of subsidiaries	(12,867)	(88,449)
Payment for property, plant and equipment	(15,126)	(8,929)
Payment for intangible assets	(5,643)	(4,133)
Proceeds from disposals	68	348
Net cash from investing activities	(34,170)	(100,589)

x € 1,000	2019	2018
Repayments on loans from banks	(9,848)	(4,547)
Repayments on loans from shareholders	(2,500)	–
Repayments on lease liabilities	(10,610)	(614)
New loans received from banks	10,100	45,250
Paid to profit share certificates	(503)	(100)
Capital contribution non-controlling interest	–	8,525
Repurchase P-shares	–	(228)
Dividend paid to owners of the Company	(24,411)	(35,354)
Dividend paid to non-controlling interests	(6,544)	(3,940)
Change in supplier finance arrangements	(21,177)	10,527
Changes in credit facilities	8,988	87,044
Net cash from financing activities	(56,505)	106,563
Balance January 1,	26,900	17,385
Movement	23,984	9,515
Balance December 31,	50,884	26,900

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 114.

The consolidated financial statements of the Group for 2019 include the accounts of B&S Group S.A. and its subsidiaries, as well as the Company's interests in associates.

These 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, 2019 several new and amended standards and interpretations became effective for annual periods beginning on or after January 1, 2019. The impact of these changes on the Group's financial statements is described in this note.

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

Impact of initial application of IFRS 16 Leases

In the current year, the Group has applied IFRS 16 (as endorsed by the European Union on October 31, 2017) that is effective for annual periods that begin on or after January 1, 2019.
IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. Details of these new requirements are described in note 3.9.

The Group has applied IFRS 16 using the modified retrospective approach. IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were presented off balance sheet. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

Former operating leases

Applying IFRS 16, for all leases (except as noted below), the Group:

a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
c) Separates the total amount due into a principal portion (presented within net cash from financing activities) and interest (presented within net cash from operations) in the consolidated statement of cash flows.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in the consolidated statement of profit or loss.

Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

Financial impact of the initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior year.

Impact on consolidated statement of profit or loss

IFRS 16 resulted in a change in the amount and presentation of expenses related to leases formerly classified as operating leases. Formerly, operating lease expenses were presented as part of operating expenses. With the application of IFRS 16, the expense is split into financial expenses and depreciation. Consequently, key performance indicators (KPIs) such as operating profit and EBITDA, which are reported by the Group, are affected.

In 2019, application of IFRS 16 has a positive effect of € 10.0 million on the Group's EBITDA, by lowering the other operating expenses. The depreciation expense for right-of-use assets amounted to € 9.7 million. The corresponding financial expenses amounted to € 1.2 million.

Impact on consolidated statement of financial position

The change in accounting policy affected the balance sheet on January 1, 2019 as follows:

x € 1,000	31.12.2018	IFRS 16	01.01.2019
Assets			
Intangible fixed assets	121,593	–	121,593
Property, plant & equipment	31,033	(497)	30,536
Right-of-use assets	–	71,862	71,862
Other non-current assets	4,631	–	4,631
Current assets	639,929	(595)	639,334
	797,186	70,770	867,956
Equity and liabilities			
Group equity	273,095	–	273,095
Non-current liabilities	92,737	62,344	155,081
Current liabilities	431,354	8,426	439,780
	797,186	70,770	867,956

The bridge between the lease commitments based on IAS 17 as reported in the Annual Report 2018 and the IFRS 16 lease obligation as per January 1, 2019 is as follows:

x € 1,000	
Lease commitments as at December 31, 2018	71,868
Short-term leases exemption	(228)
Non-lease components	(497)
Extension options reasonably certain to be excercised	7,562
Other adjustments	245
Undiscounted lease liabilities additionally recognised as at January 1, 2019	78,950
Effect of discounting	(8,180)
Discounted lease liabilities additionally recognised as at January 1, 2019	70,770
Financial lease liability recognised as at December 31, 2018	912
Recognised lease liabilities as at January 1, 2019	71,682

Impact on statement of cash flows

In 2019, the application of IFRS 16 resulted in an € 10.0 million increase of the operating cash flows and a corresponding € 10.0 million decrease of the financing cash flows. The adoption of IFRS 16 did not have an impact on net cash flows.

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, 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 9 Prepayment Features with Negative Compensation	The Group has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.
IAS 28 Long-term Interests in Associates and Joint Ventures	The Group has adopted the amendments to IAS 28 for the first time in the current year. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Group does not take account of any adjustments to the carrying amount of longterm interests required by IAS 28 (i.e., adjustments to the carrying amount of longterm interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to: ■ determine whether uncertain tax positions are assessed separately or as a group; and ■ assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. The Group has not identified material uncertainties over income tax treatment in the tax position as at January 1, 2019, hence no adjustment was made with respect to the tax liabilities.

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

At the date of authorisation of these 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):

IAS 1 and IAS 8 (amendments)	Definition of Material	Endorsed
Amendments to the Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	Endorsed
IFRS 7, IFRS 9 and IAS 39 (amendments)	Interest rate benchmark	Endorsed
Amendments to IAS 1	Classification of liabilities as current or non-current	Not yet endorsed
Amendments to IFRS 3	Definition of a business	Not yet endorsed

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

3. Significant accounting policies

3.1. Statement of compliance

The 2019 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (EU-IFRS).

The consolidated financial statements were approved by the Executive Board and authorised for issue on February 21, 2020.

3.2. 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.

3.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes (none in 2019) to one or more of the three elements of control listed above.

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

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

3.4. 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 at acquisition date is measured as the fair value of the consideration transferred plus the recognized amount of any non-controlling interest in the acquiree less the net recognized 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 2019 has been completed.

3.5. Goodwill

Goodwill is initially recognised and measured as set out in note 3.4.

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

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

3.6. 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 recognized 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.

3.7. Revenue recognition

The Group recognises revenue from the following major sources:

- Distribution of bonded liquors and health & beauty products to wholesalers, specialty retailers and online end-customers;
- Specialty distribution of fast moving consumer goods and medical supplies to maritime and remote markets;
- Specialty retail at high traffic airports and remote locations.

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

Revenue from the sale of goods

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

- the performance obligation has been satisfied by the Group;
- the Group has transferred physical possession/control of the goods to the customer;
- the Group has transferred the significant risks and rewards related to the ownership of the goods to the customer;
- the Group has a present right to payment for the goods delivered;
- 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 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.

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.

3.8. 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.

3.9. Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets (such as tablets and computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate applied to the lease liabilities on December 31, 2019 was 1.7% (January 1, 2019: 1.7%).

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- 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.

For the impact of the first time adoption of IFRS 16, reference is made to note 2.1.

3.10. Foreign currencies

Foreign currency transactions

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Foreign operations

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

3.11. Retirement and termination benefit costs

Defined contribution plans

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

The industry pension funds are treated as multi-employer pension funds as the plans are collectively negotiated by multiple employers and labor unions.
Reference is made to note 28 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.

3.12. Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

Current and deferred tax for the year

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

3.13. 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 15. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

Impairment of intangible assets

At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. No indication for impairment was identified based on impairment tests performed.

3.14. 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.

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

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. No indication for impairment has been identified.

3.15. 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.

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

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

Classification of financial assets

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

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

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

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

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

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss to the extent they are not part of a designated hedging relationship. Fair value is determined in the manner described in note 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 recognized when the Group becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognized when the Group's obligations specified in the contract expire or are discharged or cancelled. When financial liabilities are initially recognized, they are measured at their fair value.

All financial liabilities are measured subsequently at amortised cost except for derivatives and contingent considerations, which are measured at FVPTL . 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. Further details on derivative financial instruments recognized as per December 31, 2019 are disclosed in note 32.

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 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

3.17. 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 23.

3.18. 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. 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 14.

Useful lives of tangible fixed assets

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

Valuation of right-of-use assets

The Group evaluates whether (significant parts of) leased property is not in use in order to determine whether right-of-use assets could be subject to an impairment. At the end of 2019, the Group has not identified such cases.

Useful lives of other intangible fixed assets

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

Allowance for doubtful debts

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

Provision for obsolescence of inventory

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

5. Segment reporting

An operating segment is a component of the Group that shares similar economic characteristics. The operating segments have been determined based on the nature of the products sold in combination with the type of customers and the methods used to distribute the products.

Information reported to the Executive Board and Supervisory Board (which are together the Chief Operating Decision Makers) for the purposes of resource allocation and assessment of segment performance is focused on the Group's strategic divisions. As described below, these divisions have similar economic characteristics and can be distinguished from each other by the type of customers served and distribution methods used. The Group has identified the following reportable segments, that jointly form the Group's strategic divisions: HTG, B&S and Retail.

HTG is active as a global distributor of Liquors and Health and Beauty products. It mainly distributes and sells its products to value, online and secondary retailers (B2B), directly to consumers through webshops (B2C) and to local distributors and wholesalers. HTG sources its product assortment from manufacturers, wholesalers, distributors and international retail chains. HTG has its headquarters in Delfzijl, the Netherlands.

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

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

For an extensive elaboration on our segments and served markets we refer to our company profile on page 6. The activities of the holding Company are group-wide activities including finance, ICT, human resource management and marketing. Costs incurred at a Group level for business units have been allocated as much as possible to the operating segments. The results of the holding activities are reported separately to the Executive Board and are presented in the segment summary in the column 'Holding & Eliminations'.

A summary of the results of the reportable segments is provided on the next page. 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. EBITDA is defined as 'Operating result' corrected for 'Depreciation and Amortisation'. Reference is also made to the Financial performance section of the Executive Board report for a detailed analysis of the segments performance.

Transactions between segments are at arm's length.

x € 1,000	HTG		B&S		Retail	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Turnover	1,408,238	1,196,742	497,818	445,596	140,026	136,562
Purchase value	1,231,970	1,047,922	437,357	386,281	104,086	101,904
Gross profit	176,268	148,820	60,461	59,315	35,940	34,658
	12.5%	12.4%	12.1%	13.3%	25.7%	25.4%
EBITDA	88,152	79,670	19,342	21,450	9,538	10,613
	6.3%	6.7%	3.9%	4.8%	6.8%	7.8%
Financial expenses	6,460	5,215	2,126	1,397	37	127
Interest on lease liabilities	377	37	868	–	–	–
Share of profit of associates	154	140	–	–	278	218
Amortisation and depreciation	10,768	6,385	3,235	1,295	2,515	2,657
Depreciation right-of-use assets	4,726	–	4,920	–	–	–
Taxation on the result	17,485	15,957	(2,139)	801	1,718	2,183
Consolidated result	48,490	52,216	10,332	17,957	5,546	5,864
Current assets	480,633	464,319	215,289	173,430	73,015	52,479
Total assets	634,987	592,026	305,381	185,419	90,450	68,014
Net debt (incl. IFRS 16)	250,977	247,981	120,801	71,095	(4,309)	(5,662)
Inventory in days	87	102	54	64	60	61
Debtors in days	36	43	44	52	4	3

x € 1,000		Total	Holding & Eliminations			Consolidated
	2019	2018	2019	2018	2019	2018
Turnover	2,046,082	1,778,900	(67,265)	(32,423)	1,978,817	1,746,477
Purchase value	1,773,413	1,536,107	(66,488)	(31,887)	1,706,925	1,504,220
Gross profit	272,669	242,793	(777)	(536)	271,892	242,257
	13.3%	13.6%			13.7%	13.9%
EBITDA	117,032	111,733	(2,400)	(2,734)	114,632	108,999
	5.7%	6.3%			5.8%	6.2%
Financial expenses	8,623	6,739	1,040	870	9,663	7,609
Interest on lease liabilities	1,245	37	2	–	1,247	37
Share of profit of associates	432	358	–	(155)	432	203
Amortisation and depreciation	16,518	10,337	416	407	16,934	10,744
Depreciation right-of-use assets	9,646	–	66	–	9,712	–
Taxation on the result	17,064	18,941	132	491	17,196	19,432
Consolidated result	64,368	76,037	(4,056)	(4,657)	60,312	71,380
Current assets	768,937	690,228	(106,791)	(50,299)	662,146	639,929
Total assets	1,030,818	845,459	(116,305)	(48,273)	914,513	797,186
Net debt (incl. IFRS 16)	367,469	313,414	(100)	(673)	367,369	312,741
Inventory in days					80	92
Debtors in days					37	43
Net debt / EBITDA (incl. IFRS 16)					3.2	
Net debt / EBITDA (excl. IFRS 16)					2.8	2.9

6. Turnover

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

x € 1,000	2019	2018
HTG	1,408,238	1,196,742
B&S	497,818	445,596
Retail	140,026	136,562
Elimination	(67,265)	(32,423)
	1,978,817	1,746,477

The increase in eleminated intersegment revenue compared to 2018 is mainly driven by sourcing channels that benefit more than one segment.

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

x € 1,000	2019	2018
Liquors	627,103	630,184
Health & Beauty	930,522	707,686
Food & Beverages	235,661	238,651
Electronics	96,312	96,569
Other	89,219	73,387
	1,978,817	1,746,477

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

x € 1,000	2019	2018
Europe	1,047,024	998,094
America	288,322	141,985
Asia	345,674	343,272
Africa	54,123	49,256
Middle East	225,619	200,620
Oceania	18,055	13,250
	1,978,817	1,746,477

7. Purchase value

The purchase value can be specified as follows:

x € 1,000	2019	2018
Purchase value of turnover	1,569,727	1,387,087
Other external costs and income related to turnover	137,198	113,986
Reclassification other gains and losses	–	3,147
	1,706,925	1,504,220

In the financial statements 2018, the other gains and losses were presented on a separate line in the consolidated statement of profit or loss. This amount mainly consisted of exchange rate gains and losses realised on sales and purchase transactions. As the Group hedges the outstanding positions in foreign currencies on a daily basis and complies with the requirements as described in note 3.17, it was decided to apply hedge accounting as from January 1, 2019. This means that exchange results on sales and purchase transactions are no longer separately recognised from the exchange result on the hedge instrument. For year-on-year comparison purposes, the amount recognised in 2018 has been reclassified to the purchase value.

8. Investment income

The investment income can be specified as follows:

x € 1,000	2019	2018
Finance income from continuing operations:		
Interest related to loans issued	244	223
	244	223

9. Personnel costs

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

x € 1,000	2019	2018
Salary costs	67,266	50,803
Social security charges	9,553	7,465
Pension costs	4,121	3,390
Other personnel costs	6,095	4,708
	87,035	66,366
Temporary staff	23,647	19,884
	110,682	86,250

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:

	2019	2018
HTG	784	524
B&S	431	370
Retail	266	227
Other	31	9
	1,512	1,130

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

10. Other operating expenses

The other operating expenses can be specified as follows:

x € 1,000	2019	2018
Personnel related costs	5,777	5,775
Office / warehouse costs	9,264	14,964
Marketing costs	4,016	3,201
ICT expenses	8,586	6,204
Insurance costs	3,776	2,443
External advice	8,453	7,853
Other operating expenses	6,950	6,791
	46,822	47,231

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

x € 1,000	Deloitte Audit S.à r.l.	Other Deloitte member firms	Total Deloitte
Audit fees for statutory audits	122	1,403	1,525
Other assurance related services	15	–	15
Other non-audit services	15	34	49
	152	1,437	1,589

11. Financial expenses

The financial expenses can be specified as follows:

x € 1,000	2019	2018
Interest related to bank facilities	10,366	7,990
Currency exchange results	(432)	–
Changes in the fair value of derivatives	(285)	(381)
Changes in the fair falue of contingent considerations	14	–
	9,663	7,609

12. Taxation on the result

The taxation on the result can be specified as follows:

x € 1,000	2019	2018
Income tax in profit or loss account		
Income tax	17,109	19,662
Income tax previous periods	1,688	802
Deferred taxes	(1,601)	(1,032)
	17,196	19,432

The following table shows the reconsolidation between the nominal and effective corporate income tax rates for the Group.

x € 1,000	2019	2018
Result before taxation	77,508	90,812
Share of profit of associates	(432)	(203)
Non-deductible amortisation	6,914	5,027
Income not subject to income tax or charged with 0% income tax	(15,284)	(13,403)
	68,706	82,233
Blended tax charge ranging from 12.5% to 30.0%	17,109	19,662

13. Earnings per share

x €	2019	2018
Basic earnings per share		
From continuing operations	0.56	0.72
From continuing operations (excluding IFRS 16)	0.57	0.72

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	2019	2018
Profit for the year attributable to Owners of the Company	46,962	60,394
	46,962	60,394

x € 1,000	2019	2018
Weighted average number of shares for the purpose of basic earnings per share	84,177,321	84,177,321
	84,177,321	84,177,321

14. Goodwill

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

x € 1,000	2019	2018
HTG	53,621	52,814
Retail	6,601	6,601
B&S	5,434	500
	65,656	59,915

The movements can be specified as follows:

x € 1,000	2019	2018
Balance as at January 1,	59,915	18,104
Acquired in business combinations	4,934	41,356
Foreign currency translation	807	455
Balance as at December 31,	65,656	59,915

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Impairment testing

The recoverable amounts of the cash-generating units are determined based on a value in use calculation which uses cash flow projections based on financial budgets and financial long-term plans approved by the Executive Board covering a five-year period, and a discount rate of 8.1 per cent per annum (2018: 8.1 per cent per annum). Increases in market volume (due to increase of population and rising consumption) have been taken into consideration as well as growing market pressure on prices, government-induced or otherwise. This basis is valid in the long-term for our activities in all countries where the Group

operates. Cash flows beyond that five-year period have been calculated using a steady 0.5 per cent (2018: 0.5 per cent) terminal growth rate. This growth rate does not exceed the inflation rate for markets in the territories B&S operates in.

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

Discount rate	8.1%
Inflation	1.3%
Terminal growth rate	0.5%
Organic sales growth rate	1 – 3%

The impairment testing for 2019 did not result in impairments.

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

The following aspects provide an indication of the sensitivity of the impairment tests to changes in key assumptions used:
- If the discount rate is assumed to be 1% higher than applied in the separate impairment tests, no impairments would have been required.
- If future annual sales growth rate is set 1% lower than applied in the separate impairment tests, whilst maintaining cost levels on the original assumptions, no impairments would have been required.
- If gross margins were to show a cumulative decrease of 1.5% over the coming years, while maintaining the other assumptions applied in the separate impairment tests, no impairments would have been required.

15. Other intangible assets

The other intangible assets can be specified as follows:

x € 1,000	2019	2018
Software	13,468	10,476
Brand names	3,279	2,829
Concessions	1,718	897
Other	51,283	47,476
	69,748	61,678

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 category 'Other' can be further specified as follows:

x € 1,000	2019	2018
Customer portfolio's	8,717	431
Supplier portfolio's	32,456	35,880
Private labels	7,816	8,458
Other	2,294	2,707
	51,283	47,476

The movements can be specified as follows:

x € 1,000					2019
	Software	Brand names	Concessions	Other	Total
At cost:					
Balance as at January 1,	13,060	3,899	4,560	54,174	75,693
Additions	5,622	–	–	21	5,643
Acquired in business combinations	–	832	1,444	8,876	11,152
Foreign currency translation	61	52	–	819	932
	18,743	4,783	6,004	63,890	93,420
Accumulated amortisation:					
Balance as at January 1,	(2,584)	(1,070)	(3,663)	(6,698)	(14,015)
Acquired in business combinations	–	–	–	–	–
Foreign currency translation	(17)	(1)	–	(51)	(69)
Amortisation	(2,674)	(433)	(623)	(5,858)	(9,588)
	(5,275)	(1,504)	(4,286)	(12,607)	(23,672)
Balance as at December 31,	13,468	3,279	1,718	51,283	69,748

x € 1,000					2018
	Software	Brand names	Concessions	Other	Total
At cost:					
Balance as at January 1,	5,909	1,200	4,560	12,500	24,169
Additions	4,123	–	–	10	4,133
Acquired in business combinations	3,093	2,669	–	41,168	46,930
Foreign currency translation	34	30	–	496	560
Disposals	(99)	–	–	–	(99)
	13,060	3,899	4,560	54,174	75,693
Accumulated amortisation:					
Balance as at January 1,	(328)	(825)	(3,078)	(2,948)	(7,179)
Acquired in business combinations	(910)	–	–	(782)	(1,692)
Foreign currency translation	(17)	(4)	–	(96)	(117)
Amortisation	(1,329)	(241)	(585)	(2,872)	(5,027)
	(2,584)	(1,070)	(3,663)	(6,698)	(14,015)
Balance as at December 31,	10,476	2,829	897	47,476	61,678

16. Property, plant and equipment

Property, plant and equipment can be specified as follows:

x € 1,000	31.12.2019	31.12.2018
Land and property	16,020	14,205
Equipment	15,998	10,458
Other	7,294	6,370
	39,312	31,033

The movements can be specified as follows:

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

x € 1,000				2018
	Land and property	Equipment	Other	Total
At cost:				
Balance as at January 1,	40,468	23,227	16,215	79,910
Additions	748	5,709	2,472	8,929
Acquired in business combinations	–	2,700	4,436	7,136
Foreign currency translation	5	(16)	86	75
Disposals	–	(129)	(384)	(513)
	41,221	31,491	22,825	95,537
Accumulated depreciation:				
Balance as at January 1,	(25,649)	(17,237)	(11,089)	(53,975)
Acquired in business combinations	–	(1,432)	(3,582)	(5,014)
Disposals	–	10	254	264
Foreign currency translation	(5)	24	(81)	(62)
Depreciation	(1,362)	(2,398)	(1,957)	(5,717)
	(27,016)	(21,033)	(16,455)	(64,504)
Balance as at December 31,	14,205	10,458	6,370	31,033

The depreciation rates applied are as follows:

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

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

17. Investments in associates

Investments in associated companies can be specified as follows:

x € 1,000	2019	2018
Balance as at January 1,	2,140	2,001
Share of profit of associated companies	432	203
Foreign currency translation	34	(124)
Received dividend	(93)	(95)
Other changes	4	155
Balance as at December 31,	2,517	2,140

The principal associated companies of the Group are as follows:

	2019	2018
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	31.12.2019	31.12.2018
Current assets	2,008	1,873
Non-current assets	1,702	1,194
Current liabilities	353	533
Non-current liabilities	1,723	1,251
Turnover	5,048	4,480
Profit (loss) for the year	369	365
Net assets of the associate	1,634	1,283
Carrying amount of the Group's interest	1,035	860

STG Logistica Y Depositos S.L.:

x € 1,000	31.12.2019	31.12.2018
Current assets	471	1,060
Non-current assets	132	143
Current liabilities	469	1,006
Non-current liabilities	150	215
Turnover	843	778
Profit (loss) for the year	(1)	3
Net assets of the associate	(16)	(18)
Carrying amount of the Group's interest	2	2

Capi-Lux South Africa (PTY) Ltd.:

x € 1,000	31.12.2019	31.12.2018
Current assets	3,880	2,701
Non-current assets	109	86
Current liabilities	987	276
Non-current liabilities	–	–
Turnover	9,669	10,281
Profit (loss) for the year	564	495
Net assets of the associate	3,002	2,511
Carrying amount of the Group's interest	1,465	1,230

18. Receivables

The receivables can be specified as follows:

x € 1,000	2019	2018
Balance as at January 1,	2,581	2,731
Acquired in business combinations	–	106
New loans issued	1,088	–
Repayments	(149)	(256)
	3,520	2,581
Reclassification to 'Current assets'	(250)	(250)
Balance as at December 31,	3,270	2,331

This item consists of the following loans:

- In 2015 the Group granted loans to related parties for the original amount of € 8,470,000 (outstanding as per December 31, 2019: € 2,285,000). These loans are provided to companies where minority shareholders have a significant influence. No securities have been provided. The applicable interest rate is 10%. The loans will be repaid in total within six years. One of these loans has a remaining maturity of less than one year for the amount of € 250,000 and is non-interest carrying (2018: € 250,000).
- In 2017 the Company granted two loans to Next Generation Perfumes B.V. for the original amount of € 546,352. Securities in the form of a pledge on assets is provided. The applicable interest rate is Euribor + 4%. Annual repayments amount to a minimum of € 100,000.
- In 2019 the Company granted a loan to a minority shareholder for the original amount of € 1,088,000. The applicable interest rate is 3.5%. The loan will be repaid in total within seven years. No securities have been provided.

19. Deferred tax assets

The deferred tax assets can be specified as follows:

x € 1,000	2019	2018
Balance as at January 1,	160	189
Acquired in business combinations	50	–
Additions	188	123
Transfer to profit or loss account	(31)	(150)
Foreign currency translation	(1)	(2)
	366	160
Reclassification to 'Provisions'	–	–
Balance as at December 31,	366	160

20. Inventory

The inventory can be specified as follows:

x € 1,000	31.12.2019	31.12.2018
Value of trade goods	356,069	342,275
Prepayments on trade inventory	24,904	40,501
Provision for obsolescent inventory	(5,408)	(4,896)
	375,565	377,880

The amount of the write-down during 2019 amounts to € 3,588,000 (2018: € 3,405,000) and has been recognised in the statement of profit or loss as a loss. Similar to previous year, inventories have been pledged as a security for credit facilities provided by financial institutions. The cost of inventories recognised as an expense during the year in respect of continuing operations was € 1,570 million (December 31, 2018: € 1,387 million).

21. Trade receivables

The trade receivables can be specified as follows:

x € 1,000	31.12.2019	31.12.2018
Trade receivables	202,025	206,852
Allowance for doubtful debts	(769)	(1,130)
	201,256	205,722

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 € 462,000 (2018: € 42,000) that was charged to the profit or loss account. 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	2019	2018
Balance as at January 1,	1,130	1,198
Acquired in business combinations	79	–
Transfer from profit or loss	462	42
Amounts written off as uncollectable	(902)	(110)
Balance as at December 31,	769	1,130

The working capital tied up in trade receivables is expressed in Days of Sales Outstanding (DSO). The average DSO for 2019 was 37 days (2018: 43).
The provision for doubtful receivables, taking into account the expected lifetime losses following the simplified approach as per IFRS 9, relates entirely to trade receivables past the contractually agreed due date for payment. Items that are considered doubtful have been fully provided for. Estimations and assumptions are applied to determine the size of the provision. Those estimates and assumptions are based on age analysis and specific developments in terms of market conditions and credit risks. In the judgement of the Group, the credit quality for receivables past due at the balance sheet date but not provided for is sufficient.

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

x € 1,000	31.12.2019	31.12.2018
Trade receivables less than 30 days due	38,186	52,952
Trade receivables between 30 and 60 days due	19,631	33,959
Trade receivables more than 60 days due	13,248	16,667
	71,065	103,578

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.

22. 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, 2019 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. The movement in the share capital can be specified as follows:

x € 1,000	31.12.2019	31.12.2018
Balance as at January 1,	5,051	5,238
Purchase P-shares	–	(228)
Issued shares	–	251
Nominal value reduction	–	(210)
Balance as at December 31,	5,051	5,051

The movement in the number of shares outstanding can be specified as follows:

	31.12.2019	31.12.2018
Balance as at January 1,	84,177,321	209,515
Split of shares (ratio 1 to 400)	–	83,596,485
Purchase P-shares	–	(3,806,000)
Issuance of shares	–	4,177,321
Balance as at December 31,	84,177,321	84,177,321

Share-based payment

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

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

23. 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	2019	2018
Balance as at January 1,	–	–
Effective portion of changes in fair value of cash flow hedges	643	–
Balance as at December 31,	643	–

Reserve for translation differences

The reserve for translation differences comprises all cumulative translation differences arising from the translation of the financial statements of activities in currencies other than the euro. The reserve is not freely distributable. The movement can be specified as follows:

x € 1,000	2019	2018
Balance as at January 1,	(540)	(80)
Foreign currency translation through OCI	813	(460)
Balance as at December 31,	273	(540)

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	2019	2018
Balance as at January 1,	229,474	196,370
IFRS 15 adjustments	–	(2,380)
Restated opening balance	229,474	193,990
Profit for the period	46,962	60,394
Dividend to the owners of the Company	(24,411)	(35,354)
Acquisition non-controlling interest JTG	–	(5,802)
Pre-IPO restructuring	–	12,867
Share-based payments	900	675
Other changes	(38)	–
	252,887	226,770
Fair value adjustment non-current liabilities	(16,183)	2,704
Balance as at December 31,	236,704	229,474

Proposed appropriation of the result for 2019

An amount of € 10,943,000 has been distributed during the year as interim dividend and the remaining amount of the net result will be added to the reserves. This proposed appropriation has not been accounted for in the annual accounts.

Profit appropriation 2018

The 2018 financial statements were approved during the General Meeting on May 20, 2019. The General Meeting approved the proposed profit appropriation.

24. Non-controlling interest

The non-controlling interest consist of the third-party share in the following companies:

	31.12.2019	31.12.2018
J.T.G. Holding B.V., the Netherlands	24.62%	24.62%
STG Holding Import-Export S.L., Spain	49%	49%
J.T.G. WWL S.à r.l., G.D. Luxembourg	24.62%	24.62%
Topbrands Europe B.V., the Netherlands	32.83%	32.83%
FNet Acquisition Company LLC, Delaware, United States	25%	25%
B&S HTG B.V., the Netherlands	5%	5%
Lagaay Medical Group B.V., the Netherlands	30%	–
Europort Groep B.V., the Netherlands	20%	–
Dutch Care Supplies B.V., the Netherlands	20%	–
Profit rights		
B&S Investments B.V., Delfzijl, the Netherlands	100%	100%

The movement in the non-controlling interest can be specified as follows:

x € 1,000	2019	2018
Balance as at January 1,	39,110	40,442
Share of profit of associated companies	13,350	10,986
Foreign currency translation	660	488
Effective portion of changes in fair value of cash flow hedges	9	–
Acquired in business combinations	3,779	24,735
Acquisition non-controlling interest JTG	–	(2,698)
Capital contribution non-controlling interest	–	8,525
Dividend paid to non-controlling interest	(6,544)	(3,940)
Reserves transferred to profit right certificates	(503)	(100)
Pre-IPO restructuring	–	(12,753)
Other changes	38	–
	49,899	65,685
Reclassification to 'Other non-current liabilities'	(803)	(26,575)
Balance as at December 31,	49,096	39,110

The reclassification to 'Other non-current liabilities' relates to the 25% non-controlling interest in FNet Acquisition Company LLC. Reference is made to note 29 for further details on this reclassification.

25. Borrowings

The borrowings can be specified as follows:

x € 1,000	31.12.2019	31.12.2018
Borrowings from banks	54,557	55,429
Borrowings from shareholders	–	–
	54,557	55,429

Borrowings from banks

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

x € 1,000	2019	2018
Balance as at January 1,	64,580	23,877
Acquired in business combinations	1,117	–
New borrowings received	10,100	45,250
Installments	(9,872)	(4,547)
	65,925	64,580
Reclassification to 'Current liabilities'	(11,368)	(9,151)
Balance as at December 31,	54,557	55,429

This item consists of the following loans:

From	Original amount	Securities	Base (Euribor)	Interest	Repayment	Outstanding x € 1,000 31.12.2019	31.12.2018
2007	8,250	(1)	3-month	+ 1.5%	Quarterly terms of € 137,500	1,250	1,800
2014	1,000	(2)	3-month	+ 2.0%	Quarterly terms of € 50,000	–	150
2015	500	(1)	–	+ 2.95%	Quarterly terms of € 25,000	25	125
2015	500	(1)	–	+ 3.25%	Quarterly terms of € 25,000	25	125
2016	20,000	(2)	3-month	+ 2.0%	Quarterly terms of € 700,000 and € 6,000,000 at maturity date in 2021	11,600	14,400
2017	2,000	None	1-month	+ 2.35%	Equal monthly terms over 5 years	1,029	1,422
2017	2,000	None	6-month	+ 2.75%	Equal monthly terms over 5 years	934	1,363
2018	5,250	(1)	1-month	+ 2.5%	Monthly terms of € 55,125 and € 2,659,125 at maturity date in 2022	4,535	5,195
2018	40,000	(2)	3-month	+ 2.5%	Quarterly terms of € 1,000,000 and € 20,000,000 at maturity date in 2023	36,000	40,000
2019	7,500	(2)	3-month	+ 1.75%	Quarterly terms of € 375,000	7,102	–
2019	2,000	(1)	–	+ 2.59%	Yearly installments of € 400,000	2,000	–
2019	600	None	–	+ 1.41%	Equal monthly terms over 3 years	469	–
2010*	125	(1)	3-month	+ 2.70%	Equal quarterly terms over 12 years	19	–
2010*	200	(1)	–	+ 3.10%	Quarterly terms of € 3,350	20	–
2015*	180	(1)	–	+ 2.95%	Equal monthly terms over 10 years	92	–
2016*	1,600	(2)	1-month	+ 2.95%	Equal monthly terms over 5 years	667	–
2016*	250	(1)	–	+ 3.25%	Equal monthly terms over 10 years	160	–
						65,925	64,580

(1) Mortgage loan with underlying real estate provided as security.
(2) Pledges on the shares of the specific acquired company.
* Borrowings acquired in business combinations.

Borrowings from shareholders

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

x € 1,000	2019	2018
Balance as at January 1,	2,500	2,500
Installments	(2,500)	–
	–	2,500
Reclassification to 'Current liabilities'	–	(2,500)
Balance as at December 31,	–	–

This item consisted of the following loans:

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

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

x € 1,000				31.12.2019
	< 1 year	1 <> 5 years	> 5 years	Total
Borrowings from banks	11,368	54,518	39	65,925
	11,368	54,518	39	65,925

26. Leases

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

x € 1,000	2019	2018
Balance as at January 1,	–	–
First time IFRS 16 adoption	71,862	–
Restated opening balance as at January 1,	71,862	–
Additions	8,817	–
Acquired in business combinations	352	
Depreciation right-of-use assets	(9,712)	–
Foreign currency translation	179	–
Balance as at December 31,	71,498	–

The Group leases several assets including buildings and vehicles. The average remaining lease term is 4 years. At December 31, 2019, the Group is committed to € 2.0 million for short-term leases. The total cash outflow for leases amounts to € 10.6 million.

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

x € 1,000	2019	2018
Balance as at January 1,	912	1,526
First time IFRS 16 adoption	70,770	–
Restated opening balance as at January 1,	71,682	1,526
Additions	8,830	–
Acquired in business combinations	339	–
Repayments on lease liabilities	(10,610)	(614)
Interest on lease liabilities	1,247	–
Foreign currency translation	178	–
	71,666	912
Reclassification to 'Current liabilities'	(9,575)	(571)
Balance as at December 31,	62,091	341

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

x € 1,000				31.12.2019
	< 1 year	1 <> 5 years	> 5 years	Total
Lease liabilities	9,575	29,656	32,435	71,666
	9,575	29,656	32,435	71,666

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.

27. Deferred tax liabilities

The Group only balances deferred tax assets within the same fiscal unit if the fiscal unit has an enforceable right to do so and intends to settle them on a net basis. The positions are:

x € 1,000	31.12.2019	31.12.2018
Net deferred tax liabilities	12,986	11,737
	12,986	11,737

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

x € 1,000				31.12.2019
	< 1 year	1 <> 5 years	> 5 years	Total
Net deferred tax liabilities	1,675	7,339	3,972	12,986
	1,675	7,339	3,972	12,986

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

x € 1,000	2019	2018
Balance as at January 1,	11,737	3,383
Acquired in business combinations	2,514	9,173
Transfer to profit or loss	(1,406)	(907)
Foreign currency translation	169	88
Reclassification from 'Current corporate income tax liability'	(28)	–
Balance as at December 31,	12,986	11,737

The deferred tax assets and liabilities relate to the following items:

x € 1,000		31.12.2019
	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	134	349
Intangible fixed assets	44	12,452
Other	188	185
	366	12,986

x € 1,000		31.12.2018
	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	123	145
Intangible fixed assets	–	11,377
Tax losses	314	144
Other	(277)	71
	160	11,737

28. Retirement and other employee benefit obligations

The obligation consists of a provision for pension obligation and employee benefit obligations. The provision for pension obligations consists of a provision for pensions of former personnel that have taken effect and are valued at fair value. The maturity of these obligations is less than five years. The movements can be summarised as follows:

x € 1,000	2019	2018
Balance as at January 1,	603	1,600
Paid during the financial year	–	–
Transfer to/from profit or loss account	290	(997)
Balance as at December 31,	893	603

This provision also includes an end-of-service indemnity payable to employees at the reporting date in accordance with the U.A.E. labour laws, and is based on current remuneration and cumulative years of service at the reporting date.

Defined contribution plans

The Company operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Company in funds under the control of trustees. When employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total expense recognised in the profit or loss of € 4,121,000 (2018: € 3,390,000) represents contributions paid or payable by the Group at rates specified in the rules of the plans. As at December 31, 2019, contributions of € 382,000 (2018: € 243,000) due in respect of the 2019 (2018) 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 Pensioenfonds B&S"

The Group operates defined contribution retirement benefit plans for employees for whom the benefit plan is accommodated by the company pension fund "Stichting Pensioenfonds B&S" (also referred to as 'Company pension fund'). The defined contribution plan (Pension Plan) is administered by a fund that is legally separated from the entity. The board of the Company pension fund is composed of an equal number of representatives from both the employer and employees. The board of the pension fund is required, by law and by its articles of association, to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The board of the Company pension fund is responsible for the investment policy with regard to the assets of the fund. Participation in this Company pension fund is mandatory for the employees of the qualifying B&S companies.

The accrual of the intended pension entitlement is always fully funded through contribution payments in the related calendar year. The Pension Plan is a conditional career average plan including – for both active and inactive participants (former employees not yet retired and retired persons) – conditional granting of supplements.
Under the Pension Plan, the employees are entitled to post-retirement annual instalments based on fixed premiums paid during their career with the Group. The post-retirement annual instalment depends on amongst others: investment return arising from the premium contributions, interest rate, salary of plan participants and longevity. 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 the Company pension fund is limited to € 107,593 (2018: € 105,075). The pension base is the difference between the pensionable (current) salary of the employee and the state retirement benefit.

The Company pension fund has stated that the funding ratio is 96,2% at December 31, 2019 (2018: 96,5%).

The Company pension fund has issued a recovery plan on July 1, 2015 as the funding ratio was below the required level set by the authorities. An evaluation performed at the end of 2019 led to the conclusion that the recovery plan would not be realised if the existing assumptions were maintained. Therefore, the Company pension fund has decided to take additional measures, leading to a decrease of the annual entitlement from 1,875% to 1,64% of the pension base.

Based on IAS 19, the Pension Plan as such is accounted for as a defined contribution plan. The Group presents the employer contribution in the profit or loss item "Personnel costs".

Industry pension schemes 'Bedrijfstakpensioenfonds voor de detailhandel'

Pursuant to the Dutch pension system this plan is financed by contributions to an industry pension fund. Participation in the industry pension fund is required by the collective labour agreement applicable to Koninklijke Capi-Lux Holding B.V.

The related accrued entitlements are always fully financed in the related calendar year through – at least – cost effective contribution payments. The pension plan is a career average plan including – for both active and inactive participants (former employees not yet retired and retired persons) – conditional granting of supplements. The granting of supplements depends on it the investment return.

The annual accrual of the pension entitlements amounts to 1,56% of the pensionable salary that is based on the gross wage net of a deductible (of € 13,582). The pensionable salary is capped (at € 55,927). The annual employer-paid contribution is 22,5% of which 5,7% is contributed by the employee. Based on the funding ratio and expected returns the board of the industry pension fund sets the contribution on a yearly basis.

The related industry pension fund has stated that the funding ratio is 111,9% at the end of 2019 (2018: 106,5%). 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.

Industry pension schemes 'Bedrijfstakpensioenfonds Dranken'

Participation in the industry pension fund 'Bedrijfstakpensioenfonds Dranken' is required by the collective labour agreement applicable to Anker Amsterdam Spirits B.V. and Square Dranken Nederland B.V. In 2019, this pension fund became part of 'Bedrijfstakpensioenfonds voor de detailhandel', of which the characteristics are described in the previous section. The following percentage and amount are different compared to 'Bedrijfstakpensioenfonds voor de detailhandel':

- Deductible from pensionable salary of € 18,929;
- Employee contribution is 8,17%.

Other defined benefit plans

The end-of-service indemnity payable in accordance with the U.A.E. labour laws as noted before is considered as a defined benefit plan for which a provision is accounted for. Total amount of end-of-service indemnity provision as per 2019 was € 314,273 (2018: € 233,000).

In several countries, defined benefit plans are in place. However due to the limited number of employees and limited financial risk these plans are accounted for as defined contribution plans. Pension plans for which the pension fund cannot provide data

on an individual company basis are, in line with IAS19, accounted for as a defined contribution plans. In 2019 the premium related to these plans charged to the consolidated statement of profit or loss amounts to € 293,000 (2018: € 285,000).

29. Other liabilities

The other liabilities can be specified as follows:

x € 1,000	2019	2018
Subsidy (IPR)	721	756
Contingent consideration Lagaay	546	–
Deferred payment FragranceNet	40,857	23,871
	42,124	24,627

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

x € 1,000	2019	2018
Balance as at January 1,	791	825
Installments	(35)	(34)
	756	791
Reclassification to 'Current liabilities'	(35)	(35)
Balance as at December 31,	721	756

This item comprises an "InvesteringsPremieRegeling (IPR)" subsidy with an original amount of € 1,264,000 which is being reduced with € 35,000 per year and released to the profit or loss account.

Contingent consideration Lagaay
The movements in 'Contingent consideration Lagaay' can be specified as follows:

x € 1,000	2019	2018
Balance as at January 1,	–	–
Acquired in business combinations	532	–
Charged interest	14	–
Balance as at December 31,	546	–

This contingent consideration relates to the acquisition of Lagaay Medical Group B.V.. For more details on the measurement of the consideration, reference is made to note 32.

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

x € 1,000	2019	2018
Balance as at January 1,	23,871	–
Reclassification from 'Non-controlling interest'	803	26,575
	24,674	26,575
Fair value adjustment	16,183	(2,704)
Balance as at December 31,	40,857	23,871

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

30. Derivative financial instruments

The carrying amounts of the various derivatives as at December 31, 2019 were equal to their fair values. B&S Group S.A. uses interest rate swaps and forward currency contracts to manage interest rate and currency risks. Receivables under derivatives are presented in non-current and current assets. Derivatives designated and effective as hedging instruments are carried at fair value. The following derivative financial instruments were held by the Company:

x € 1,000	31.12.2019	31.12.2018
Non-current assets	–	–
Current assets	32	–
Non-current liabilities	–	–
Current liabilities	–	288
Total assets / (liabilities)	32	(288)

31. Contingent liabilities and contingent assets

Concession fee

The Group has entered into long-term concession agreements. The maturity of these agreements is between 1 and 10 years. The amounts involved are based on the turnover of the particular agreement.

Guarantees

The Group has issued guarantees. These guarantees can be specified as follows:

x € 1,000	31.12.2019	31.12.2018
Total maximum level of guarantees facility granted to the Group	22,500	28,500
Issued guarantees in relation to import duties	8,431	8,861
Issued guarantees in relation to rental agreements	2,487	1,324
Other issued guarantees	732	772
	11,650	10,957

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

x € 1,000	Amortised cost	FVTPL	FVTOCI	Total	31.12.2018		
					Level 1	Level 2	Level 3
Financial assets measured at fair value							
Derivative financial instruments	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Financial assets not measured at fair value							
Receivables, non-current assets	2,331	–	–	2,331			
Receivables, current assets	250	–	–	250			
Trade receivables	205,722	–	–	205,722			
Cash and cash equivalents	26,900	–	–	26,900			
	235,203	–	–	235,203			
Financial liabilities measured at fair value							
Derivative financial instruments	–	288	–	288	–	288	–
	–	288	–	288	–	288	–
Financial liabilities not measured at fair value							
Borrowings, non-current liabilities	55,770	–	–	55,770			
Credit institutions	271,494	–	–	271,494			
Borrowings due within one year	12,342	–	–	12,342			
Supplier finance arrangements	21,177	–	–	21,177			
Trade payables	69,630	–	–	69,630			
	430,413	–	–	430,413			

Measurement of fair values

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts & interest rate swaps	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

Financial risk management objectives

As a result of its activities, the Company is exposed to various financial risks. The Company applies a Group-wide treasury policy for the adequate management of cash flows and financing flows combined with management of the related financial risks, such as currency risks and interest rate risks.

A summary of the main financial risks is provided below. The risks are linked to the Company's core objectives and categorised as liquidity risks, currency risks, interest rate risks and credit risks. Also mentioned is how the Company manage these risks.

Foreign currency risk

The Group purchases and sells internationally in different currencies however mainly in USD, GBP and JPY. The Group as such has positions in non-functional currencies being, purchase and sales obligations (recorded purchase and sales orders) and forecasted sales (inventory destined to be invoiced in a non-functional currency, for example inventory destined for a USD market).

If B&S Group would not hedge these positions it would run transactional risk until the moment the cash is received. Since the Group does not want to be subject to these risks the positions are hedged on a daily basis. The positions are hedged by maintaining a bank balance in the matching currency. On a daily basis via spot FX purchases and sales, the bank balance in foreign currencies is matched with the outstanding exposure following the sales orders, purchase orders and forecasted sales (inventory).

Foreign currency sensitivity analysis

The Group is mainly exposed to the US Dollar as indicated in the next table. Assuming the Euro had strengthened (weakened) 3% against the US Dollar compared to the actual 2019 rate with all other variables held constant the hypothetical result on income before taxes would have been a change of € 4,518,000. A 3% increase or decrease of the other currencies the Group is trading in would not have a significant impact on both the income before taxes and the equity of the Group.

x 1,000 Foreign currency		31.12.2019		31.12.2018
	Assets	Liabilities	Assets	Liabilities
USD	507,540	338,339	478,698	379,581
GBP	17,286	14,059	25,890	18,698
JPY	940,777	1,129,466	360,604	391,897

Interest rate risk

The Group is exposed to interest rate risks because the entities are financed by both fixed and variable rate interest borrowings.

On the basis of the financing position as at year-end 2019, 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 € 3.0 million on net finance costs and thus the result before taxes and a negative effect of € 2.2 million on equity. Fluctuations in long-term interest rates had a limited direct effect on the result, as the interest rate terms are fixed.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty in a financial instrument fails to meet its contractual obligations. The risk for B&S Group S.A. arises mainly from trade receivables, for which credit concentration is limited.

The activities of the retail segment consist mainly of retail activities in exchange for direct cash. The segments B&S and HTG have a large number of customers and accordingly there is no material concentration of credit risk.

As the Company trades with a large number of clients around the world, strict internal policies and guidelines have been drawn-up regarding business agreements with new clients as well as the setting of payment terms and credit risk management. The Corporate rule is that trade transactions must be secured, either by payment up front, insurance or by a secured payment instrument (guarantee or letter of credit). Before doing business with new clients their creditworthiness is checked by the internal credit risk department.

The internal credit risk department also monitors outstanding payments on a daily basis using an automated and sophisticated credit risk monitoring system. This process meets the requirements specified by the insurance institutions. The rigid handling of new client acceptance and payment control means the Company's debtor risk is fairly limited and well under control. The average outstanding debt period is less than 60 days, which is within the limits set by management and acceptable for global trading. As a result of our stringent debtor policies, debtor write-offs are limited.

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

Liquidity risk

Liquidity risk is the risk that B&S Group S.A. is unable at the required time to meet its financial obligations. Liquidity management is based on the principle that sufficient liquidity is maintained in the form of credit facilities or cash and cash equivalents to meet the obligations in both normal and exceptional circumstances. Cash flows are forecasted within the Group on a regular basis and the extent is determined to which the Group has sufficient liquidity for the operating activities while maintaining sufficient credit facilities (headroom).

The total credit facilities, excluding non-current borrowings, amounted to € 479 million as at December 31, 2019, meaning a headroom of € 198 million under the existing facilities. The Company therefore has credit facilities that are sufficient for the existing and expected credit requirements of the Group.

The extent of the risk that covenants agreed with financial institutions are breached is regularly determined. With the present Net Debt/EBITDA and interest coverage B&S Group S.A. is comfortably within the covenants agreed with the various financial institutions of a maximum net debt/EBITDA (pre-IFRS 16) of 3.5 and a minimum interest cover (pre-IFRS 16) of 3.0. These agreed covenants are similar for the main financial institutions.

A 10% decrease in our operating result (defined for this purpose as operating result before depreciation of property, plant and equipment and amortisation of intangible assets and impairments) would increase Net Debt/EBITDA by 0.3 points, at unchanged Net Debt. The Net Debt/EBITDA covenant agreed with financial institutions is set at a maximum of 3.5 points. This covenant would only be breached if the operating result decreases by more than 18%.

A 10% decrease in our operating result (defined for this purpose as operating result before depreciation of property, plant and equipment and amortisation of intangible assets and impairments) would reduce interest coverage by 1.1 points, at unchanged interest rates on interest-bearing debt. The interest coverage rate covenant agreed with financial institutions is set at a minimum of 3.0 points. This covenant would only be breached if the operating result decreases by more than 72%.

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					**31.12.2019**
	Interest	**< 1 year**	**1 <> 5 years**	**> 5 years**	**Total**
Non-interest bearing		104,620	–	–	104,620
Lease liabilities	1.7%	9,575	29,656	32,435	71,666
Variable interest rate instruments	2.74%	291,850	54,518	39	346,407
Closing balance at 31.12.2019		406,045	84,174	32,474	522,693

x € 1,000					**31.12.2018**
	Interest	**< 1 year**	**1 <> 5 years**	**> 5 years**	**Total**
Non-interest bearing		90,807	–	–	90,807
Financial lease liability	3,2%	571	341	–	912
Variable interest rate instruments	2,78%	280,645	55,429	–	336,074
Fixed interest rate instruments	5%	2,500	–	–	2,500
Closing balance at 31.12.2018		374,523	55,770	–	430,293

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

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

x € 1,000					31.12.2018
	Interest	< 1 year	1 <> 5 years	> 5 years	Total
Non-interest bearing		205,722	–	–	205,722
Fixed interest rate instruments	10%	250	2,331	–	2,581
Cash and cash equivalents		26,900	–	–	26,900
Closing balance at 31.12.2018		232,872	2,331	–	235,203

Capital risk
No significant changes in terms of capital management were effected in the year under review. An enabling condition in our policy is a healthy financing structure that maintains a balance between adequate solvency, the availability of adequate working capital and sufficient available funding. The Company's balance sheet structure and cash flow generation remains strong over years. This enables us to continue to grow organically and through acquisitions.

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
The Executive Board consists of the following members:
- Mr. J.B. Meulman
- Mr. G. van Laar
- Mr. B. Schreuders
- Mr. N. Groen

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

x € 1,000	2019	2018
Gross salary	1,041	1,072
Social security charges	31	29
Pension charges	115	111
Management fee	–	1,312
Variable short-term remuneration	688	647
	1,875	3,171

Remuneration of members of the Supervisory Board

The Supervisory Board consists of the following members:

- Mr. J.A. van Barneveld
- Mr. W.A. Blijdorp
- Mr. J.C. Beerman
- Mr. R.P.C. Cornelisse
- Ms. K. Koelemeijer

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

x € 1,000	2019	2018
Annual fee	255	293
	255	293

Entities with joint control or significant influence over the entity

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

x € 1,000	31.12.2019		31.12.2018	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	5,826	301	26,600	972
Purchase of products and services	5,533	1	19,405	949
Premises rented	7,001	1,092	5,985	745
Interest received on loans issued	182	759	182	546
Loans issued	–	1,820	–	1,820
Operating expenses	85	–	217	–
Recharged expenses	711	1,454	7,214	819

Associated companies

The associated companies consist of the following entities:

- 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	31.12.2019		31.12.2018	
	Transaction value	Balance outstanding	Transaction value	Balance outstanding
Sales of products and services	3,254	649	3,415	65
Purchase of products and services	1,031	37	721	116
Interest received on loans issued	26	65	33	–
Loans issued	–	296	–	492

34. Acquisitions

During the financial year the Group acquired the following companies:

	%	Date
Lagaay Medical Group B.V., Rotterdam, The Netherlands	70%	15–07–2019
Rotterdam Airport Tax-Free Shop B.V., The Netherlands	100%	29–05–2019
Niederrhein Airport Shop GmbH, Germany	100%	29–05–2019

Lagaay Medical Group B.V.
Established in 1879 in The Netherlands, Lagaay acts as a specialty distributor to niche markets worldwide, providing brand name medical and pharmaceutical products to marine, offshore and remote locations. The company brings extensive medical and international trade licensing, deep knowledge of international medical regulations and a strong and loyal clientele with high customer retention.

The markets that Lagaay serves are a seamless match with the maritime and remote operations within the B&S segment, and its product offering has clear overlap with the Health & Beauty category of the Group. The acquisition is fully consolidated from the date on which the Group gained control, which was July 15, 2019. The acquisition is accounted for using the acquisition method.

Rotterdam Airport Tax-Fee Shop B.V. / Niederrhein Shop GmbH
The shops are located at Rotterdam The Hague Airport and Weeze airport respectively and are part of Group's retail store portfolio. This expansion is a logical step in Group's strategy to expand presence at regional airports with multi-category duty free stores that offer a varied assortment in perfumes and cosmetics, liquors, travel accessories, regional products and confectionary. The acquisition is fully consolidated from the date on which the Group gained control, which was May 29, 2019. The acquisition is accounted for using the acquisition method.

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

x € 1,000	
Non-current assets	
Intangible fixed assets	11,152
Property, plant and equipment	1,021
Right-of-use assets	352
Other receivables	54
Current assets	
Inventory	4,513
Trade receivables	4,327
Other receivables	459
Cash and cash equivalents	60
Current liabilities	
Borrowings due within one year	(387)
Lease liabilities due within one year	(207)
Trade payables	(4,367)
Other current liabilities	(897)
Non-current liabilities	
Deferred tax liabilities	(2,514)
Borrowings	(730)
Lease liabilities	(132)
	12,704

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

x € 1,000	
Total considerations	13,859
Plus: non-controlling interest	3,779
Less: fair value of identifiable net assets acquired	(12,704)
	4,934

None of the goodwill is expected to be deductible for income tax purposes.

Impact of acquisitions

Acquisition-related costs (included in administrative expenses) amount to € 0.5 million. The acquisitions contributed € 28.2 million revenue and € 0.5 million to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisitions had been completed on the first day of the financial year, Group revenues for the year would have been € 31.9 million higher and Group profit would have been € 0.7 million higher.

35. Subsequent events

There were no material events after December 31, 2019 that would have changed the judgement and analysis by Management of the financial condition as at December 31, 2019 or the result for the year of the Group.