

# MERGER PROPOSAL

*relating to*

**the triangular legal merger**

*between*

**Lucas Bols N.V.**

*and*

**Lucas Bols Holdco B.V.**

*and*

**Lucas Bols Sub B.V.**

*Dated* 12 December 2023

## MERGER PROPOSAL

**THIS PROPOSAL IS DATED 12 DECEMBER 2023 AND PREPARED BY THE MANAGEMENT BOARDS OF:**

(1) **Lucas Bols N.V.**, a public company with limited liability, with its corporate seat in Amsterdam, the Netherlands, and its office address at Paulus Potterstraat 14, 1071 CZ Amsterdam, the Netherlands, Trade Register number 34242707 (the "**Company**"), of which the management board consists of:

(i) H.L.M.P. van Doorne ("**Van Doorne**"); and

(ii) F.J. Cocx ("**Cocx**");

(2) **Lucas Bols Holdco B.V.**, a private limited liability company, with its corporate seat in Amsterdam, the Netherlands, and its office address at Paulus Potterstraat 14, 1071 CZ Amsterdam, the Netherlands, Trade Register number 92165451 ("**Company Holdco**"), of which the management board consists of:

(i) Van Doorne; and

(ii) Cocx;

and

(3) **Lucas Bols Sub B.V.**, a private limited liability company, with its corporate seat in Amsterdam, the Netherlands, and its office address at Paulus Potterstraat 14, 1071 CZ Amsterdam, the Netherlands, Trade Register number 92170145 ("**Company Sub**"), of which the management board consists of:

(i) Van Doorne; and

(ii) Cocx,

(the Company, Company Holdco and Company Sub collectively: the "**Merging Companies**"; the management boards of the Merging Companies collectively: the "**Management Boards**").

**WHEREAS:**

- (A) The Company holds the only issued share in Company Holdco. Company Holdco holds the only issued share in Company Sub.
- (B) The Merging Companies intend to effectuate a triangular legal merger (*juridische driehoeksfusie*) in accordance with article 2:309 *et seq* and article 2:333a of the Dutch Civil Code ("**DCC**") as a result of which:
- (i) the Company, as the disappearing company, will merge with and into Company Sub, as the acquiring company, as a result of which Company Sub shall acquire all the assets, liabilities and legal relationships of the Company by universal title of succession;
  - (ii) Company Holdco shall allot shares in its share capital to the shareholders of the Company in accordance with the exchange ratio set forth below; and
  - (iii) the Company shall cease to exist and its shares shall as a result thereof be delisted from the Euronext stock exchange in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext**"),  
  
(the "**Merger**").
- (C) The Company has a supervisory board. Company Holdco and Company Sub do not have a supervisory board.
- (D) None of the Merging Companies has been dissolved, is in a state of bankruptcy or has applied for a suspension of payments.
- (E) All issued shares in the share capital of the Company have been fully paid up. At the date of this merger proposal, the share in the share capital of Company Holdco has been fully paid-up and the share in the share capital of Company Sub has not been paid-up.
- (F) No depositary receipts for shares in the share capital of Company Holdco and Company Sub have been issued. No depositary receipts for shares in the share capital of the Company have been issued with cooperation of the Company.
- (G) There are no non-voting shares in the capital of each of the Merging Companies.
- (H) There are no shares not entitled to profits in the capital of each of the Merging Companies.
- (I) There are no shares of a specific class or with a specific indication in the share capital of each of the Merging Companies.

- (J) The authorised share capital of the Company consists of ordinary shares with a nominal value of EUR 0.10 each (the "**Company Shares**").
- (K) The issued share capital of the Company consists of 14,972,756 Company Shares of which none are currently held by the Company. The fully paid-up share capital of the Company amounts to EUR 1,497,276 (= 14,972,756 Company Shares x EUR 0.10).
- (L) The Company Shares are currently traded and listed on Euronext.
- (M) An offer memorandum will be published on or around the date of this merger proposal, according to which **HollandsGlorie B.V.**, a private limited liability company, with its corporate seat in Schiedam, the Netherlands, and its office address at Hoofdstraat 14, 3114 GG Schiedam, the Netherlands, Trade Register number 90636503 (the "**Offeror**") made a public offer (the "**Offer**") for all of the Company Shares issued and outstanding from time to time for an amount per Company Share of EUR 18.00 cum dividend, without interest (the "**Consideration**").
- (N) Company Holdco and Company Sub have been incorporated for the sole purpose of the Merger, which may be implemented at the election of the Offeror if (i) the Offer is declared unconditional and (ii) the number of Company Shares validly tendered (or defectively tendered, if the Offeror accepts such defective tender) and not withdrawn, together with the number of Company Shares directly or indirectly held by or irrevocably committed to the Offeror's group, represents at least 80% and less than 95% of the Company's issued and outstanding ordinary share capital (on a fully diluted basis and reduced with any Company Shares for which Book 2 of the DCC provides that no votes can be cast on such Company Shares). The Company has agreed with the Offeror that after the Merger has been executed, Company Holdco will transfer the share in the capital of Company Sub to the Offeror, immediately after which Company Holdco will be dissolved and liquidated. The shareholders of Company Holdco will receive an advance liquidation distribution, which will result in a payment per share in the capital of Company Holdco that is to the fullest extent possible equal to the Consideration, less any applicable withholding taxes.

## **HEREBY MAKE THE FOLLOWING MERGER PROPOSAL:**

### **1 Merger description**

- 1.1** It is proposed that the Merging Companies enter into the Merger in accordance with the terms stipulated by this merger proposal. An unofficial Dutch translation of this merger proposal has been prepared. In case of any discrepancies this English version shall prevail, save with regard to Schedule 1 for which the Dutch version shall prevail.

**1.2** It is not anticipated that the shares in Company Holdco shall be admitted to trading on Euronext or any other stock exchange. Holders of shares in Company Holdco shall only be able to transfer their respective shares in accordance with Dutch law and Company Holdco's articles of association, and by a deed executed before a notary officiating in the Netherlands.

## **2 Legal form, official name and seat of the Merging Companies**

The legal form, official name and seat of the Merging Companies are mentioned under (1), (2) and (3) above.

## **3 Articles of association of Company Holdco**

**3.1** A copy of the articles of association of Company Holdco as they read on the date of this merger proposal is attached to this proposal as Schedule 1. The articles of association of Company Holdco will not be amended at the occasion of the Merger.

**3.2** The Schedules are part of this merger proposal.

## **4 Rights or fees pursuant to article 2:320 DCC**

To the extent that, at the time of the Merger becoming effective, there are (legal) persons who have special rights vis-à-vis the Company, other than those in the capacity of shareholders, within the meaning of section 2:320 in conjunction with section 2:312(2) sub c DCC, these (legal) persons will acquire an equivalent right in Company Holdco or compensation as of the effective date of the Merger, within the meaning of the statutory provisions mentioned above.

## **5 Benefits in connection with the Merger**

Neither the members of the Management Boards or the supervisory directors of the Company nor any other person involved in the Merger, will obtain any benefit in connection with the Merger.

## **6 Governance**

**6.1** No changes are intended in the composition of the management board of Company Holdco at the occasion of the Merger.

**6.2** No changes are intended in the composition of the management board of Company Sub at the occasion of the Merger.

## **7 Timing accounting financial information**

**7.1** The financial information of the Company will be accounted for in the annual accounts of Company Sub as of the first day of April in the year in which the Merger becomes effective or, if the Merger becomes effective between 1 January and 31 March of any year, as of the first day of April of the preceding year.

**7.2** Any obligations in respect of the annual accounts of the Company upon the Merger entering into force will rest upon Company Sub by operation of law.

## **8 Passing of shareholdings in the Company**

**8.1** In connection with the transition of the shareholdings in the Company, any shareholders holding registered shares in the share capital of the Company at the time the Merger becomes effective will be recorded in the shareholders' register of Company Holdco.

**8.2** No specific action is required from any shareholder holding shares in the share capital of the Company that are included in the giro transfer system under the Act on Giro Transfers of Securities (*Wet giraal effectenverkeer*, the "**Giro Act**"). The shares in the share capital of Company Holdco that will be allotted for Company Shares that are included in the giro transfer system under the Giro Act will be delivered in dematerialized form through Euroclear Nederland and the relevant intermediaries and settlement institutions to those persons who are registered in the records of intermediaries (*intermediair*, as defined in the Giro Act) as persons entitled to Company Shares on the day the Merger becomes effective.

## **9 Intention regarding activities of the Company**

**9.1** It is the intention that the activities of the Company will be continued by Company Sub and remain unchanged. Activities with respect to the listing of the Company Shares on Euronext will be terminated.

**9.2** Any and all agreements, including any financial and non-financial arrangements, between the Offeror and the Company will continue to be in full force and effect between the Offeror and Company Sub.

## **10 Approval resolution to effect the Merger**

The articles of association of the Merging Companies do not contain any provisions with respect to the approval of the resolution to effect a legal merger, provided that a resolution of the general meeting of the Company on the Merger can only be adopted at the proposal of the management board of the Company and with the approval of the supervisory board of the Company.

## **11 Impact on goodwill and distributable reserves**

- 11.1** The Merger will have no impact on Company Holdco's or Company Sub's goodwill.
- 11.2** The Merger will have the following impact on the amount of distributable reserves in the balance sheet of Company Sub: Company Sub's distributable reserves shall increase with an amount equal to the net value for which the Company's assets and liabilities will be incorporated in the balance sheet of Company Sub, less any increase of the statutory reserves that must be kept by Company Sub pursuant to Dutch law as a result of the Merger.
- 11.3** The Merger will have the following impact on the amount of distributable reserves in the balance sheet of Company Holdco: Company Holdco's distributable reserves shall increase with an amount equal to the net value for which the Company's assets and liabilities will be incorporated in the annual accounts of Company Sub, *plus* EUR 0.10 in respect of the share in Company Holdco being cancelled pursuant to the Merger, *less* (i) any increase of the statutory reserves that must be kept by Company Holdco pursuant to Dutch law as a result of the Merger and (ii) the aggregate nominal amount of the shares in the capital of Company Holdco to be allotted pursuant to the Merger.

## **12 Share exchange ratio**

- 12.1** The share exchange ratio for the Merger is as follows: for each issued and outstanding Company Share immediately before the Merger becoming effective one share, with a nominal value of EUR 0.10, in the share capital of Company Holdco shall be allotted, without prejudice to the provision of article 2:325(4) DCC (the "**Exchange Ratio**"). Pursuant to the Exchange Ratio, no cash payments will be made.
- 12.2** PricewaterhouseCoopers Accountants N.V. has issued an independent auditor's report in relation to the fairness of the Exchange Ratio in accordance with article 2:328(1) DCC and an independent auditor's assurance report as referred to in article 2:328(2) DCC. The independent auditor's report is attached to this proposal as Schedule 2. The independent auditor's report and the independent auditor's assurance report will be made available for inspection on the Company's website: [www.lucasbols.com](http://www.lucasbols.com) and will be made available at the offices of the Merging Companies in accordance with article 2:314(2) DCC.

## **13 Participation in profits Company Holdco**

The shareholders of the Company shall be fully entitled to share in the profits of Company Holdco in accordance with the provisions of Company Holdco's articles of association set out in Schedule 1, commencing on the day the Merger becomes effective.

**14 Consequences non-voting shares and shares not entitled to profits**

None of the Merging Companies has non-voting shares or shares without profit entitlement. Consequently, the Merger shall have no impact on the holders of those types of shares and no compensation can be requested pursuant to article 2:330a DCC.

**15 Cancellation of shares**

At the occasion of the Merger, the share in the share capital of Company Holdco held by the Company shall be cancelled pursuant to article 2:325(3) in conjunction with article 2:333a(3) DCC.

**16 Intention management boards Company Holdco and Company Sub**

The management boards of Company Holdco and Company Sub have the intention to resolve to effect the Merger, which intention will be announced in the announcement of the filing of the merger proposal.

**17 Approval supervisory board**

The approval of this merger proposal by the supervisory board of the Company appears from the co-signing of this merger proposal by the supervisory directors of the Company.

**18 Explanatory notes**

With respect to this merger proposal, the Management Boards have jointly prepared explanatory notes as referred to in article 2:313(1) DCC. The explanatory notes will be made available for inspection on the Company's website: [www.lucasbols.com](http://www.lucasbols.com) and will be made available at the offices of the Merging Companies in accordance with article 2:314(2) DCC.

[SIGNATURES TO FOLLOW ON THE NEXT PAGE]

**THIS MERGER PROPOSAL HAS BEEN SIGNED ON THE DATE STATED AT THE BEGINNING OF THIS MERGER PROPOSAL BY:**

**Management board of Lucas Bols N.V.**

\_\_\_\_\_  
By: H.L.M.P. van Doorne  
Title: Managing Director

\_\_\_\_\_  
By: F.J. Cocx  
Title: Managing Director

**Management board of Lucas Bols Holdco B.V.**

\_\_\_\_\_  
By: H.L.M.P. van Doorne  
Title: Managing Director

\_\_\_\_\_  
By: F.J. Cocx  
Title: Managing Director

**Management board of Lucas Bols Sub B.V.**

\_\_\_\_\_  
By: H.L.M.P. van Doorne  
Title: Managing Director

\_\_\_\_\_  
By: F.J. Cocx  
Title: Managing Director

This Merger Proposal has been signed by all signatories mentioned above. For privacy reasons, the signatures of the signatories have been removed.

**Supervisory board of Lucas Bols N.V.**

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By: Jonkheer D.R. Hooft Graafland  
Title: Supervisory Director (Chairman)

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By: A.L. Oldroyd  
Title: Supervisory Director

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By: R. Wisbrun  
Title: Supervisory Director

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By: M.P. Lauret  
Title: Supervisory Director

This Merger Proposal has been signed by all signatories mentioned above. For privacy reasons, the signatures of the signatories have been removed.

# FUSIEVOORSTEL

*ten aanzien van*

**de juridische driehoeksfusie**

*tussen*

**Lucas Bols N.V.**

*en*

**Lucas Bols Holdco B.V.**

*en*

**Lucas Bols Sub B.V.**

*Gedateerd 12 december 2023*

## VOORSTEL TOT FUSIE

**DIT VOORSTEL IS GEDATEERD 12 DECEMBER 2023 EN IS OPGESTELD DOOR DE BESTUREN VAN:**

(1) **Lucas Bols N.V.**, een naamloze vennootschap, statutair gevestigd in Amsterdam, Nederland, en met adres Paulus Potterstraat 14, 1071 CZ Amsterdam, Nederland, handelsregisternummer 34242707 (de "**Vennootschap**"), waarvan de raad van bestuur bestaat uit:

(i) H.L.M.P. van Doorne ("**Van Doorne**"); en

(ii) F.J. Cocx ("**Cocx**");

(2) **Lucas Bols Holdco B.V.**, een besloten vennootschap met beperkte aansprakelijkheid, statutair gevestigd in Amsterdam, Nederland, en met adres Paulus Potterstraat 14, 1071 CZ Amsterdam, Nederland, handelsregisternummer 92165451 ("**Vennootschap Holdco**"), waarvan het bestuur bestaat uit:

(i) Van Doorne; en

(ii) Cocx;

en

(3) **Lucas Bols Sub B.V.**, een besloten vennootschap met beperkte aansprakelijkheid, statutair gevestigd in Amsterdam, Nederland, en met adres Paulus Potterstraat 14, 1071 CZ Amsterdam, Nederland, handelsregisternummer 92170145 ("**Vennootschap Sub**"), waarvan het bestuur bestaat uit:

(i) Van Doorne; en

(ii) Cocx,

(de Vennootschap, Vennootschap Holdco en Vennootschap Sub samen: de "**Fuserende Vennootschappen**"; de besturen van de Fuserende Vennootschappen samen: de "**Besturen**").

**NEMEN IN AANMERKING:**

- (A) De Vennootschap houdt het enige uitgegeven aandeel in Vennootschap Holdco. Vennootschap Holdco houdt het enige uitgegeven aandeel in Vennootschap Sub.
- (B) De Fuserende Vennootschappen hebben het voornemen een juridische driehoeksfusie tot stand te brengen in de zin van artikel 2:309 e.v. en artikel 2:333a Burgerlijk Wetboek ("**BW**") als gevolg waarvan:
- (i) de Vennootschap, als de verdwijnende vennootschap, zal fuseren met en in Vennootschap Sub, als de verkrijgende vennootschap, als gevolg waarvan Vennootschap Sub alle activa, passiva en rechtsverhoudingen van de Vennootschap onder algemene titel zal verkrijgen;
  - (ii) Vennootschap Holdco aandelen in haar kapitaal zal toekennen aan de aandeelhouders van de Vennootschap in overeenstemming met de hieronder uiteengezette ruilverhouding; en
  - (iii) de Vennootschap ophoudt te bestaan en als gevolg daarvan de notering van haar aandelen aan de Amsterdamse effectenbeurs Euronext, een gereguleerde markt van Euronext Amsterdam N.V ("**Euronext**"), zal worden beëindigd,  
  
(de "**Fusie**").
- (C) De Vennootschap heeft een raad van commissarissen. Vennootschap Holdco en Vennootschap Sub hebben geen raad van commissarissen.
- (D) Geen van de Fuserende Vennootschappen is ontbonden, verkeert in staat van faillissement of heeft surséance van betaling aangevraagd.
- (E) Alle geplaatste aandelen in het kapitaal van de Vennootschap zijn geheel volgestort. Op de datum van dit fusievoorstel is het aandeel in het kapitaal van Vennootschap Holdco volgestort en is het aandeel in het kapitaal van Vennootschap Sub niet volgestort.
- (F) Voor de geplaatste aandelen in het kapitaal van Vennootschap Holdco en Vennootschap Sub zijn geen certificaten uitgegeven. Voor de geplaatste aandelen in het kapitaal van de Vennootschap zijn geen certificaten van aandelen uitgegeven met medewerking van de Vennootschap.
- (G) Tot de geplaatste aandelen in het kapitaal van de Fuserende Vennootschappen behoren geen stemrechtloze aandelen.

- (H) Tot de geplaatste aandelen in het kapitaal van de Fuserende Vennootschappen behoren geen winstrechtloze aandelen.
- (I) Tot de geplaatste aandelen in het kapitaal van de Fuserende Vennootschappen behoren geen aandelen van een bepaalde soort of aanduiding.
- (J) Het maatschappelijk kapitaal van de Vennootschap bestaat uit gewone aandelen met een nominale waarde van EUR 0,10 elk (de "**Vennootschap Aandelen**").
- (K) Het geplaatste kapitaal van de Vennootschap bestaat uit 14.972.756 Vennootschap Aandelen, waarvan er momenteel geen worden gehouden door de Vennootschap. Het volgestorte aandelenkapitaal van de Vennootschap bedraagt EUR 1.497.276 (= 14.972.756 Vennootschap Aandelen x EUR 0,10).
- (L) De Vennootschap Aandelen worden momenteel verhandeld op en zijn genoteerd aan Euronext.
- (M) Op of rondom de datum van dit fusievoorstel wordt een biedingsbericht gepubliceerd, waarin is opgenomen dat **HollandsGlorie B.V.**, een besloten vennootschap met beperkte aansprakelijkheid, statutair gevestigd in Schiedam, Nederland, en met adres Hoofdstraat 14, 3114 GG Schiedam, Nederland, handelsregisternummer 90636503 (de "**Bieder**") een openbaar bod heeft uitgebracht (het "**Bod**") op alle door de Vennootschap van tijd tot tijd geplaatste en uitstaande Vennootschap Aandelen voor een bedrag per Vennootschap Aandeel van EUR 18,00 cum dividend, zonder rente (de "**Vergoeding**").
- (N) Vennootschap Holdco en Vennootschap Sub zijn opgericht met als enig doel de Fusie, die naar de keuze van de Bieder kan worden uitgevoerd indien (i) het Bod gestand wordt gedaan en (ii) het aantal geldig aangemelde (of ongeldig aangemelde, mits de Bieder de aanmelding desalniettemin heeft aanvaard) en niet teruggetrokken Vennootschap Aandelen, tezamen met het aantal Vennootschap Aandelen dat direct of indirect wordt gehouden door of onherroepelijk is toegezegd aan de groep van de Bieder, ten minste 80% en minder dan 95% van het geplaatste en uitstaande gewone aandelenkapitaal van de Vennootschap vertegenwoordigt (op een volledig verwaterde basis en verminderd met enige Vennootschap Aandelen ten aanzien waarvan in Boek 2 BW is bepaald dat op zulke Vennootschap Aandelen geen stemmen kunnen worden uitgebracht). De Vennootschap is met de Bieder overeengekomen dat, nadat de Fusie is uitgevoerd, Vennootschap Holdco het aandeel in het kapitaal van Vennootschap Sub zal overdragen aan de Bieder, waarna Vennootschap Holdco onmiddellijk zal worden ontbonden en geliquideerd. De aandeelhouders van Vennootschap Holdco zullen een liquidatie-uitkering bij voorbaat ontvangen, die zal resulteren in een betaling per aandeel in het kapitaal van Vennootschap Holdco die zoveel mogelijk gelijk is aan de Vergoeding, verminderd met enige toepasselijke belastinginhouningen.

## **DOEN HIERBIJ HET VOLGENDE VOORSTEL TOT FUSIE:**

### **1 Omschrijving fusie**

**1.1** Voorgesteld wordt dat de Fuserende Vennootschappen de Fusie aangaan in overeenstemming met de voorwaarden zoals bepaald in dit fusievoorstel. Dit is een onofficiële vertaling van de Engelse versie van het fusievoorstel. De Engelse versie prevaleert bij enige discrepanties, met uitzondering van Bijlage 1, ten aanzien waarvan de Nederlandse versie prevaleert.

**1.2** Naar verwachting zullen de aandelen in Vennootschap Holdco niet worden toegelaten tot de handel op Euronext of enige andere effectenbeurs. Houders van aandelen in Vennootschap Holdco zullen hun aandelen in Vennootschap Holdco alleen kunnen overdragen overeenkomstig Nederlands recht en de statuten van Vennootschap Holdco, en door middel van een akte verleden voor een in Nederland gevestigde notaris.

### **2 Rechtsvorm, naam en zetel van de Fuserende Vennootschappen**

De rechtsvorm, naam en zetel van de Fuserende Vennootschappen zijn hierboven vermeld onder (1), (2) en (3).

### **3 Statuten van Vennootschap Holdco**

**3.1** Een kopie van de statuten van Vennootschap Holdco zoals deze luiden op de datum van dit fusievoorstel is als Bijlage 1 aan dit fusievoorstel gehecht. De statuten van Vennootschap Holdco zullen niet worden gewijzigd ter gelegenheid van de Fusie.

**3.2** De Bijlagen maken deel uit van dit fusievoorstel.

### **4 Rechten of vergoedingen ingevolge artikel 2:320 BW**

Voor zover er op het moment van het van kracht worden van de Fusie (rechts)personen zijn die anders dan als aandeelhouder bijzondere rechten als bedoeld in artikel 2:320 juncto artikel 2:312 lid 2 sub c BW hebben jegens de Vennootschap, zullen deze (rechts)personen per de datum van het van kracht worden van de Fusie een gelijkwaardig recht in Vennootschap Holdco of compensatie in de zin van de voornoemde wettelijke bepalingen verkrijgen.

### **5 Voordelen toegekend in verband met de Fusie**

Noch aan leden van de Besturen of de commissarissen van de Vennootschap noch aan enig ander persoon die bij de voorgenomen Fusie is betrokken, zal enig voordeel in verband met de Fusie worden toegekend.

## **6 Bestuur**

**6.1** Er zijn geen wijzigingen beoogd in de samenstelling van het bestuur van Vennootschap Holdco ter gelegenheid van de Fusie.

**6.2** Er zijn geen wijzigingen beoogd in de samenstelling van het bestuur van Vennootschap Sub ter gelegenheid van de Fusie.

## **7 Tijdstip verantwoording financiële gegevens**

**7.1** De financiële gegevens van de Vennootschap zullen in de jaarrekening van Vennootschap Sub worden verantwoord met ingang van de eerste dag van april van het jaar waarin de Fusie van kracht wordt of, indien de Fusie van kracht wordt tussen 1 januari en 31 maart van enig jaar, met ingang van de eerste dag van april van het voorgaande jaar.

**7.2** Alle verplichtingen met betrekking tot de jaarrekening van de Vennootschap zullen vanaf het van kracht worden van de Fusie van rechtswege overgaan op de Vennootschap Sub.

## **8 Overgang van aandeelhouderschap in de Vennootschap**

**8.1** In verband met de overgang van het aandeelhouderschap in de Vennootschap, zullen aandeelhouders die aandelen op naam houden in het kapitaal van de Vennootschap op het moment dat de Fusie van kracht wordt, worden ingeschreven in het aandeelhoudersregister van Vennootschap Holdco.

**8.2** Er is geen specifieke actie vereist van aandeelhouders die aandelen in het kapitaal van de Vennootschap houden die zijn opgenomen in het girale systeem op grond van de Wet giraal effectenverkeer ("**Wge**"). De aandelen in het kapitaal van Vennootschap Holdco die zullen worden toegekend voor Vennootschap Aandelen die onder de Wge vallen, zullen in gedematerialiseerde vorm via Euroclear Nederland en de relevante intermediairs en afwikkelingsinstellingen worden geleverd aan de personen die in de administratie van intermediairs (zoals gedefinieerd in de Wge) staan geregistreerd als gerechtigden tot Vennootschap Aandelen op de dag dat de Fusie van kracht wordt.

## **9 Voornemens over werkzaamheden van de Vennootschap**

**9.1** Het voornemen bestaat de werkzaamheden van de Vennootschap door de Vennootschap Sub op dezelfde wijze voort te zetten. Werkzaamheden met betrekking tot de notering van de Vennootschap Aandelen aan Euronext zullen worden beëindigd.

**9.2** Alle overeenkomsten, waaronder alle financiële en niet-financiële afspraken, tussen de Bieder en de Vennootschap blijven onverminderd van kracht tussen de Bieder en Vennootschap Sub.

## **10 Goedkeuring besluit tot Fusie**

De statuten van de Fuserende Vennootschappen bevatten geen bepalingen met betrekking tot enige goedkeuring van het besluit tot Fusie, met dien verstande dat een besluit van de algemene vergadering van de Vennootschap tot Fusie alleen kan worden genomen op voorstel van het bestuur van de Vennootschap en met goedkeuring van de raad van commissarissen van de Vennootschap.

## **11 Invloed op grootte goodwill en uitkeerbare reserves**

**11.1** De Fusie heeft geen invloed op de grootte van de goodwill van Vennootschap Holdco of Vennootschap Sub.

**11.2** De Fusie heeft de volgende invloed op de omvang van de uitkeerbare reserves in de balans van Vennootschap Sub: de uitkeerbare reserves van Vennootschap Sub zullen toenemen met een bedrag gelijk aan de nettowaarde waarvoor de activa en passiva van de Vennootschap in de balans van Vennootschap Sub worden opgenomen, verminderd met een eventuele toename van de wettelijke reserves die Vennootschap Sub krachtens Nederlands recht moet aanhouden als gevolg van de Fusie.

**11.3** De Fusie heeft de volgende invloed op de omvang van de uitkeerbare reserves in de balans van Vennootschap Holdco: de uitkeerbare reserves van Vennootschap Holdco zullen toenemen met een bedrag gelijk aan de nettowaarde waarvoor de activa en passiva van de Vennootschap in de balans van Vennootschap Sub worden opgenomen, vermeerderd met EUR 0,10 met betrekking tot het aandeel in Vennootschap Holdco dat ingevolge de Fusie wordt ingetrokken, verminderd met (i) een eventuele toename van de wettelijke reserves die Vennootschap Holdco krachtens Nederlands recht moet aanhouden als gevolg van de Fusie en (ii) het gezamenlijke nominale bedrag van de aandelen in het kapitaal van Vennootschap Holdco die als gevolg van de Fusie zullen worden toegekend.

## **12 Ruilverhouding aandelen**

**12.1** De ruilverhouding voor de Fusie is als volgt: voor elk geplaatst en uitstaand Vennootschap Aandeel onmiddellijk voorafgaand aan het van kracht worden van de Fusie zal één aandeel, met een nominale waarde van EUR 0,10, in het kapitaal van Vennootschap Holdco worden toegekend, onverminderd het bepaalde in artikel 2:325 lid 4 BW (de "**Ruilverhouding**"). Ingevolge de Ruilverhouding zullen geen contante betalingen worden verricht.

**12.2** Pricewaterhousecoopers Accountants N.V. heeft een onafhankelijke accountantsverklaring afgegeven met betrekking tot de redelijkheid van de Ruilverhouding in overeenstemming met artikel 2:328 lid 1 BW en een onafhankelijk accountantsverslag als bedoeld in artikel 2:328 lid 2 BW. De onafhankelijke accountantsverklaring is als Bijlage 2 aan dit fusievoorstel gehecht. De onafhankelijke accountantsverklaring en het onafhankelijk accountantsverslag zullen worden gepubliceerd op de website van de Vennootschap: [www.lucasbols.com](http://www.lucasbols.com) en zullen ter inzage worden gelegd ten kantore van de Fuserende Vennootschappen overeenkomstig artikel 2:314 lid 2 BW.

### **13 Deelneming in de winst van Vennootschap Holdco**

De aandeelhouders van de Vennootschap zullen volledig gerechtigd zijn om te delen in de winst van Vennootschap Holdco in overeenstemming met de bepalingen in de statuten van Vennootschap Holdco zoals opgenomen in Bijlage 1, vanaf de dag dat de Fusie van kracht wordt.

### **14 Gevolgen aandelen zonder stemrecht en aandelen zonder winstrecht**

De Fuserende Vennootschappen hebben geen aandelen zonder stemrecht of aandelen zonder winstrecht. Als gevolg daarvan heeft de Fusie geen invloed op de houders van deze soorten aandelen en kan er geen compensatie worden verlangd op grond van artikel 2:330a BW.

### **15 Intrekking van aandelen**

Het aandeel in het aandelenkapitaal van Vennootschap Holdco dat door de Vennootschap wordt gehouden, zal ter gelegenheid van de Fusie worden ingetrokken op grond van artikel 2:325 lid 3 in samenhang met artikel 2:333a lid 3 BW.

### **16 Voornemen besturen Vennootschap Holdco en Vennootschap Sub**

De besturen van Vennootschap Holdco en Vennootschap Sub hebben het voornemen om tot de Fusie te besluiten, welk voornemen zal worden vermeld in de aankondiging dat het voorstel is neergelegd.

### **17 Goedkeuring raad van commissarissen**

De goedkeuring van dit fusievoorstel door de raad van commissarissen van de Vennootschap blijkt uit de medeondertekening van dit fusievoorstel door de commissarissen van de Vennootschap.

## 18 Toelichting

Met betrekking tot dit fusievoorstel hebben de Besturen gezamenlijk een toelichting opgesteld als bedoeld in artikel 2:313 lid 1 BW. De toelichting zal worden gepubliceerd op de website van de Vennootschap: [www.lucasbols.com](http://www.lucasbols.com) en zal ter inzage worden gelegd ten kantore van de Fuserende Vennootschappen overeenkomstig artikel 2:314 lid 2 BW.

[HANDTEKENINGEN VOLGEN OP DE VOLGENDE BLADZIJDE]

**Schedule 1** Articles of association of Company Holdco as they read on the date of this merger proposal

AGTM/VIERE/DINW/5176562/40084931

#52555712

Execution copy

**NOTE ABOUT TRANSLATION:**

This document is an English translation of a deed (to be) executed in the Dutch language. In preparing this document, an attempt has been made to translate as literally as possible without jeopardising the overall continuity of the text. The definitions in article 1.1 of this document are listed in the English alphabetical order which may differ from the Dutch alphabetical order. Inevitably, however, differences may occur in translation and if they do, the Dutch text will govern by law. In this translation, Dutch legal concepts are expressed in English terms and not in their original Dutch terms. The concepts concerned may not be identical to concepts described by the English terms as such terms may be understood under the laws of other jurisdictions.

**INCORPORATION**

*(Lucas Bols Holdco B.V.)*

This fourth day of December two thousand twenty-three, there appeared before me, Michel Pieter van Agt, civil law notary officiating in Amsterdam, the Netherlands: Eline Hedwig Viersen, born in The Hague, the Netherlands, on the nineteenth day of August nineteen hundred eighty-seven, with office address at Parnassusweg 300, 1081 LC Amsterdam, the Netherlands, in this respect acting as authorised representative in writing of:

**Lucas Bols N.V.**, a public limited liability company (*naamloze vennootschap*) under Dutch law, having its official seat in Amsterdam, the Netherlands, and with address at Paulus Potterstraat 14, 1071 CZ Amsterdam, the Netherlands, registered with the Dutch trade register under number 34242707 (**Incorporator**).

**Power of attorney**

The authorisation of the person appearing is evidenced by one (1) written power of attorney, a copy of which shall be attached to this deed (**Annex**).

The person appearing declared the following:

the Incorporator hereby incorporates a private limited liability company (**Company**), with the following articles of association.

**ARTICLES OF ASSOCIATION:****1 Definitions**

1.1 In these articles of association the following words shall have the following meanings:

**Company Body:** the Management Board or the General Meeting;

**General Meeting:** the general meeting of the Company;

**Inability:** inability as referred to in Section 2:244 paragraph 4 of the Dutch Civil Code, including the event that the relevant person claims inability for a certain period of time in writing;

**in writing:** by letter, e-mail, or by a legible and reproducible message otherwise electronically sent, provided that the identity of the sender can be sufficiently established;

**Management Board:** the management board of the Company;

**Meeting Right:** the right to attend the General Meeting and to address the meeting in person or through a representative authorised in writing, and the other rights designated by law to holders of depositary receipts for shares to which meeting right is attached;

**Person with Meeting Right:** a Shareholder and any usufructuary or pledgee with voting rights in respect of one or more Shares or Meeting Right;

**Share:** a share in the capital of the Company;

**Shareholder:** a holder of one or more Shares.

1.2 References to Articles shall be deemed to refer to articles of these articles of association, unless the contrary is apparent.

**2 Name and official seat**

2.1 The Company's name is:

**Lucas Bols Holdco B.V.**

2.2 The official seat of the Company is in Amsterdam, the Netherlands.

**3 Objects**

The objects of the Company are:

- (a) to incorporate, to participate in any way whatsoever in, to manage, to supervise businesses and companies;
- (b) to finance businesses and companies;
- (c) to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with aforementioned activities;
- (d) to render advice and services to businesses and companies with which the Company forms a group and to third parties;
- (e) to grant guarantees, to bind the Company and to pledge its assets for obligations of the Company, group companies and/or third parties;
- (f) to acquire, alienate, manage and exploit registered property and items of property in general;
- (g) to trade in currencies, securities and items of property in general;
- (h) to develop and trade in patents, trade marks, licenses, know-how and other intellectual and industrial property rights;
- (i) to perform any and all activities of an industrial, financial or commercial nature,

and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

#### **4 Capital**

- 4.1 The nominal value of each Share equals ten eurocent (EUR 0.10).
- 4.2 All Shares shall be registered. No share certificates shall be issued.

#### **5 Register**

- 5.1 The Management Board shall keep a register with the names and addresses of all Shareholders, pledgees and usufructuaries, as well as the full nominal value paid upon each Share.
- 5.2 Every discharge from liability granted for payments on Shares not yet made shall be entered into the register as well. The details in the register regarding Shares not fully paid in shall be available for inspection by any person; extracts from and/or copies of these records shall be provided at no more than the actual cost.

#### **6 Issuance of Shares**

- 6.1 Shares shall be issued pursuant to a resolution of the General Meeting. The General Meeting may transfer this authority to the Management Board and may also revoke such transfer.
- 6.2 A resolution to issue Shares shall stipulate the issue price and the other conditions.
- 6.3 Upon issuance of Shares, each Shareholder shall have a right of pre-emption in proportion to the aggregate nominal value of his Shares, subject to the limitations prescribed by law and subject to Article 6.4.
- 6.4 Prior to each issuance of Shares, the right of pre-emption may be limited or excluded by the Company Body competent to issue such Shares.
- 6.5 The above provisions of this Article 6 shall apply by analogy to the granting of rights to subscribe for Shares, but shall not apply to the issuance of Shares to a person exercising a right to subscribe for Shares previously granted.
- 6.6 The issue of a Share shall require a notarial deed, to be executed for that purpose before a civil law notary registered in the Netherlands, to which deed those involved in the issuance shall be parties.
- 6.7 The full nominal value of each Share must be paid in upon issuance. It may be stipulated that the nominal value or a part thereof shall have to be paid in only after a stipulated time or after the Company has called it in. Exemption from the obligation to pay up shall only be granted in implementation of a resolution to reduce the issued capital.

#### **7 Own Shares and reduction of the issued capital**

- 7.1 Fully paid in own Shares or depositary receipts thereof shall be acquired pursuant to a resolution of the Management Board, in addition to which a resolution to acquire Shares or depositary receipts thereof for a consideration shall be subject to approval of the General Meeting. It is not permitted to acquire partly paid-up Shares or depositary receipts thereof.
- 7.2 The General Meeting may resolve to reduce the Company's issued capital.

#### **8 Transfer of Shares**

- 8.1 The transfer of a Share shall require a notarial deed, to be executed for that

purpose before a civil law notary registered in the Netherlands, to which deed those involved in the transfer shall be parties.

- 8.2 Unless the Company itself is party to the legal act, the rights attributable to any Share can only be exercised after the Company has acknowledged said transfer or said deed has been served upon it in accordance with the provisions of the law.

## **9 No Share transfer restrictions**

In deviation of Section 2:195 of the Dutch Civil Code, the transfer of one or more Shares is not subject to any restriction.

## **10 Pledge and usufruct**

- 10.1 The provisions of Article 8 shall apply by analogy to the pledging of Shares and to the creation or transfer of a usufruct in Shares.
- 10.2 The voting rights attributable to a Share may be assigned to the pledgee or the usufructuary with the approval of the General Meeting and otherwise with due observance of the provisions of the law.
- 10.3 Any pledgee or usufructuary with voting rights on Shares shall also have Meeting Right. Meeting Right may also be granted to the pledgee or usufructuary without voting rights on Shares with the approval of the General Meeting and otherwise with due observance of the provisions of the law.

## **11 Management Board members**

- 11.1 The Management Board shall consist of one or more members. Both individuals and legal entities can be Management Board members.
- 11.2 Management Board members are appointed by the General Meeting.
- 11.3 A Management Board member may be suspended or dismissed by the General Meeting at any time.
- 11.4 The authority to establish a remuneration and other conditions of employment for Management Board members is vested in the General Meeting.

## **12 Duties and decision-making of the Management Board**

- 12.1 The Management Board shall be entrusted with the management of the Company. In performing their duties the Management Board members shall act in accordance with the interests of the Company and the enterprise connected with it.
- 12.2 Each Management Board member may cast one (1) vote in the Management Board.
- 12.3 All resolutions of the Management Board shall be adopted by more than half of the votes cast.
- 12.4 Management Board resolutions may be adopted outside of a meeting, in writing or otherwise, provided that the proposal concerned is submitted to all Management Board members then in office and none of them objects to this manner of adopting resolutions.
- 12.5 The Management Board may establish further rules regarding its decision-making process and working methods. In this context, the Management Board may also determine the duties for which each Management Board member in particular shall be responsible. The General Meeting may decide that such rules and allocation of duties must be put in writing and that such rules and

allocation of duties shall be subject to its approval.

- 12.6 A Management Board member shall not participate in deliberations and the decision-making process in the event of a direct or indirect personal conflict of interest between that Management Board member and the Company and the enterprise connected with it. If there is such a personal conflict of interest in respect of all Management Board members, the preceding sentence does not apply and the Management Board shall maintain its authority, without prejudice to the provisions of Article 13.2.

### **13 Approval of Management Board resolutions**

- 13.1 The General Meeting may require Management Board resolutions to be subject to its approval. The Management Board shall be notified in writing of such resolutions, which shall be clearly specified.
- 13.2 A resolution of the Management Board with respect to a matter involving a direct or indirect personal conflict of interest between one or more Management Board members and the Company and the enterprise connected with it shall be subject to the approval of the General Meeting.
- 13.3 The Management Board may enter into the legal acts referred to in Section 2:204 of the Dutch Civil Code without the prior approval of the General Meeting.
- 13.4 The absence of approval by the General Meeting of a resolution as referred to in this Article 13 shall not affect the authority of the Management Board or its members to represent the Company.

### **14 Representation**

- 14.1 The Company shall be represented by the Management Board. Each Management Board member shall also be authorised to represent the Company.
- 14.2 The Management Board may appoint officers with general or limited power to represent the Company. Each officer shall be competent to represent the Company, subject to the restrictions imposed on him. The Management Board shall determine each officer's title. Such officers may be registered with the Dutch trade register, indicating the scope of their power to represent the Company.

### **15 Vacancy or Inability of the Management Board members**

- 15.1 If a seat on the Management Board is vacant or upon the Inability of a Management Board member, the remaining Management Board members or member shall temporarily be entrusted with the management of the Company.
- 15.2 If all seats on the Management Board are vacant or upon the Inability of all Management Board members or the sole Management Board member, the management of the Company shall temporarily be entrusted to one or more persons designated for that purpose by the General Meeting.

### **16 Financial year and annual accounts**

- 16.1 The Company's financial year shall run from the first day of April up to and including the thirty-first day of March of the following year.
- 16.2 Annually, not later than five (5) months after the end of the financial year, unless by reason of special circumstances this period is extended by the

General Meeting by not more than five (5) months, the Management Board shall prepare annual accounts and deposit the same for inspection by the Shareholders at the Company's office.

- 16.3 Within the same period, the Management Board shall also deposit the management report for inspection by the Shareholders.
- 16.4 The annual accounts shall consist of a balance sheet, a profit and loss account and explanatory notes.
- 16.5 The annual accounts shall be signed by the Management Board members. If the signature of one or more of them is missing, this shall be stated and reasons for this omission shall be given.
- 16.6 The Company may, and if the law so requires shall, appoint an accountant to audit the annual accounts. Such appointment shall be made by the General Meeting.
- 16.7 The General Meeting shall adopt the annual accounts. Signing of the annual accounts by the Management Board members does not constitute as adoption by the General Meeting, not even when each Shareholder is also a Management Board member.
- 16.8 The General Meeting may grant full or limited discharge to the Management Board members for the management pursued.
- 16.9 The preceding provisions of this Article 16 shall not apply if Section 2:395a, Section 2:396 or Section 2:403 of the Dutch Civil Code applies to the Company and states otherwise.

#### **17 Profits and distributions**

- 17.1 The General Meeting has the authority to allocate the profits determined by adoption of the annual accounts. If the General Meeting does not adopt a resolution regarding the allocation of the profits prior to or at the latest immediately after the adoption of the annual accounts, the profits shall be reserved.
- 17.2 The General Meeting has the authority to make distributions. If the Company is required by law to maintain reserves, this authority only applies to the extent that the equity exceeds these reserves. No resolution of the General Meeting to distribute shall have effect without the consent of the Management Board. The Management Board may withhold such consent only if it knows or reasonably should expect that after the distribution, the Company will be unable to continue the payment of its due debts.
- 17.3 In calculating the amount to be distributed on a Share, only the nominal value of the Shares shall be taken into consideration.

#### **18 General Meeting**

- 18.1 At least one (1) General Meeting, the annual General Meeting, shall be held or at least once a resolution shall be adopted in accordance with Article 24 during each financial year.
- 18.2 General Meetings shall be convened by and held as often as the Management Board deems such necessary. General Meetings may also be convened by persons to whom voting rights to Shares accrue, representing in the aggregate at least half of the Company's issued capital.

18.3 One or more Persons with Meeting Right representing individually or jointly at least one per cent (1%) of the Company's issued capital may request the Management Board in writing to convene a General Meeting, stating specifically the subjects to be discussed. If the Management Board has taken insufficient action such that the meeting cannot be held within four (4) weeks after receipt of the request, the applicants shall be authorised to convene a meeting themselves.

#### **19 Notice and venue of meetings**

19.1 Notice of the meeting shall be given no later than on the eighth (8th) day before the date of the meeting.

19.2 The notice of the meeting shall specify the subjects to be discussed.

19.3 A subject for discussion of which discussion has been requested in writing not later than thirty (30) days before the day of the meeting by one or more Persons with Meeting Right who individually or jointly represent at least one per cent (1%) of the Company's issued capital, shall be included in the notice or shall be notified in the same way as the other subjects for discussion, provided that no important interest of the Company dictates otherwise.

19.4 The notice of the meeting shall be sent by letters to the addresses of the Persons with Meeting Right, shown in the register referred to in Article 5. Persons with Meeting Right may be sent notice of the meeting by means of a legible and reproducible message electronically sent to the address stated by them for this purpose to the Company.

19.5 General Meetings are held in the municipality in which, according to these articles of association, the Company has its official seat. General Meetings may also be held elsewhere, provided that all Persons with Meeting Right have consented to the place of the meeting and prior to the decision-making process, the Management Board members have been given the opportunity to render advice.

#### **20 Admittance and Meeting Right**

20.1 Each Person with Meeting Right shall be entitled to attend any General Meeting, to address that meeting and, if the voting rights accrue to him, to exercise his voting rights. Persons with Meeting Right may be represented in a General Meeting by a proxy authorised in writing.

20.2 The Management Board may resolve that the powers referred to in the first sentence of Article 20.1 may be exercised by means of electronic communication. If the Person with Meeting Right participates by means of electronic communication, it is required that the electronic communication allows for identification of the Person with Meeting Right, for such Person with Meeting Right to directly take notice of the proceedings in the meeting and for the casting of votes.

20.3 At a meeting, each Person with Meeting Right or his representative must sign the attendance list. The chairperson of the meeting may decide that the attendance list must also be signed by other persons present at the meeting.

20.4 The Management Board members shall have the right to give advice in the General Meetings.

20.5 The chairperson of the meeting shall decide on the admittance of other persons to the meeting.

**21 Chairperson and secretary of the meeting**

21.1 The chairperson of a General Meeting shall be appointed by more than half of the votes cast by the persons with voting rights present at the meeting. Until such appointment is made, a Management Board member shall act as chairperson, or, if no Management Board member is present at the meeting, the eldest person present at the meeting shall act as chairperson.

21.2 The chairperson of the meeting shall appoint a secretary for the meeting.

**22 Minutes and recording of shareholders' resolutions**

22.1 The secretary of a General Meeting shall keep minutes of the proceedings at the meeting. The minutes shall be adopted by the chairperson and the secretary of the meeting and as evidence thereof shall be signed by them.

22.2 The Management Board shall keep record of all resolutions adopted by the General Meeting. If the Management Board is not represented at a meeting, the chairperson of the meeting or the chairperson's representative shall ensure that the Management Board is provided with a transcript of the resolutions adopted, as soon as possible after the meeting. The records shall be deposited at the Company's office for inspection by the Persons with Meeting Right. Each of them shall be provided with a copy of or an extract from the records upon request.

**23 Resolutions**

23.1 Each Share confers the right to cast one (1) vote.

23.2 To the extent that the law or these articles of association do not require a qualified majority, all resolutions of the General Meeting shall be adopted by more than half of the votes cast.

23.3 If there is a tie in voting, the proposal shall be deemed to have been rejected.

23.4 If the formalities for convening and holding of General Meetings, as prescribed by law or these articles of association, have not been complied with, valid resolutions by the General Meeting may only be adopted in a meeting if all Persons with Meeting Right have consented to the decision-making process taking place and prior to the decision-making process, Management Board members have been given the opportunity to render advice.

23.5 No voting rights may be exercised in the General Meeting for any Share held by the Company or a subsidiary, nor for any Share for which the Company or a subsidiary holds the depositary receipts. However, pledgees and usufructuaries of Shares owned by the Company or a subsidiary are not excluded from exercising the voting rights, if the right of pledge or the usufruct was created before that Share was owned by the Company or such subsidiary. The Company or a subsidiary may not exercise voting rights for a Share in which it holds a right of pledge or a usufruct.

**24 Resolutions without holding meetings**

24.1 Shareholders' resolutions may also be adopted in a manner other than at a meeting, provided that all Persons with Meeting Right have given consent to such decision-making process in writing. The votes shall be cast in writing. Prior

to the adoption of resolutions, Management Board members shall be given the opportunity to render advice.

- 24.2 For the purposes of Article 24.1 the requirement of votes to be cast in writing shall also be met in case the resolution is recorded in writing or electronically, indicating the manner in which each vote is cast and such resolution is signed by all Persons with Meeting Right.
- 24.3 As soon as the Management Board is acquainted with the resolution it shall keep record thereof and add such record to those referred to in Article 22.2.

## **25 Amendment articles of association**

The General Meeting may resolve to amend these articles of association. When a proposal to amend these articles of association is to be made at a General Meeting, this must be stated in the notice of such meeting. Simultaneously, a copy of the proposal, including the verbatim text thereof, shall be deposited and kept available at the Company's office for inspection by the Persons with Meeting Right, until the end of the meeting.

## **26 Dissolution and liquidation**

- 26.1 The Company may be dissolved pursuant to a resolution to that effect by the General Meeting. When a proposal to dissolve the Company is to be made at a General Meeting this must be stated in the notice of such meeting.
- 26.2 If the Company is dissolved pursuant to a resolution of the General Meeting, the Management Board members shall become liquidators of the dissolved Company's property. The General Meeting may decide to appoint other persons as liquidators.
- 26.3 During liquidation, to the extent possible the provisions of these articles of association shall continue to apply.
- 26.4 The balance remaining after payment of the debts of the dissolved Company shall be transferred to the Shareholders in proportion to the aggregate nominal value of the Shares held by each.

## **27 First financial year**

The first financial year of the Company shall end on the thirty-first day of March two thousand twenty-five. This Article and its heading shall cease to exist after the end of the first financial year.

### **Final statement**

Finally, the person appearing has declared the following:

- (a) at incorporation, the issued capital of the Company equals ten eurocent (EUR 0.10). At incorporation, one (1) Share with a nominal value of ten eurocent (EUR 0.10) (**Issued Share**) is issued at par, which Issued Share is hereby subscribed for by the Incorporator.

Payment in a different currency unit than the currency of the nominal value of the Issued Share is permitted. The Issued Share has been paid up in full. The Company hereby accepts payments made on the Issued Share; and

- (b) the first Management Board members of the Company are:
- (i) Hubertus Leopold Martinus Petrus van Doorne, born on the twenty-second day of February nineteenhundred fifty-eight; and
  - (ii) Frank Jan Cocx, born on the twenty-first day of May nineteenhundred

eighty-one.

**End**

The person appearing is known to me, civil law notary.

This deed was executed in Amsterdam, the Netherlands, on the date stated in the first paragraph of this deed. The contents of the deed have been stated and clarified to the person appearing. The person appearing has declared not to wish the deed to be fully read out, to have noted the contents of the deed timely before its execution and to agree with the contents. After limited reading, this deed was signed first by the person appearing and thereafter by me, civil law notary.



AGTM/VIERE/DINW/5176562/40084931

#52623407

Execution copy

**OPRICHTING***(Lucas Bols Holdco B.V.)*

Op vier december tweeduizend drieëntwintig is voor mij, mr. Michel Pieter van Agt, —  
notaris met plaats van vestiging Amsterdam, verschenen: \_\_\_\_\_  
mevrouw mr. Eline Hedwig Viersen, geboren te 's-Gravenhage op negentien \_\_\_\_\_  
augustus negentienhonderd zevenentachtig, met kantooradres: Parnassusweg 300, —  
1081 LC Amsterdam, te dezen handelend als schriftelijk gevolmachtigde van: \_\_\_\_\_  
**Lucas Bols N.V.**, een naamloze vennootschap, statutair gevestigd te Amsterdam en —  
met adres: Paulus Potterstraat 14, 1071 CZ Amsterdam, ingeschreven in het \_\_\_\_\_  
handelsregister onder nummer 34242707 (**oprichter**). \_\_\_\_\_

**Volmacht** \_\_\_\_\_

Van het bestaan van de aan de comparant verleende volmacht is gebleken uit één (1)  
onderhandse akte van volmacht, die in kopie aan deze akte zal worden gehecht \_\_\_\_\_  
(**Bijlage**). \_\_\_\_\_

De comparant heeft het volgende verklaard: \_\_\_\_\_  
de oprichter richt hierbij op een besloten vennootschap met beperkte \_\_\_\_\_  
aansprakelijkheid (**vennootschap**), met de volgende statuten. \_\_\_\_\_

**STATUTEN:** \_\_\_\_\_**1 Begripsbepalingen** \_\_\_\_\_

1.1 In deze statuten wordt verstaan onder: \_\_\_\_\_

**aandeel:** een aandeel in het kapitaal van de vennootschap; \_\_\_\_\_**aandeelhouder:** een houder van een of meer aandelen; \_\_\_\_\_**algemene vergadering:** de algemene vergadering van de vennootschap; \_\_\_\_\_**belet:** belet als bedoeld in artikel 2:244 lid 4 van het Burgerlijk Wetboek, \_\_\_\_\_

waaronder begrepen de situatie dat de betreffende persoon schriftelijk heeft \_\_\_\_\_

aangegeven dat sprake is van belet gedurende een bepaalde periode; \_\_\_\_\_

**bestuur:** het bestuur van de vennootschap; \_\_\_\_\_**schriftelijk:** bij brief, e-mail, of door een op andere wijze langs elektronische \_\_\_\_\_

weg toegezonden leesbaar en reproduceerbaar bericht, mits de identiteit van \_\_\_\_\_

de verzender met afdoende zekerheid kan worden vastgesteld; \_\_\_\_\_

**vennootschapsorgaan:** het bestuur of de algemene vergadering \_\_\_\_\_**vergadergerechtigde:** een aandeelhouder, en een vruchtgebruiker of \_\_\_\_\_

pandhouder aan wie het stemrecht op een of meer aandelen of vergaderrecht \_\_\_\_\_

toekomt; \_\_\_\_\_

**vergaderrecht:** het recht om, in persoon of bij schriftelijk gevolmachtigde, de \_\_\_\_\_

algemene vergadering bij te wonen en daar het woord te voeren, en de overige \_\_\_\_\_

rechten die de wet toekent aan houders van certificaten van aandelen waaraan \_\_\_\_\_

vergaderrecht is verbonden. \_\_\_\_\_

1.2 Verwijzingen naar artikelen verwijzen naar artikelen van deze statuten, tenzij \_\_\_\_\_

het tegendeel blijkt. \_\_\_\_\_

**2 Naam en zetel** \_\_\_\_\_

2.1 De naam van de vennootschap is: \_\_\_\_\_

**Lucas Bols Holdco B.V.** \_\_\_\_\_

2.2 De vennootschap is gevestigd te Amsterdam. \_\_\_\_\_

**3 Doel** \_\_\_\_\_

De vennootschap heeft ten doel: \_\_\_\_\_

(a) het oprichten van, het op enigerlei wijze deelnemen in, het besturen van en het \_\_\_\_\_

toezicht houden op ondernemingen en vennootschappen; \_\_\_\_\_

(b) het financieren van ondernemingen en vennootschappen; \_\_\_\_\_

(c) het lenen, uitlenen en bijeenbrengen van gelden daaronder begrepen, het \_\_\_\_\_

uitgeven van obligaties, schuldbrieven of andere waardepapieren, alsmede het \_\_\_\_\_

aangaan van daarmee samenhangende overeenkomsten; \_\_\_\_\_

(d) het verstrekken van adviezen en het verlenen van diensten aan \_\_\_\_\_

ondernemingen en vennootschappen waarmee de vennootschap in een groep \_\_\_\_\_

is verbonden en aan derden; \_\_\_\_\_

(e) het verstrekken van garanties, het verbinden van de vennootschap en het \_\_\_\_\_

bezwaren van activa van de vennootschap voor verplichtingen van de \_\_\_\_\_

vennootschap, groepsmaatschappijen en/of derden; \_\_\_\_\_

(f) het verkrijgen, beheren, exploiteren en vervreemden van registergoederen en \_\_\_\_\_

van vermogenswaarden in het algemeen; \_\_\_\_\_

(g) het verhandelen van valuta, effecten en vermogenswaarden in het algemeen; \_\_\_\_\_

(h) het exploiteren en verhandelen van patenten, merkrechten, vergunningen, \_\_\_\_\_



- knowhow en andere intellectuele en industriële eigendomsrechten; \_\_\_\_\_
- (i) het verrichten van alle soorten industriële, financiële en commerciële \_\_\_\_\_  
activiteiten, \_\_\_\_\_

en al hetgeen met vorenstaande verband houdt of daartoe bevorderlijk kan zijn, alles -  
in de ruimste zin van het woord. \_\_\_\_\_

#### **4 Kapitaal** \_\_\_\_\_

- 4.1 Het nominale bedrag van elk van de aandelen bedraagt tien eurocent \_\_\_\_\_  
(EUR 0,10). \_\_\_\_\_
- 4.2 Alle aandelen luiden op naam. Aandeelbewijzen worden niet uitgegeven. \_\_\_\_\_

#### **5 Register** \_\_\_\_\_

- 5.1 Het bestuur houdt een register waarin worden opgenomen de namen en \_\_\_\_\_  
adressen van alle aandeelhouders, pandhouders en vruchtgebruikers, alsmede  
het nominaal op ieder aandeel gestorte bedrag. \_\_\_\_\_
- 5.2 In het register wordt mede aangetekend elk verleend ontslag van \_\_\_\_\_  
aansprakelijkheid voor nog niet gedane stortingen op aandelen. De gegevens -  
van het register omtrent niet-volgestorte aandelen zijn ter inzage van een ieder;  
afschrift of uittreksel van deze gegevens wordt ten hoogste tegen kostprijs \_\_\_\_\_  
verstrekkt. \_\_\_\_\_

#### **6 Uitgifte aandelen** \_\_\_\_\_

- 6.1 Uitgifte van aandelen geschiedt krachtens besluit van de algemene \_\_\_\_\_  
vergadering. De algemene vergadering kan haar bevoegdheid hiertoe \_\_\_\_\_  
overdragen aan het bestuur en kan deze overdracht herroepen. \_\_\_\_\_
- 6.2 Bij het besluit tot uitgifte van aandelen worden de uitgifteprijs en de verdere \_\_\_\_\_  
voorwaarden van uitgifte bepaald. \_\_\_\_\_
- 6.3 Iedere aandeelhouder heeft bij uitgifte van aandelen een voorkeursrecht naar \_\_\_\_\_  
evenredigheid van het gezamenlijke nominale bedrag van zijn aandelen, \_\_\_\_\_  
behoudens de wettelijke beperkingen en het bepaalde in artikel 6.4. \_\_\_\_\_
- 6.4 Het voorkeursrecht kan, telkens voor een enkele uitgifte, worden beperkt of \_\_\_\_\_  
uitgesloten bij besluit van het tot uitgifte bevoegde vennootschapsorgaan. \_\_\_\_\_
- 6.5 Het hiervoor in dit artikel 6 bepaalde is van overeenkomstige toepassing op het \_\_\_\_\_  
verlenen van rechten tot het nemen van aandelen, maar is niet van toepassing -  
op het uitgeven van aandelen aan iemand die een voordien reeds verkregen \_\_\_\_\_  
recht tot het nemen van aandelen uitoefent. \_\_\_\_\_
- 6.6 Voor uitgifte van een aandeel is voorts vereist een daartoe bestemde ten \_\_\_\_\_  
overstaan van een notaris met plaats van vestiging in Nederland verleden akte -  
waarbij de betrokkenen partij zijn. \_\_\_\_\_
- 6.7 Bij uitgifte van elk aandeel moet daarop het gehele nominale bedrag worden \_\_\_\_\_  
gestort. Bedongen kan worden dat het nominale bedrag of een deel daarvan \_\_\_\_\_  
eerst behoeft te worden gestort na verloop van een bepaalde tijd of nadat de \_\_\_\_\_  
vennootschap het zal hebben opgevraagd. Ontheffing van de verplichting tot \_\_\_\_\_  
storting is slechts mogelijk ter uitvoering van een besluit tot vermindering van \_\_\_\_\_  
het geplaatste kapitaal. \_\_\_\_\_

#### **7 Eigen aandelen en kapitaalvermindering** \_\_\_\_\_

- 7.1 Verrijking van volgestorte eigen aandelen of certificaten daarvan geschiedt \_\_\_\_\_  
krachtens besluit van het bestuur, waarbij voor een besluit tot verkrijging \_\_\_\_\_



anders dan om niet goedkeuring van de algemene vergadering is vereist. \_\_\_\_\_  
Verkrijging van niet-volgestorte aandelen of certificaten daarvan is niet \_\_\_\_\_  
toegestaan. \_\_\_\_\_

7.2 De algemene vergadering kan besluiten tot vermindering van het geplaatste —  
kapitaal van de vennootschap. \_\_\_\_\_

## **8 Levering aandelen** \_\_\_\_\_

8.1 Voor de levering van een aandeel is vereist een daartoe bestemde ten \_\_\_\_\_  
overstaan van een notaris met plaats van vestiging in Nederland verleden akte —  
waarbij de betrokkenen partij zijn. \_\_\_\_\_

8.2 Behoudens in het geval dat de vennootschap zelf bij de rechtshandeling partij —  
is, kunnen de aan een aandeel verbonden rechten eerst worden uitgeoefend —  
nadat de vennootschap de rechtshandeling heeft erkend of de akte aan haar is —  
betekend, overeenkomstig hetgeen in de wet is bepaald. \_\_\_\_\_

## **9 Geen overdrachtsbeperkingen** \_\_\_\_\_

In afwijking van het bepaalde in artikel 2:195 van het Burgerlijk Wetboek is de \_\_\_\_\_  
overdracht van een of meer aandelen niet onderhevig aan enige beperking. \_\_\_\_\_

## **10 Pandrecht en vruchtgebruik** \_\_\_\_\_

10.1 Het bepaalde in artikel 8 is van overeenkomstige toepassing op de vestiging —  
van een pandrecht op aandelen en op de vestiging of levering van een \_\_\_\_\_  
vruchtgebruik op aandelen. \_\_\_\_\_

10.2 Het stemrecht op een aandeel kan aan de vruchtgebruiker of pandhouder \_\_\_\_\_  
worden toegekend met goedkeuring van de algemene vergadering en voorts —  
met inachtneming van hetgeen in de wet is bepaald. \_\_\_\_\_

10.3 De pandhouder of vruchtgebruiker met stemrecht heeft tevens vergaderrecht. —  
Vergaderrecht kan aan de vruchtgebruiker of pandhouder zonder stemrecht —  
worden toegekend met goedkeuring van de algemene vergadering en voorts —  
met inachtneming van hetgeen in de wet is bepaald. \_\_\_\_\_

## **11 Bestuurders** \_\_\_\_\_

11.1 Het bestuur bestaat uit een of meer bestuurders. Zowel natuurlijke personen —  
als rechtspersonen kunnen bestuurder zijn. \_\_\_\_\_

11.2 Bestuurders worden benoemd door de algemene vergadering. \_\_\_\_\_

11.3 Iedere bestuurder kan te allen tijde door de algemene vergadering worden \_\_\_\_\_  
geschorst en ontslagen. \_\_\_\_\_

11.4 De bevoegdheid tot vaststelling van een bezoldiging en verdere \_\_\_\_\_  
arbeidsvoorwaarden voor bestuurders komt toe aan de algemene vergadering. -

## **12 Taak en besluitvorming bestuur** \_\_\_\_\_

12.1 Het bestuur is belast met het besturen van de vennootschap. Bij de vervulling —  
van hun taak richten de bestuurders zich naar het belang van de vennootschap  
en de met haar verbonden onderneming. \_\_\_\_\_

12.2 In het bestuur heeft iedere bestuurder één (1) stem. \_\_\_\_\_

12.3 Alle besluiten van het bestuur worden genomen met meer dan de helft van de —  
uitgebrachte stemmen. \_\_\_\_\_

12.4 Besluiten van het bestuur kunnen ook buiten vergadering worden genomen, —  
schriftelijk of op andere wijze, mits het desbetreffende voorstel aan alle in \_\_\_\_\_  
functie zijnde bestuurders is voorgelegd en geen van hen zich tegen deze wijze



- van besluitvorming verzet. \_\_\_\_\_
- 12.5 Het bestuur kan nadere regels vaststellen omtrent de besluitvorming en \_\_\_\_\_  
werkwijze van het bestuur. In dat kader kan het bestuur onder meer bepalen \_\_\_\_\_  
met welke taak iedere bestuurder meer in het bijzonder zal zijn belast. De \_\_\_\_\_  
algemene vergadering kan bepalen dat deze regels en taakverdeling schriftelijk  
moeten worden vastgelegd en deze regels en taakverdeling aan haar \_\_\_\_\_  
goedkeuring onderwerpen. \_\_\_\_\_
- 12.6 Een bestuurder neemt niet deel aan de beraadslaging en besluitvorming, indien  
hij daarbij een direct of indirect persoonlijk belang heeft dat tegenstrijdig is met \_\_\_\_\_  
het belang van de vennootschap en de met haar verbonden onderneming. De \_\_\_\_\_  
vorige volzin vindt geen toepassing wanneer ten aanzien van alle bestuurders \_\_\_\_\_  
sprake is van een dergelijk persoonlijk belang. In dat geval behoudt het bestuur  
haar bevoegdheid, onverminderd het bepaalde in artikel 13.2. \_\_\_\_\_
- 13 Goedkeuring bestuursbesluiten** \_\_\_\_\_
- 13.1 De algemene vergadering is bevoegd besluiten van het bestuur aan haar \_\_\_\_\_  
goedkeuring te onderwerpen. Deze besluiten dienen duidelijk te worden \_\_\_\_\_  
omschreven en schriftelijk aan het bestuur te worden meegedeeld. \_\_\_\_\_
- 13.2 Een besluit van het bestuur tot het verrichten van een rechtshandeling ten \_\_\_\_\_  
aanzien waarvan een of meer van de bestuurders een direct of indirect \_\_\_\_\_  
persoonlijk belang hebben dat tegenstrijdig is met het belang van de \_\_\_\_\_  
vennootschap en de met haar verbonden onderneming, is onderworpen aan de  
goedkeuring van de algemene vergadering. \_\_\_\_\_
- 13.3 Het bestuur kan de rechtshandelingen als bedoeld in artikel 2:204 van het \_\_\_\_\_  
Burgerlijk Wetboek verrichten zonder voorafgaande goedkeuring van de \_\_\_\_\_  
algemene vergadering. \_\_\_\_\_
- 13.4 Het ontbreken van goedkeuring van de algemene vergadering voor een besluit \_\_\_\_\_  
als bedoeld in dit artikel 13 tast de vertegenwoordigingsbevoegdheid van het \_\_\_\_\_  
bestuur of bestuurders niet aan. \_\_\_\_\_
- 14 Vertegenwoordiging** \_\_\_\_\_
- 14.1 Het bestuur is bevoegd de vennootschap te vertegenwoordigen. De \_\_\_\_\_  
bevoegdheid tot vertegenwoordiging komt mede aan iedere bestuurder toe. \_\_\_\_\_
- 14.2 Het bestuur kan functionarissen met algemene of beperkte \_\_\_\_\_  
vertegenwoordigingsbevoegdheid aanstellen. Ieder van hen vertegenwoordigt \_\_\_\_\_  
de vennootschap met inachtneming van de begrenzing aan zijn bevoegdheid \_\_\_\_\_  
gesteld. De titulatuur van deze functionarissen wordt door het bestuur bepaald. \_\_\_\_\_  
Deze functionarissen kunnen worden ingeschreven in het handelsregister, met \_\_\_\_\_  
vermelding van de omvang van hun vertegenwoordigingsbevoegdheid. \_\_\_\_\_
- 15 Ontstentenis of belet bestuurder** \_\_\_\_\_
- 15.1 In geval van ontstentenis of belet van een bestuurder zijn de overblijvende \_\_\_\_\_  
bestuurders of is de overblijvende bestuurder tijdelijk met het besturen van de \_\_\_\_\_  
vennootschap belast. \_\_\_\_\_
- 15.2 In geval van ontstentenis of belet van alle bestuurders of de enige bestuurder, \_\_\_\_\_  
wordt de vennootschap tijdelijk bestuurd door een of meer personen die \_\_\_\_\_  
daartoe door de algemene vergadering worden aangewezen. \_\_\_\_\_
- 16 Boekjaar en jaarrekening** \_\_\_\_\_



- 16.1 Het boekjaar van de vennootschap loopt van één april tot en met eenendertig —  
maart van het daaropvolgende jaar. \_\_\_\_\_
- 16.2 Jaarlijks binnen vijf (5) maanden na afloop van het boekjaar, behoudens \_\_\_\_\_  
verlenging van deze termijn met ten hoogste vijf (5) maanden door de \_\_\_\_\_  
algemene vergadering op grond van bijzondere omstandigheden, maakt het \_\_\_\_\_  
bestuur een jaarrekening op en legt deze voor de aandeelhouders ter inzage \_\_\_\_\_  
ten kantore van de vennootschap. \_\_\_\_\_
- 16.3 Binnen deze termijn legt het bestuur ook het bestuursverslag ter inzage voor de  
aandeelhouders. \_\_\_\_\_
- 16.4 De jaarrekening bestaat uit een balans, een winst- en verliesrekening en een —  
toelichting. \_\_\_\_\_
- 16.5 De jaarrekening wordt ondertekend door de bestuurders. Ontbreekt de \_\_\_\_\_  
ondertekening van een of meer van hen, dan wordt daarvan onder opgave van —  
reden melding gemaakt. \_\_\_\_\_
- 16.6 De vennootschap kan, en indien daartoe wettelijk verplicht, zal, aan een \_\_\_\_\_  
accountant opdracht verlenen tot onderzoek van de jaarrekening. Tot het \_\_\_\_\_  
verlenen van de opdracht is de algemene vergadering bevoegd. \_\_\_\_\_
- 16.7 De algemene vergadering stelt de jaarrekening vast. Ondertekening van de \_\_\_\_\_  
jaarrekening door de bestuurders geldt niet tevens als vaststelling door de \_\_\_\_\_  
algemene vergadering, ook niet indien alle aandeelhouders tevens bestuurder —  
zijn. \_\_\_\_\_
- 16.8 De algemene vergadering kan volledige of beperkte decharge verlenen aan de —  
bestuurders voor het gevoerde bestuur. \_\_\_\_\_
- 16.9 De voorgaande leden van dit artikel 16 zijn van toepassing, tenzij \_\_\_\_\_  
artikel 2:395a, artikel 2:396 of artikel 2:403 van het Burgerlijk Wetboek voor de —  
vennootschap geldt en daarin anders is bepaald. \_\_\_\_\_
- 17 Winst en uitkeringen** \_\_\_\_\_
- 17.1 De algemene vergadering is bevoegd tot bestemming van de winst die door —  
vaststelling van de jaarrekening is bepaald. Indien de algemene vergadering —  
niet voorafgaand aan of uiterlijk direct na het besluit tot vaststelling van de \_\_\_\_\_  
jaarrekening een besluit neemt tot bestemming van de winst, zal de winst \_\_\_\_\_  
worden gereserveerd. \_\_\_\_\_
- 17.2 De algemene vergadering is bevoegd tot vaststelling van uitkeringen. Indien de —  
vennootschap reserves krachtens de wet moet aanhouden, geldt deze \_\_\_\_\_  
bevoegdheid uitsluitend voor zover het eigen vermogen groter is dan die \_\_\_\_\_  
reserves. Een besluit van de algemene vergadering dat strekt tot uitkering heeft  
geen gevolgen zolang het bestuur geen goedkeuring heeft verleend. Het \_\_\_\_\_  
bestuur mag deze goedkeuring slechts weigeren indien zij weet of redelijkerwijs  
behoort te voorzien dat de vennootschap na de uitkering niet zal kunnen blijven  
voortgaan met het betalen van haar opeisbare schulden. \_\_\_\_\_
- 17.3 Voor de berekening van het bedrag dat op een aandeel zal worden uitgekeerd, —  
is het nominale bedrag van dat aandeel bepalend. \_\_\_\_\_
- 18 Algemene vergadering** \_\_\_\_\_
- 18.1 Tijdens ieder boekjaar wordt ten minste één (1) algemene vergadering, de \_\_\_\_\_  
jaarvergadering, gehouden of wordt ten minste eenmaal overeenkomstig \_\_\_\_\_



- artikel 24 besloten.
- 18.2 Algemene vergaderingen worden bijeengeroepen door en gehouden zo dikwijls het bestuur dat nodig acht. Voorts kunnen algemene vergaderingen bijeengeroepen worden door personen met stemrecht op aandelen, tezamen vertegenwoordigende ten minste de helft van het geplaatste kapitaal van de vennootschap.
- 18.3 Een of meer vergadergerechtigden die alleen of gezamenlijk ten minste één honderdste (1/100) gedeelte van het geplaatste kapitaal van de vennootschap vertegenwoordigen, kunnen aan het bestuur schriftelijk en onder nauwkeurige opgave van de te behandelen onderwerpen het verzoek richten een algemene vergadering bijeen te roepen. Indien het bestuur niet de nodige maatregelen heeft getroffen, opdat de vergadering binnen vier (4) weken na ontvangst van het verzoek kan worden gehouden, zijn de verzoekers zelf tot bijeenroeping bevoegd.
- 19 Oproeping en plaats van vergaderingen**
- 19.1 De oproeping van de vergadering geschiedt niet later dan op de achtste (8e) dag voor die van de vergadering.
- 19.2 Bij de oproeping worden de te behandelen onderwerpen vermeld.
- 19.3 Een onderwerp, waarvan de behandeling niet later dan dertig (30) dagen vóór de dag van de vergadering schriftelijk is verzocht door een of meer vergadergerechtigden die alleen of gezamenlijk ten minste één honderdste (1/100) gedeelte van het geplaatste kapitaal van de vennootschap vertegenwoordigen, wordt opgenomen in de oproeping of op dezelfde wijze als de overige onderwerpen aangekondigd, mits geen zwaarwichtig belang van de vennootschap zich daartegen verzet.
- 19.4 De oproeping geschiedt door middel van oproepingsbrieven gericht aan de adressen van de vergadergerechtigden, zoals deze zijn vermeld in het register bedoeld in artikel 5. Een vergadergerechtigde kan tevens worden opgeroepen tot de vergadering door een langs elektronische weg toegezonden leesbaar en reproduceerbaar bericht aan het adres dat door hem voor dit doel aan de vennootschap bekend is gemaakt.
- 19.5 Algemene vergaderingen worden gehouden in de gemeente waar de vennootschap volgens deze statuten gevestigd is. Algemene vergaderingen kunnen ook elders worden gehouden, mits alle vergadergerechtigden hebben ingestemd met de plaats van de vergadering en de bestuurders voorafgaand aan de besluitvorming in de gelegenheid zijn gesteld om advies uit te brengen.
- 20 Toegang en vergaderrecht**
- 20.1 Iedere vergadergerechtigde is bevoegd de algemene vergaderingen bij te wonen, daarin het woord te voeren en, voor zover hem het stemrecht toekomt, het stemrecht uit te oefenen. Vergadergerechtigden kunnen zich ter vergadering doen vertegenwoordigen door een schriftelijk gevolmachtigde.
- 20.2 Het bestuur kan besluiten dat de in de eerste volzin van artikel 20.1 bedoelde bevoegdheden ook kunnen worden uitgeoefend door middel van een elektronisch communicatiemiddel. Indien de vergadergerechtigde deelneemt door middel van een elektronisch communicatiemiddel, is vereist dat de



- vergadering gerechtigde via het elektronisch communicatiemiddel kan worden geïdentificeerd, rechtstreeks kan kennisnemen van de verhandelingen ter vergadering en het stemrecht kan uitoefenen.
- 20.3 Iedere vergadering gerechtigde of zijn vertegenwoordiger die ter vergadering aanwezig is, moet de presentielijst tekenen. De voorzitter van de vergadering kan bepalen dat de presentielijst ook moet worden getekend door andere personen die ter vergadering aanwezig zijn.
- 20.4 De bestuurders hebben als zodanig in de algemene vergaderingen een raadgevende stem.
- 20.5 Omtrent toelating van andere personen tot de vergadering beslist de voorzitter van de vergadering.
- 21 Voorzitter en notulist**
- 21.1 De voorzitter van een algemene vergadering wordt aangewezen door de ter vergadering aanwezige stemgerechtigden, met meer dan de helft van de uitgebrachte stemmen. Tot het moment waarop dat is gebeurd, treedt een bestuurder als voorzitter op, dan wel, indien geen bestuurder ter vergadering aanwezig is, de in leeftijd oudste ter vergadering aanwezige persoon.
- 21.2 De voorzitter van de vergadering wijst voor de vergadering een notulist aan.
- 22 Notulen en aantekening van aandeelhoudersbesluiten**
- 22.1 Van het verhandelde in een algemene vergadering worden notulen gehouden door de notulist van de vergadering. De notulen worden vastgesteld door de voorzitter en de notulist van de vergadering en ten blijke daarvan door hen ondertekend.
- 22.2 Het bestuur maakt aantekening van alle door de algemene vergadering genomen besluiten. Indien het bestuur niet ter vergadering is vertegenwoordigd, wordt door of namens de voorzitter van de vergadering een afschrift van de genomen besluiten zo spoedig mogelijk na de vergadering aan het bestuur verstrekt. De aantekeningen liggen ten kantore van de vennootschap ter inzage van de vergadering gerechtigden. Aan ieder van hen wordt desgevraagd een afschrift van of uittreksel uit de aantekeningen verstrekt.
- 23 Besluitvorming**
- 23.1 Elk aandeel geeft recht op één (1) stem.
- 23.2 Voor zover de wet of deze statuten geen grotere meerderheid voorschrijven, worden alle besluiten van de algemene vergadering genomen met meer dan de helft van de uitgebrachte stemmen.
- 23.3 Staken de stemmen, dan is het voorstel verworpen.
- 23.4 Indien de door de wet of deze statuten gegeven voorschriften voor het oproepen en houden van algemene vergaderingen niet in acht zijn genomen, kunnen ter vergadering alleen geldige besluiten door de algemene vergadering worden genomen, indien alle vergadering gerechtigden ermee hebben ingestemd dat besluitvorming plaatsvindt en de bestuurders voorafgaand aan de besluitvorming in de gelegenheid zijn gesteld advies uit te brengen.
- 23.5 Voor aandelen die toebehoren aan de vennootschap of een dochtermaatschappij en voor aandelen waarvan de vennootschap of een



dochtermaatschappij de certificaten houdt, kan in de algemene vergadering —  
geen stem worden uitgebracht. Pandhouders en vruchtgebruikers van —  
aandelen die aan de vennootschap of een dochtermaatschappij toebehoren, —  
zijn evenwel niet van het stemrecht uitgesloten, indien het pandrecht of —  
vruchtgebruik was gevestigd voordat het aandeel aan de vennootschap of die —  
dochtermaatschappij toebehoorde. De vennootschap of een —  
dochtermaatschappij kan geen stem uitbrengen voor een aandeel waarop zij —  
een pandrecht of een recht van vruchtgebruik heeft. —

## **24 Besluitvorming buiten vergadering**

- 24.1 Besluitvorming van aandeelhouders kan op andere wijze dan in een —  
vergadering geschieden, mits alle vergadergerechtigden schriftelijk met deze —  
wijze van besluitvorming hebben ingestemd. De stemmen worden schriftelijk —  
uitgebracht. De bestuurders worden voorafgaand aan de besluitvorming in de —  
gelegenheid gesteld om advies uit te brengen. —
- 24.2 Voor de toepassing van artikel 24.1 wordt aan het vereiste van schriftelijkheid —  
van de stemmen tevens voldaan indien het besluit onder vermelding van de —  
wijze waarop ieder stemt schriftelijk of elektronisch is vastgelegd en door alle —  
vergadergerechtigden is ondertekend. —
- 24.3 Het bestuur maakt zodra zij van het besluit kennis heeft genomen, daarvan —  
aantekening en voegt deze bij de aantekeningen bedoeld in artikel 22.2. —

## **25 Statutenwijziging**

De algemene vergadering is bevoegd deze statuten te wijzigen. Wanneer in —  
een algemene vergadering een voorstel tot statutenwijziging wordt gedaan, —  
moet zulks steeds bij de oproeping tot de vergadering worden vermeld. —  
Tegelijkertijd moet een afschrift van het voorstel, waarin de voorgedragen —  
wijziging woordelijk is opgenomen, ten kantore van de vennootschap ter inzage  
worden gelegd voor de vergadergerechtigden tot de afloop van de vergadering.

## **26 Ontbinding en vereffening**

- 26.1 De vennootschap kan worden ontbonden door een daartoe strekkend besluit —  
van de algemene vergadering. Wanneer in een algemene vergadering een —  
voorstel tot ontbinding van de vennootschap wordt gedaan, moet dat bij de —  
oproeping tot de vergadering worden vermeld. —
- 26.2 In geval van ontbinding van de vennootschap krachtens besluit van de —  
algemene vergadering worden de bestuurders vereffenaars van het vermogen —  
van de ontbonden vennootschap. De algemene vergadering kan besluiten —  
andere personen tot vereffenaars te benoemen. —
- 26.3 Gedurende de vereffening blijven de bepalingen van deze statuten zo veel —  
mogelijk van kracht. —
- 26.4 Hetgeen na voldoening van de schulden van de ontbonden vennootschap is —  
overgebleven, wordt overgedragen aan de aandeelhouders, naar —  
evenredigheid van het gezamenlijke nominale bedrag van ieders aandelen. —

## **27 Eerste boekjaar**

Het eerste boekjaar van de vennootschap eindigt op eenendertig maart tweeduizend —  
vijfentwintig. Dit artikel met opschrift vervalt na afloop van het eerste boekjaar. —

## **Slotverklaring**



Ten slotte heeft de comparant het volgende verklaard: \_\_\_\_\_

- (a) het bij oprichting geplaatste kapitaal van de vennootschap bedraagt tien \_\_\_\_\_ eurocent (EUR 0,10). Bij de oprichting wordt één (1) aandeel met een nominaal bedrag van tien eurocent (EUR 0,10) (**geplaatste aandeel**) a pari geplaatst bij, \_\_\_\_\_ en genomen door de oprichter, \_\_\_\_\_

Storting in een andere geldeenheid dan die waarin het nominaal bedrag van \_\_\_\_\_ het geplaatste aandeel luidt, is toegestaan. Het geplaatste aandeel is \_\_\_\_\_ volgestort. De vennootschap aanvaardt hierbij de storting op het geplaatste aandeel; en \_\_\_\_\_

- (b) voor de eerste maal worden tot bestuurder van de vennootschap benoemd: \_\_\_\_\_

(i) Hubertus Leopold Martinus Petrus van Doorne, geboren op \_\_\_\_\_ tweeëntwintig februari negentienhonderdachtenvijftig; en \_\_\_\_\_

(ii) Frank Jan Cocx, geboren op eenentwintig mei \_\_\_\_\_ negentienhonderdeenentachtig. \_\_\_\_\_

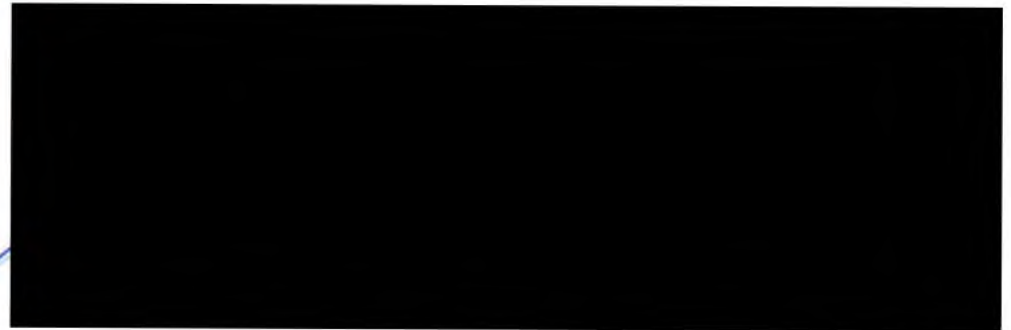
**Slot** \_\_\_\_\_

De comparant is mij, notaris, bekend. \_\_\_\_\_

Deze akte is verleden te Amsterdam op de datum aan het begin van deze akte \_\_\_\_\_ vermeld. De zakelijke inhoud van deze akte is aan de comparant opgegeven en \_\_\_\_\_ toegelicht. De comparant heeft verklaard op volledige voorlezing van de akte geen \_\_\_\_\_ prijs te stellen, tijdig voor het verlijden van de inhoud daarvan te hebben \_\_\_\_\_ kennisgenomen en met de inhoud in te stemmen. Onmiddellijk na beperkte voorlezing is deze akte eerst door de comparant en daarna door mij, notaris, ondertekend. \_\_\_\_\_ (volgt ondertekening)

UITGEGEVEN VOOR AFSCHRIFT

Amsterdam, 4 december 2023



**Schedule 2** Independent auditor's report (2:328(1) DCC)



## ***Independent auditor's report pursuant to section 2:328 subsection 1 of the Dutch Civil Code***

To: the supervisory board and management board of Lucas Bols N.V. and the management boards of Lucas Bols Holdco B.V. and Lucas Bols Sub B.V.

### ***Our opinion***

We have read the proposal for legal merger dated 12 December 2023 of the following companies:

1. Lucas Bols N.V., with seat in Amsterdam ('disappearing company');
2. Lucas Bols Sub B.V., with seat in Amsterdam ('acquiring company'); and
3. Lucas Bols Holdco B.V., with seat in Amsterdam ('shares allotting company').

We have audited the proposed share exchange ratio and the shareholders' equity of the company ceasing to exist as included in the proposal for legal merger.

In our opinion having considered the documents attached to the proposal for legal merger, the proposed share exchange ratio as referred to in section 2:326 of the Dutch Civil Code, is reasonable.

### ***Basis for our opinion***

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the proposed share exchange ratio and the shareholders' equity of the company ceasing to exist' section of our report.

We are independent of Lucas Bols N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Restriction on use***

This auditor's report is solely issued in connection with the aforementioned proposal for legal merger, and therefore cannot be used for other purposes.

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*PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands*

*T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, [www.pwc.nl](http://www.pwc.nl)*

'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At [www.pwc.nl](http://www.pwc.nl) more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.



### ***Responsibilities of management for the proposal for legal merger***

Management of each of the aforementioned companies is responsible for the preparation of the proposal for legal merger in accordance with Part 7 of Book 2 of the Dutch Civil Code. Furthermore, management of each of the aforementioned companies is responsible for such internal control as management determines is necessary to enable the preparation of the proposal for legal merger that is free from material misstatement, whether due to fraud or error.

As part of the preparation of the proposal for legal merger, management of each of the aforementioned companies is responsible for assessing the companies' ability to continue as a going concern. Based on the applicable financial reporting framework, management of each of the aforementioned companies should prepare the proposal for legal merger using the going concern basis of accounting unless managements intend either to liquidate the companies or to cease operations, or have no realistic alternative but to do so.

Management of each of the aforementioned companies should disclose events and circumstances that may cast significant doubt on the companies' ability to continue as a going concern in the proposal for legal merger.

### ***Our responsibilities for the audit of the proposed share exchange ratio and the shareholders' equity of the company ceasing to exist***

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this proposal for legal merger. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included, among other things, the following:

- Identifying and assessing the risks of material misstatement of the proposed share exchange ratio and the shareholders' equity of the company ceasing to exist, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's (companies') internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by managements.



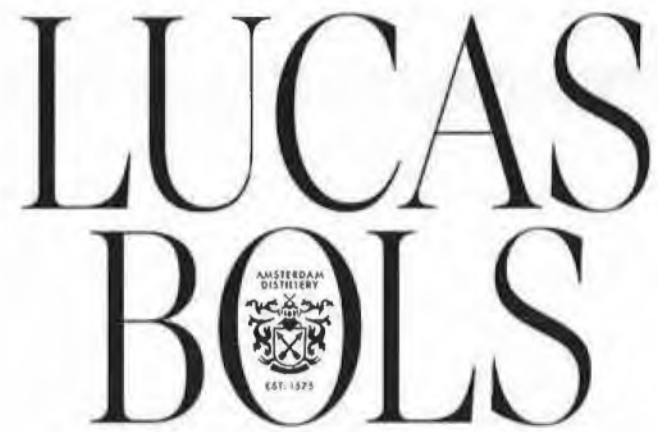
- Concluding on the appropriateness of managements' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's (companies') ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the proposal for legal merger or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the proposal for legal merger, including the disclosures.
- Evaluating whether the proposal for legal merger represents the underlying transactions and events free from material misstatement.

We communicate with the supervisory board and management boards regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 12 December 2023  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by B.A.A. Verhoeven RA

## **Interim account Lucas Bols N.V. 2023**



**Interim condensed consolidated financial information  
for the six-month period ended 30 September 2023  
(unaudited)**

**Interim condensed consolidated statement of profit or loss**  
for the six-month period ended 30 September 2023 and 2022

| AMOUNTS IN EUR '000<br>FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | Note | 2023           | 2022           |
|--|------|----------------|----------------|
| Revenue  | 4    | 55,744         | 56,295         |
| Cost of sales  |      | (27,070)       | (25,204)       |
| <b>Gross profit</b>  |      | <b>28,674</b>  | <b>31,091</b>  |
| Distribution and administrative expenses                           | 5    | (17,452)       | (19,750)       |
| <b>Operating profit</b>  |      | <b>11,222</b>  | <b>11,341</b>  |
| Share of result of joint ventures                                  | 6    | 356            | 480            |
| Finance income   |      | 96             | 3              |
| Finance costs  |      | (2,452)        | (1,349)        |
| <b>Net finance costs</b>   | 7    | <b>(2,356)</b> | <b>(1,346)</b> |
| <b>Profit before tax</b>   |      | <b>9,222</b>   | <b>10,475</b>  |
| Income tax expense   | 9    | (2,207)        | (2,607)        |
| <b>Net profit</b>  |      | <b>7,015</b>   | <b>7,868</b>   |
| Result attributable to the owners of the Company                   |      | 7,015          | 7,868          |
| Weighted average number of shares                                  | 8    | 14,972,756     | 14,972,756     |
| Earnings per share   |      |                |                |
| Basic earnings per share (EUR)                                     | 8    | 0.47           | 0.53           |
| Diluted earnings per share (EUR)                                   | 8    | 0.47           | 0.53           |

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of other comprehensive income**  
for the six-month period ended 30 September 2023 and 2022

| AMOUNTS IN EUR '000<br>FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER   | Note | 2023         | 2022          |
|--|------|--------------|---------------|
| Net profit   |      | 7,015        | 7,868         |
| Items that will never be reclassified to profit or loss              |      |              |               |
| Remeasurement of defined benefit liability                           |      | -            | -             |
| Related tax  |      | -            | -             |
| Items that are or may be reclassified to profit or loss              |      |              |               |
| Foreign operations - foreign currency translation differences        |      | 560          | 2,364         |
| Net change in hedging reserve  |      | (446)        | 245           |
| Related tax  |      | 115          | (61)          |
|  |      | 229          | 2,548         |
| <b>Other comprehensive income for the period, net of tax</b>         |      | <b>229</b>   | <b>2,548</b>  |
| <b>Total comprehensive income for the period, net of tax</b>         |      | <b>7,244</b> | <b>10,416</b> |
| Total comprehensive income attributable to the owners of the Company |      | 7,244        | 10,416        |

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of changes in equity**  
for the six-month period ended 30 September 2023 and 2022

| AMOUNTS IN EUR '000             | Note | SHARE CAPITAL | SHARE PREMIUM | TREASURY SHARES | CURRENCY TRANSLATION RESERVE | HEDGING RESERVE | OTHER LEGAL RESERVES | RETAINED EARNINGS | RESULT FOR THE PERIOD | TOTAL EQUITY |
|---------------------------------|------|---------------|---------------|-----------------|------------------------------|-----------------|----------------------|-------------------|-----------------------|--------------|
| Balance as at 1 April 2023      |      | 1,497         | 157,787       | -               | (486)                        | 348             | 7,630                | 56,044            | (16,238)              | 206,582      |
| Transfer result prior period    |      | -             | -             | -               | -                            | -               | -                    | (16,238)          | 16,238                | -            |
| Total comprehensive income      |      | -             | -             | -               | -                            | -               | -                    | -                 | 7,015                 | 7,015        |
| Profit (loss) for the period    |      | -             | -             | -               | -                            | -               | -                    | -                 | 7,015                 | 7,015        |
| Other comprehensive income      |      | -             | -             | -               | 560                          | (331)           | -                    | -                 | -                     | 229          |
| Total comprehensive income      |      | -             | -             | -               | 560                          | (331)           | -                    | -                 | 7,015                 | 7,244        |
| Dividend paid                   |      | -             | -             | -               | -                            | -               | -                    | (1,947)           | -                     | (1,947)      |
| Purchase own shares (ESPP)      | 15   | (168)         | -             | -               | -                            | -               | -                    | -                 | -                     | (168)        |
| Own shares delivered (ESPP)     | 15   | 168           | -             | -               | -                            | -               | -                    | -                 | -                     | 168          |
| Balance as at 30 September 2023 |      | 1,497         | 157,787       | -               | 74                           | 17              | 7,630                | 37,859            | 7,015                 | 211,879      |
| AMOUNTS IN EUR '000             | Note | SHARE CAPITAL | SHARE PREMIUM | TREASURY SHARES | CURRENCY TRANSLATION RESERVE | HEDGING RESERVE | OTHER LEGAL RESERVES | RETAINED EARNINGS | RESULT FOR THE PERIOD | TOTAL EQUITY |
| Balance as at 1 April 2022      |      | 1,497         | 157,787       | -               | (288)                        | (287)           | 7,630                | 47,417            | 11,771                | 225,526      |
| Transfer result prior period    |      | -             | -             | -               | -                            | -               | -                    | 11,771            | (11,771)              | -            |
| Total comprehensive income      |      | -             | -             | -               | -                            | -               | -                    | -                 | 7,868                 | 7,868        |
| Profit (loss) for the period    |      | -             | -             | -               | -                            | -               | -                    | -                 | 7,868                 | 7,868        |
| Other comprehensive income      |      | -             | -             | -               | 2,364                        | 184             | -                    | -                 | -                     | 2,548        |
| Total comprehensive income      |      | -             | -             | -               | 2,364                        | 184             | -                    | 0                 | 7,868                 | 10,416       |
| Dividend paid                   |      | -             | -             | -               | -                            | -               | -                    | -                 | -                     | -            |
| Purchase own shares (ESPP)      | 15   | -             | -             | -               | -                            | -               | -                    | -                 | -                     | -            |
| Own shares delivered (ESPP)     | 15   | -             | -             | -               | -                            | -               | -                    | -                 | -                     | -            |
| Balance as at 30 September 2022 |      | 1,497         | 157,787       | -               | 2,076                        | (103)           | 7,630                | 59,188            | 7,868                 | 235,942      |

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of financial position**  
as at 30 September 2023 and 31 March 2023

| AMOUNTS IN EUR '000<br>AS AT            | Note | 30 September 2023 | 31 March 2023  |
|---|------|-------------------|----------------|
| <b>Assets</b>                           |      |                   |                |
| Property, plant and equipment           | 10   | 9,103             | 8,018          |
| Intangible assets                       | 11   | 289,880           | 284,569        |
| Investments in joint ventures           | 6    | 1,639             | 1,652          |
| Other investments                       |      | 407               | 408            |
| <b>Non-current assets</b>               |      | <b>301,029</b>    | <b>294,647</b> |
| Inventories                             |      | 24,028            | 24,910         |
| Trade and other receivables             |      | 21,091            | 16,092         |
| Other investments including derivatives |      | 182               | 517            |
| Cash and cash equivalents               |      | 16,621            | 17,569         |
| <b>Current assets</b>                   |      | <b>61,922</b>     | <b>59,088</b>  |
| <b>Total assets</b>                     |      | <b>362,951</b>    | <b>353,735</b> |

The right-of-use assets are included in *Property, plant and equipment* and the related lease liability is included in *Other (non-)current financial liabilities*.

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position (continued)

| AMOUNTS IN EUR '000<br>AS AT                               | Note | 30 September 2023 | 31 March 2023  |
|--|------|-------------------|----------------|
| <b>Equity</b>  |      |                   |                |
| Share capital  |      | 1,497             | 1,497          |
| Share premium  |      | 157,787           | 157,787        |
| Translation Reserve  |      | 74                | (486)          |
| Hedging Reserve  |      | 17                | 348            |
| Other legal reserves                                       |      | 7,630             | 7,630          |
| Retained earnings  |      | 37,859            | 56,044         |
| Result for the period                                      |      | 7,015             | (16,238)       |
| <b>Total equity</b>  |      | <b>211,879</b>    | <b>206,582</b> |
| <b>Liabilities</b>   |      |                   |                |
| Loans and borrowings                                       | 12   | 69,448            | 67,028         |
| Other non-current financial liabilities                    | 14   | 5,306             | 4,762          |
| Employee benefits  |      | 207               | 129            |
| Deferred tax liabilities                                   | 9    | 49,896            | 50,337         |
| <b>Total non-current liabilities</b>                       |      | <b>124,857</b>    | <b>122,256</b> |
| Loans and borrowings                                       | 12   | 8,051             | 10,044         |
| Trade and other payables                                   |      | 14,870            | 13,707         |
| Corporate income tax payable                               |      | 1,274             | 194            |
| Other current financial liabilities, including derivatives | 14   | 2,020             | 952            |
| <b>Total current liabilities</b>                           |      | <b>26,215</b>     | <b>24,897</b>  |
| <b>Total liabilities</b>                                   |      | <b>151,072</b>    | <b>147,153</b> |
| <b>Total equity and liabilities</b>                        |      | <b>362,951</b>    | <b>353,735</b> |

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of cash flows**  
for the six-month period ended 30 September 2023 and 2022

| AMOUNTS IN EUR '000<br>FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | Note | 2023           | 2022           |
|--|------|----------------|----------------|
| <b>Cash flows from operating activities</b>                        |      |                |                |
| <b>Net profit/(loss)</b>   |      | 7,015          | 7,868          |
| Adjustments for:   |      |                |                |
| • Depreciation, amortisation and impairment                        | 5    | 694            | 845            |
| • Net finance costs  | 7    | 2,356          | 1,346          |
| • Share of profit of joint ventures                                | 17   | (356)          | (480)          |
| • Income tax expense   | 9    | 2,207          | 2,607          |
| • Stock elimination  |      | (182)          | 135            |
| • Provision for share-based payments                               |      | 78             | 70             |
|  |      | <b>11,812</b>  | <b>12,391</b>  |
| Change in:   |      |                |                |
| • Inventories  |      | 882            | (2,563)        |
| • Trade and other receivables                                      |      | (4,999)        | (4,248)        |
| • Trade and other payables   |      | 1,163          | (419)          |
| <b>Net changes in working capital</b>                              | 13   | <b>(2,954)</b> | <b>(7,230)</b> |
| Dividends from joint ventures                                      | 17   | 450            | 450            |
| Interest received  |      | 156            | 38             |
| Income tax paid  |      | (1,417)        | (2,766)        |
| <b>Net cash from operating activities</b>                          |      | <b>8,047</b>   | <b>2,883</b>   |

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows (continued)

| AMOUNTS IN EUR '000<br>FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | Note | 2023           | 2022            |
|--|------|----------------|-----------------|
| <b>Cash flows from investing activities</b>                        |      |                |                 |
| Acquisition of subsidiary, net of cash acquired                    |      | -              | -               |
| Acquisition of/additions to joint ventures                         | 6/17 | -              | -               |
| Acquisition of property, plant and equipment                       | 10   | (545)          | (73)            |
| Acquisition of intangible assets                                   | 11   | (5,336)        | -               |
| Loans issued and other investments                                 |      | (64)           | -               |
| <b>Net cash used in investing activities</b>                       |      | <b>(5,945)</b> | <b>(73)</b>     |
| <b>Cash flows from financing activities</b>                        |      |                |                 |
| Proceeds from loans and borrowings                                 | 12   | 5,000          | -               |
| Repayment of loans and borrowings                                  | 12   | (7,500)        | (6,500)         |
| Settlement of other current financial liabilities                  |      | -              | (1,637)         |
| Cash dividend paid to shareholders                                 |      | (1,947)        | -               |
| Payments made in lease contracts                                   |      | (456)          | (485)           |
| Interest paid  |      | (1,742)        | (1,509)         |
| <b>Net cash used in financing activities</b>                       |      | <b>(6,645)</b> | <b>(10,131)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>        |      | <b>(4,543)</b> | <b>(7,321)</b>  |
| Cash and cash equivalents as at 1 April                            |      | 17,525         | 24,838          |
| Effect of exchange rate fluctuations                               |      | 588            | 2,330           |
| <b>Net cash and cash equivalents as at 30 September</b>            |      | <b>13,570</b>  | <b>19,847</b>   |
| Cash and cash equivalents (asset)                                  |      | 16,621         | 21,890          |
| Less: bank overdrafts included in current loans and borrowings     |      | (3,051)        | (2,043)         |
| <b>Net cash and cash equivalents as at 30 September</b>            |      | <b>13,570</b>  | <b>19,847</b>   |

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information

## Notes to the interim condensed consolidated financial statements for the six-month period ended 30 September 2023 and 2022

### 1. Reporting entity

Lucas Bols N.V. (the 'Company') is a limited company (Naamloze Vennootschap (N.V.)) domiciled in the Netherlands. The address of the Company's registered office is Paulus Potterstraat 14, 1071 CZ in Amsterdam. The interim condensed consolidated financial statements of the Company as at, and for the six months ended, 30 September 2023 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in jointly controlled entities.

The Company is primarily involved in managing the product development, bottling, distribution, sales and marketing of the brands Bols, Passoã, Galliano, Vaccari, Tequila Partida, Damrak, Pisang Ambon, Henkes, Nuvo, Bokma, Hartevelt, Coebergh, Fluère and a large portfolio of Dutch jenever, vieux and liqueur brands.

### 2. Basis of preparation

#### (a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as endorsed by the EU. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 March 2023. All significant transactions and events have been disclosed in the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements were authorised for issue by the Management Board and Supervisory Board on 15 November 2023. The interim condensed consolidated financial statements have been reviewed by an independent external auditor.

#### (b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on each reporting date on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Interests in joint ventures are accounted for using the equity method; and
- The net defined benefit obligation is recognised at the present value of the defined benefit obligation less the fair value of plan assets.

#### *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the valuation techniques as outlined below.

When measuring the fair value of an asset or a liability, the Group uses market observable data to the extent possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 14 – financial instruments.

**(c) Functional and presentation currency**

These interim condensed consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euros has been rounded to the nearest thousand (€ 000) unless stated otherwise.

**(d) Use of estimates and judgements**

In preparing these interim condensed consolidated financial statements, management is required to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The application of accounting policies required judgements that impact the amounts recognised. Additionally, amounts recognised are based on factors that are by default associated with uncertainty. Therefore actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2023.

**3. Significant accounting policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023.

Several amendments and interpretations apply for the first time in 2023, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

#### **4. Operating segments**

The Group develops, produces, sells and markets products which can be divided in two reportable segments: Global Cocktail Brands and Regional Liqueurs & Spirits.

This segmentation is also the structure in which the brands are managed within the Group, as they require different marketing and sales strategies, amongst others. Separate financial information is available internally within the Group and used by the main operational decision-makers for matters such as resource allocation.

##### **Brand information**

The Group identifies the reportable segments Global Cocktail Brands and Regional Liqueurs & Spirits.

##### *(I) Global Cocktail Brands*

The Global Cocktail Brands reportable segment generally comprises of the brands that (i) have a strong link to cocktails and/or the cocktail culture, (ii) are sold on more than one continent and (iii) generate a relatively high gross margin. The Global Cocktail Brands reportable segment consists of Bols Cocktails (i.e. the Bols Liqueurs range, Bols Genever, Bols Vodka and Bols Ready-to-Enjoy Cocktails), Passoã and Galliano.

##### *(II) Regional Liqueurs & Spirits*

The Regional Liqueurs & Spirits reportable segment generally comprises of the brands that (i) (currently) have a less obvious link to cocktails and/or the cocktail culture and/or (ii) are (predominantly) sold on one continent. The Regional Liqueurs & Spirits reportable segment consists of all brands other than those allocated to the Global Cocktail Brands reportable segment, mainly Vaccari, Tequila Partida, Damrak, Pisang Ambon, Henkes, Nuvo, Bokma, Hartevelt, Coebergh, Fluère and a large portfolio of Dutch jenever, vieux and liqueur brands.

Management reviews, analyses and discusses internal reports of each reportable segment. Key information regarding each reportable segment is set out on the next page.

Allocation to the reportable segments takes place on specific brand contribution level. Items managed on a Group basis (e.g. overheads, finance and tax items) are not allocated to the individual reportable segments. Only those assets and liabilities that are directly linked to a brand are allocated to the reportable segments accordingly. All other assets and liabilities are managed on a Group basis and therefore not allocated to the individual reportable segments.

Brand information (continued)

| OPERATING BY BRAND                     | 2023              |               | 2022              |               | UNALLOCATED       |               | TOTAL             |               |
|--|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|  | 30 SEPTEMBER 2023 | 31 MARCH 2023 | 30 SEPTEMBER 2022 | 31 MARCH 2022 | 30 SEPTEMBER 2022 | 31 MARCH 2022 | 30 SEPTEMBER 2022 | 31 MARCH 2022 |
| Revenue                                | 39,858            | 39,987        | 16,086            | 16,308        | -                 | -             | 55,744            | 56,295        |
| Cost of sales                          | (17,851)          | (16,288)      | (9,219)           | (8,916)       | -                 | -             | (27,070)          | (25,204)      |
| Gross profit                           | 21,807            | 23,699        | 6,867             | 7,392         | -                 | -             | 28,674            | 31,091        |
| A&P and distribution expenses          | (7,082)           | (9,475)       | (2,072)           | (2,113)       | -                 | -             | (9,154)           | (11,538)      |
| Personnel and other expenses           | -                 | -             | -                 | -             | (8,298)           | (8,212)       | (8,298)           | (8,212)       |
| Total result from operating activities | 14,725            | 14,224        | 4,795             | 5,279         | (8,298)           | (8,212)       | 11,222            | 11,341        |
| Share of result of joint ventures      | 33                | 62            | 323               | 418           | -                 | -             | 356               | 480           |
| EBIT <sup>1</sup>                      | 14,758            | 14,336        | 5,118             | 5,697         | (8,298)           | (8,212)       | 11,578            | 11,821        |

| NON-CURRENT ASSETS          | 30 SEPTEMBER 2023 |               | 31 MARCH 2023     |               | UNALLOCATED       |               | TOTAL             |               |
|-----------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|                             | 30 SEPTEMBER 2023 | 31 MARCH 2023 | 30 SEPTEMBER 2023 | 31 MARCH 2023 | 30 SEPTEMBER 2023 | 31 MARCH 2023 | 30 SEPTEMBER 2023 | 31 MARCH 2023 |
| Intangible assets           | 213,013           | 213,013       | 76,867            | 71,556        | -                 | -             | 289,880           | 284,569       |
| Inventories                 | 15,561            | 17,044        | 8,467             | 7,866         | -                 | -             | 24,028            | 24,910        |
| Other assets                | -                 | -             | -                 | -             | 48,043            | 44,256        | 48,043            | 44,256        |
| Total non-current assets    | 228,574           | 230,057       | 85,334            | 79,422        | 48,043            | 44,256        | 362,951           | 353,735       |
| Total equipment liabilities | -                 | -             | -                 | -             | (151,072)         | (147,154)     | (151,072)         | (147,154)     |

<sup>1</sup> EBIT is defined as operating profit plus share of result of joint ventures

### Market cluster information (Regions)

Markets are grouped into market clusters mainly based on the relative maturity of the cocktail culture in that specific market (rather than on geographical location). Three market clusters are now identified:

- Sophisticated Cocktail Markets (North America);
- Developed Cocktail Markets (Western Europe, Japan and Australia/New Zealand); and
- Emerging Cocktail Markets (Eastern Europe, Asia (excluding Japan), Africa, Middle East and Latin America).

| AMOUNTS IN EUR '000<br>FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER | REVENUE BY MARKET CLUSTER |        | GROSS PROFIT |        |
|---|---------------------------|--------|--------------|--------|
|   | 2023                      | 2022   | 2023         | 2022   |
| Sophisticated Cocktail Markets <sup>1</sup>                         | 15,171                    | 13,925 | 6,865        | 7,152  |
| Developed Cocktail Markets <sup>2</sup>                             | 31,494                    | 33,751 | 16,604       | 19,053 |
| Emerging Cocktail Markets   | 9,079                     | 8,619  | 5,205        | 4,886  |
| Consolidated totals   | 55,744                    | 56,295 | 28,674       | 31,091 |

<sup>1</sup> Revenue attributed to the USA is 13,184 (H1 2022/23: 12,303)

<sup>2</sup> Revenue attributed to The Netherlands is 6,767 (H1 2022/23: 6,892)

Revenue came in at EUR 55,744 thousand (2022/23: EUR 56,295 thousand), down 1% compared to last year, mainly as a result of lower trading volumes partly offset by customer price increases, premiumisation, favourable mix effects and exchange rate impact.

### 5. Distribution and administrative expenses

| AMOUNTS IN EUR '000<br>FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | 2023            | 2022            |
|--|-----------------|-----------------|
| Advertising and promotional expenses                               | (5,008)         | (5,086)         |
| Distribution expenses  | (4,146)         | (6,452)         |
| Personnel expenses   | (5,649)         | (5,543)         |
| Other administrative expenses                                      | (1,955)         | (1,824)         |
| Depreciation and amortisation                                      | (694)           | (845)           |
|  | <b>(17,452)</b> | <b>(19,750)</b> |

Advertising and promotional expenses in the six-month period ended 30 September 2023 are in line with the same period last year reflecting our ongoing strategy to invest in the brands (mainly the Global Cocktail Brands) to accelerate growth. The decrease in distribution expenses is largely driven by last year's non-recurring logistic costs when a substantial single batch of Bols Liqueurs for the US market was produced at Avandis (rather than at our production partner in the US) to minimise the impact of the US glass shortages at the time. The remaining decrease in logistics costs relates to lower volumes shipped as well as a decrease in container rates. Personnel expenses increased compared to the same period last year, reflecting salary increases and an increase in flexible staff at the Lucas Bols Experiences (e.g. the House of Bols).

## 6. Joint ventures

The share of result of joint ventures results from Maxxium the Netherlands and Belux.

## 7. Net finance costs

| AMOUNTS IN EUR '000<br>FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | 2023           | 2022           |
|--|----------------|----------------|
| Interest income  | 96             | 3              |
| <b>Finance income</b>  | <b>96</b>      | <b>3</b>       |
| Interest expenses on loans and borrowings                          | (2,136)        | (959)          |
| Amortisation refinancing fees                                      | (82)           | (39)           |
| Interest expense on lease liability                                | (65)           | (66)           |
| Other finance costs  | (169)          | (285)          |
| <b>Finance costs</b>   | <b>(2,452)</b> | <b>(1,349)</b> |
| <b>Net finance costs recognised in profit or loss</b>              | <b>(2,356)</b> | <b>(1,346)</b> |

## 8. Earnings per share

Per 30 September 2023 the total weighted average number of shares amounts to 14,972,756, which is equal to the total number of shares issued as at that date.

Basic and diluted earnings per share for the six-month period ended 30 September 2023 amount to EUR 0.47 (30 September 2022: EUR 0.53).

## 9. Tax expense

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 September 2023 was 23.9% (six months ended 30 September 2022: 24.9%). The effective tax rate for the six months ended 30 September 2023 is below the Company's domestic tax rate (i.e. the Dutch corporate income tax rate which is 25.8% for the six-month period ended 30 September 2023) mainly due to the effect of share of profit of equity-accounted investees.

## Reconciliation of effective tax rate

| FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER              | 2023        |                | 2022        |                |
|--|-------------|----------------|-------------|----------------|
|  | %           | EUR 1,000      | %           | EUR 1,000      |
| Profit/(loss) before tax                                 |             | 9,222          |             | 10,475         |
| Tax using the Company's domestic tax rate                | 25.8        | (2,379)        | 25.8        | (2,703)        |
| Effect of tax rates in foreign jurisdictions             | (0.9)       | 87             | 0.0         | (4)            |
| Non-deductible expenses                                  | 0.6         | (55)           | 0.0         | 4              |
| Effect of share of profits of equity-accounted investees | (0.7)       | 66             | (1.2)       | 124            |
| Changes in estimates related to prior years              | 0.8         | (75)           | 0.4         | (41)           |
| Other  | (1.6)       | 148            | (0.1)       | 13             |
|  | <b>23.9</b> | <b>(2,207)</b> | <b>24.9</b> | <b>(2,607)</b> |

### Deferred tax liabilities

The deferred tax liabilities of EUR 49,896 thousand as at 30 September 2023 (EUR 50,337 thousand as at 31 March 2023) is the net balance of deferred tax assets of EUR 1,512 thousand (EUR 1,009 thousand as at 31 March 2023) and deferred tax liabilities of EUR 51,408 thousand (EUR 51,346 thousand as at 31 March 2023).

The new Dutch tax loss utilisation rules which became effective 1 January 2022 do not impact the Company's current income tax expense and deferred tax assets as no unrecognised tax losses continue to exist.

### 10. Property, plant and equipment

The balance of the Group's right-of-use assets as at 30 September 2023 is EUR 5,987 thousand (EUR 5,256 thousand as at 31 March 2023).

### 11. Intangible assets

Each year the Company carries out a formal impairment test at the end of its financial year. For the six-month period ended 30 September 2023 no impairment test has been performed as we did not identify any triggering events. Moreover, the operations during the six-month period ended 30 September 2023 are materially in line with the assumptions applied to last year's impairment test (i.e. the test performed at 31 March 2023).

In June 2023 the Company acquired the Nuvo brand from London Group LLC for EUR 5.3 million (USD 5.7 million) which was added to the Company's brand portfolio.

## 12. Loans and borrowings

As at 30 September 2023 the Group has drawn EUR 30.0 million on the term loan facility, EUR 9.0 million on the revolving credit facility and EUR 35.0 million on the acquisition facility. The amended bank facilities in place consist of a EUR 30.0 million term loan facility, a EUR 30.0 million revolving credit facility and a EUR 35.0 million acquisition facility.

An interest cover ratio covenant and a leverage ratio covenant apply to the facilities agreement, both calculated as per the definitions included in that agreement. Per each of the half-year testing periods, the interest cover ratio shall be or shall exceed 3.00, whilst the leverage ratio shall not exceed 4.00. In case of a qualifying acquisition, the maximum leverage ratio permitted is increased to 4.50 for two consecutive testing periods after that acquisition (the 'acquisition spike').

Based on the definitions in the facility agreement and the (extended) amendments thereto, the interest cover per 30 September 2023 was 4.92x (31 March 2023: 6.85x), whilst the leverage ratio for the period ended on that date was 3.49x (31 March 2023: 3.36x).

## 13. Net working capital

The increase in net working capital as at 30 September 2023 is caused by an increase in trade and other receivables (following strong revenue in August and September 2023), partly offset by lower inventories and slightly higher trade and other payables.

## 14. Financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

| AMOUNTS IN EUR '000<br>As at 30 SEPTEMBER 2023          | FAIR VALUE<br>HEDGING<br>INSTRUMENTS | LOANS AND<br>RECEIVABLES | OTHER<br>FINANCIAL<br>LIABILITIES | TOTAL            | LEVEL 1      | LEVEL 2          | LEVEL 3      |
|---|--------------------------------------|--------------------------|-----------------------------------|------------------|--------------|------------------|--------------|
| <b>Financial assets measured at fair value</b>          |                                      |                          |                                   |                  |              |                  |              |
| Interest rate swaps used for hedging                    | -                                    | -                        | -                                 | -                | -            | -                | -            |
| Forward exchange contracts used for hedging             | 182                                  | -                        | -                                 | 182              | -            | 182              | -            |
|   | <b>182</b>                           | -                        | -                                 | <b>182</b>       | -            | <b>182</b>       | -            |
| <b>Financial assets not measured at fair value</b>      |                                      |                          |                                   |                  |              |                  |              |
| Loan issued   | -                                    | 140                      | -                                 | 140              | -            | 140              | -            |
| Other related party loans                               | -                                    | 267                      | -                                 | 267              | -            | 267              | -            |
| Trade and other receivables                             | -                                    | 21,091                   | -                                 | 21,091           | -            | 21,091           | -            |
| Cash and cash equivalents                               | -                                    | 16,621                   | -                                 | 16,621           | -            | 16,621           | -            |
|   | -                                    | <b>38,119</b>            | -                                 | <b>38,119</b>    | -            | <b>38,119</b>    | -            |
| <b>Financial liabilities measured at fair value</b>     |                                      |                          |                                   |                  |              |                  |              |
| Fixed cash consideration                                | -                                    | -                        | (250)                             | (250)            | -            | -                | (250)        |
| Employee benefits                                       | -                                    | -                        | (207)                             | (207)            | (207)        | -                | -            |
| Interest rate swaps used for hedging                    | -                                    | -                        | -                                 | -                | -            | -                | -            |
| Forward exchange contracts used for hedging             | (159)                                | -                        | -                                 | (159)            | -            | (159)            | -            |
|   | <b>(159)</b>                         | -                        | <b>(457)</b>                      | <b>(616)</b>     | <b>(207)</b> | <b>(159)</b>     | <b>(250)</b> |
| <b>Financial liabilities not measured at fair value</b> |                                      |                          |                                   |                  |              |                  |              |
| Loans and borrowings                                    | -                                    | -                        | (74,448)                          | (74,448)         | -            | (74,448)         | -            |
| Lease liabilities (non-current)                         | -                                    | -                        | (5,306)                           | (5,306)          | -            | (5,306)          | -            |
| Lease liabilities (current)                             | -                                    | -                        | (831)                             | (831)            | -            | (831)            | -            |
| Other financial liabilities (current)                   | -                                    | -                        | -                                 | -                | -            | -                | -            |
| Trade and other payables                                | -                                    | -                        | (14,870)                          | (14,870)         | -            | (14,870)         | -            |
| Accrued interest payable                                | -                                    | -                        | (780)                             | (780)            | -            | (780)            | -            |
| Corporate income tax payable                            | -                                    | -                        | (1,274)                           | (1,274)          | -            | (1,274)          | -            |
| Bank overdrafts   | -                                    | -                        | (3,051)                           | (3,051)          | -            | (3,051)          | -            |
|   | -                                    | -                        | <b>(100,560)</b>                  | <b>(100,560)</b> | -            | <b>(100,560)</b> | -            |

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH 2023              | FAIR VALUE<br>HEDGING<br>INSTRUMENTS | LOANS AND<br>RECEIVABLES | OTHER<br>FINANCIAL<br>LIABILITIES | TOTAL           | LEVEL 1      | LEVEL 2         | LEVEL 3      |
|---|--------------------------------------|--------------------------|-----------------------------------|-----------------|--------------|-----------------|--------------|
| <b>Financial assets measured at fair value</b>          |                                      |                          |                                   |                 |              |                 |              |
| Interest rate swaps used for hedging                    | 6                                    | -                        | -                                 | 6               | -            | 6               | -            |
| Forward exchange contracts used for hedging             | 511                                  | -                        | -                                 | 511             | -            | 511             | -            |
|   | <b>517</b>                           | -                        | -                                 | <b>517</b>      | -            | <b>517</b>      | -            |
| <b>Financial assets not measured at fair value</b>      |                                      |                          |                                   |                 |              |                 |              |
| Loan issued   | -                                    | 176                      | -                                 | 176             | -            | 176             | -            |
| Other related party loans                               | -                                    | 232                      | -                                 | 232             | -            | 232             | -            |
| Trade and other receivables                             | -                                    | 16,092                   | -                                 | 16,092          | -            | 16,092          | -            |
| Cash and cash equivalents                               | -                                    | 17,569                   | -                                 | 17,569          | -            | 17,569          | -            |
|   | -                                    | <b>34,069</b>            | -                                 | <b>34,069</b>   | -            | <b>34,069</b>   | -            |
| <b>Financial liabilities measured at fair value</b>     |                                      |                          |                                   |                 |              |                 |              |
| Fixed cash consideration                                | -                                    | -                        | (250)                             | (250)           | -            | -               | (250)        |
| Employee benefits                                       | -                                    | -                        | (129)                             | (129)           | (129)        | -               | -            |
| Interest rate swaps used for hedging                    | -                                    | -                        | -                                 | -               | -            | -               | -            |
| Forward exchange contracts used for hedging             | (48)                                 | -                        | -                                 | (48)            | -            | (48)            | -            |
|   | <b>(48)</b>                          | -                        | <b>(379)</b>                      | <b>(427)</b>    | <b>(129)</b> | <b>(48)</b>     | <b>(250)</b> |
| <b>Financial liabilities not measured at fair value</b> |                                      |                          |                                   |                 |              |                 |              |
| Loans and borrowings                                    | -                                    | -                        | (76,999)                          | (76,999)        | -            | (76,999)        | -            |
| Lease liabilities (non-current)                         | -                                    | -                        | (4,762)                           | (4,762)         | -            | (4,762)         | -            |
| Lease liabilities (current)                             | -                                    | -                        | (672)                             | (672)           | -            | (672)           | -            |
| Other financial liabilities (current)                   | -                                    | -                        | -                                 | -               | -            | -               | -            |
| Trade and other payables                                | -                                    | -                        | (13,707)                          | (13,707)        | -            | (13,707)        | -            |
| Accrued interest payable                                | -                                    | -                        | 18                                | 18              | -            | 18              | -            |
| Corporate income tax payable                            | -                                    | -                        | (193)                             | (193)           | -            | (193)           | -            |
| Bank overdrafts   | -                                    | -                        | (44)                              | (44)            | -            | (44)            | -            |
|   | -                                    | -                        | <b>(96,359)</b>                   | <b>(96,359)</b> | -            | <b>(96,359)</b> | -            |

## Measurement of fair values

### Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values at 30 September 2023 and 31 March 2023, as well as the significant unobservable inputs used.

#### Financial instruments measured at fair value:

| Type   | Valuation technique   | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|--|---|---------------------------------|---|
| Forward exchange contracts and interest rate swaps | <i>Market comparison technique:</i><br>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 instruments not measured at fair value:**

| Type                  | Valuation technique   | Significant unobservable inputs |
|-----------------------|-----------------------|---------------------------------|
| Financial assets      | Discounted cash flows | Not applicable                  |
| Financial liabilities | Discounted cash flows | Not applicable                  |

Financial assets include trade and other receivables, cash and cash equivalents and other investments including derivatives. Other financial liabilities include bank loans, other short term financial liabilities and trade and other payables. The book value of the secured bank loans is considered to be the best approximation of the fair value. For all other financial instruments, the fair value is considered to be consistent with the book value.

**15. Share-based arrangements***Employee Share Purchase Plan*

In 2015 the Group set up its Employee Share Purchase Plan ('ESPP'). Under the ESPP, employees are entitled to buy shares of the Company with their own funds twice a year (i.e. following publication of the half-year and full-year results) for a yearly maximum of 33.33% of their gross base salary. Eligible employees are entitled to buy at a discount of 13.5% of the share price at that time. A three-year lock up period is applicable, during which the employees cannot sell the shares bought under the ESPP. No other vesting or performance conditions are applicable. The ESPP qualifies as a share-based arrangement (equity settled) under IFRS 2. No share-based payment costs are recognised in profit and loss as the fair value of the share-based payment is zero. In light of the recommended public offer by Nolet for all issued and outstanding shares in the capital of the Company (announced on 9 October 2023) management decided that eligible employees can no longer buy shares of the Company under the ESPP.

*Long Term Incentive Plan*

Effective 1 April 2022, the Group established a share-based payment plan. This Long-Term Incentive Plan ('LTIP') grants key management and senior employees phantom shares which entitle them to a cash payment after three years of service. Whether there is any cash payment, and if so, the amount of such cash payment, depends on the extent to which three-year performance targets are met and the development of the Group's share price between grant date and the vesting date.

The fair value of the phantom shares at grant date is based on the Group's average closing share price over the period of 10 trading days after the publication of the annual results of the Group in the year of the award. The fair value of the liability, classified as a provision, is remeasured at each reporting date and at settlement date based on the Group's average closing share price over the period of 10 trading days after the publication of the annual results of the Group and the likelihood of achieving various performance targets and accounted for in accordance with IFRS 2.

During the six-month period ended 30 September 2023 the Group granted 57,209 phantom shares to key management and senior employees with a vesting period of three years (30 September 2022: 52,848).

## 16. Commitments and contingencies

The Group leases offices, which were brought on the balance sheet following the adoption of IFRS 16 in the fiscal year ended 31 March 2019; refer to note 10. A guarantee has been issued to the lessor for an amount of EUR 138 thousand.

## 17. Related parties

### *Transactions with key management personnel*

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. The components and magnitude of their remuneration for the six-month period ended 30 September 2023 did not significantly change compared to what was disclosed in the remuneration report in the annual report for the year ended 31 March 2023. For details on their remuneration, reference is made to the remuneration report in the annual report for the year ended 31 March 2023.

### *Other related-party transactions*

The Group has related-party relationships with its shareholders, subsidiaries and post-employment benefit plans. The financial transactions between the Company and its subsidiaries comprise financing-related transactions and operational transactions in the normal course of business and are eliminated in the consolidated financial statements. In substance, the related-party transactions in the six-month period ended 30 September 2023 do not deviate from the transactions reflected in the consolidated financial statements as at, and for the year ended, 31 March 2023.

| AMOUNTS IN EUR '000                 | TRANSACTION VALUES FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER |          | BALANCE OUTSTANDING AS AT |               |
|-------------------------------------|--|----------|---------------------------|---------------|
|                                     | 2023   | 2022     | 30 SEPTEMBER 2023         | 31 MARCH 2023 |
| Sale of goods and services          |  |          |                           |               |
| Joint ventures                      | 8,041  | 10,630   | 1,259                     | 1,210         |
| Purchase of goods and services      |  |          |                           |               |
| Joint ventures                      | (1,616)  | (17,118) | 24                        | 89            |
| Others                              |  |          |                           |               |
| Joint ventures dividends received   | 450  | 450      | -                         | -             |
| Joint ventures share in results     | 356  | 480      | -                         | -             |
| Joint ventures capital contribution | -  | -        | -                         | -             |
| Other related party loans           | -  | 232      | 232                       | 232           |

Balances are expected to be settled in cash within two months of the end of the reporting period, except for the other related party loan (undefined duration). None of the balances is secured. No expense was recognised in the six-month period ended 30 September 2023 for doubtful debts in respect of amounts owed by related parties (30 September 2022: nil).

## 18. Subsequent events

### *Intended public offer by the Nolet Group for Lucas Bols*

On 9 October 2023 the Nolet Group and Lucas Bols announced they had reached conditional agreement on a recommended all-cash public offer to be made by the Offeror for all issued and outstanding shares in the capital of the Lucas Bols at an offer price of EUR 18.00 per share (cum dividend). On 3 November 2023 the Nolet Group and Lucas Bols issued a joint press release in which a status update was provided, commenting that parties are making good progress on the preparations for the offer. A first draft of the Offer Memorandum was filed with the AFM for review and approval early November 2023. In line with what was communicated in the 9 October 2023 press release parties anticipate that the offer will close in the first half of 2024.

## 19. Responsibility statement

The Management Board of Lucas Bols N.V. hereby declares that, to the best of its knowledge, the interim condensed consolidated financial statements as at and for the six months ended 30 September 2023 as prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU give a true and fair view of the assets, liabilities, financial position and the profit or loss of Lucas Bols N.V. and its consolidated companies included in the consolidation as a whole, and that the interim condensed consolidated financial information for the six-month period ended 30 September 2023 gives a fair view of the information required in accordance with section 5:25d subsections 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Amsterdam, 15 November 2023

Huub L.M.P. van Doorne (CEO)

Frank J. Cocx (CFO)



## **Review report**

To: the members of the Supervisory Board and the Management Board of Lucas Bols N.V.

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated financial information for the six month period ended 30 September 2023 of Lucas Bols N.V., Amsterdam, which comprises the interim condensed consolidated statement of financial position as at 30 September 2023, the interim condensed consolidated statement of profit and loss, the interim condensed consolidated statement of other comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the period then ended and the selected explanatory notes. The Management Board is responsible for the preparation and presentation of this (condensed) interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### ***Scope***

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information for the six-month period ended 30 September 2023 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 15 November 2023

PricewaterhouseCoopers Accountants N.V.

B.A.A. Verhoeven RA

**Annual account Lucas Bols N.V. 2020-2021**

ANNUAL REPORT 2020/21

LUCAS  BOLS  
1575





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## COMPANY PROFILE

Lucas Bols is a leading global cocktail and spirits player with a strong position in the bartending community and a unique heritage dating back to 1575 in Amsterdam. Our portfolio includes Bols, the world's oldest distilled spirits brand. Building on this heritage, we have mastered the art of distilling, mixing and blending, creating a portfolio of premium and super-premium global brands, together with strong regional brands.

Lucas Bols is active in over 110 countries worldwide with the Bols brand as the number one liqueur range globally (not including the US). Lucas Bols is also the world's largest player in the genever segment and its portfolio includes the number one passion fruit liqueur Passoa.

Our flexible and asset-light business model enables us to focus fully on innovation and strategic marketing to build the Lucas Bols brands. At the Lucas Bols distillery we create new flavours and adapt old recipes, in line with the cocktail trends of today. The House of Bols Cocktail & Genever Experience and the Bols Bartending Academy play a leading role in the development of the cocktail market.



## LUCAS BOLS MISSION

We create great cocktail experiences around the world by taking our more than 445 years of history as inspiration for developing our brands, maintaining our innovation leadership and becoming the undisputed bartending authority.



1575



## OUR HERITAGE

For more than 445 years we have been mastering the art of mixing and blending, creating beautiful flavours for our genevers and liqueurs. We invite you to open your senses and experience the past, present and future of Lucas Bols.

*Lucas Bols*

**1575**

The Bols family establish their distillery 't Lootsje in Amsterdam and start distilling liqueurs. The grandson Lucas Bols turns the distillery into an international company.

**1664**

The Bols family start producing genever which plays an important role in the emergence of the cocktail culture in de US in the 19<sup>th</sup> century.

**1816**

The widow of the last male Bols heir sells the company on condition that the Bols name be used in perpetuity on all its products, thereby ensuring its status as the world's oldest distilled spirits brand.

**20<sup>th</sup> century**

Acquisition of additional regional brands, such as Dutch genevers, Pisang Ambon and Coebergh.



## 2004-06

Return of the Lucas Bols head office to Amsterdam. Relaunch of the Bols Liqueurs bottle, made by & for bartenders and addition of new bartender brands such as Galliano.

## 2007-08

Opening of the House of Bols Cocktail & Genever Experience and the Bols Bartending Academy. International relaunch of Bols Genever, based on the original recipe from 1820.

## 2015

Celebration of 440 years of Lucas Bols history and listing on the Euronext Amsterdam stock exchange.

## 2016-19

Lucas Bols adds Passoã, the Passion fruit liqueur, and Nuvo, the sparkling liqueur, to its global brands portfolio.

## 2020-21

Launch of non-alcoholic Damrak Virgin 0.0. and global relaunch of Bols Liqueurs, crafted with natural botanicals.



# SHARING TASTES EXPERIENCE NEW FLAVOURS



## FINANCIAL HIGHLIGHTS

### Revenue

(in € mln)

**57.3**

2019/20: 84.0

### Gross margin

(in % of revenue)

**52.5**

2019/20: 56.7

### Normalised operating profit\*

(in € mln)

**8.6**

2019/20: 17.6

### Free operating cash flow\*

(in € mln)

**11.4**

2019/20: 15.8

### Normalised net profit\*

(in € mln)

**3.3**

2019/20: 11.3

### Dividend per share

(in €)

-

2019/20: 0.35

\* These items are non-GAAP measures, normalised numbers are excluding one-off items. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 136.



**SHARING MOMENTS  
EXPERIENCE THE UNUSUAL**

## BRAND HIGHLIGHTS

**1575**

Oldest distilled spirits brand in the world

**446**

years of craftsmanship & cocktail history



More than **25** brands

Revenue split 2020/21

€ 42.1 million

73%

€ 15.2 million

27%

Global brands    Regional brands



Sold in more than 110 countries around the world



# SHARING CRAFTSMANSHIP EXPERIENCE QUALITY

# MARKET POSITION



**LIQUEURS**

**#1**

World's No.1  
liqueurs range \*

\* Not including the US



**GENEVER**

**#1**

World's No.1  
genever



**DAMRAK**

**1<sup>st</sup> Virgin**

World's first Gin brand  
to launch a Virgin 0.0



**PASSOA**

**#1**

The No.1 Passion Fruit  
liqueur Passoa



# INTERVIEW WITH THE MANAGEMENT BOARD

## **IT IS SAFE TO SAY THAT THIS PAST YEAR WAS UNPRECEDENTED. THE IMPACT OF COVID-19 ON LUCAS BOLLS WAS SEVERE. WHAT WAS IT LIKE TO MANAGE THE COMPANY THROUGH THESE TIMES?**

"Lucas Bols was in fact really in the eye of the storm; the start of the lockdowns outside China more or less coincided with the start of our new fiscal year, and being an on-trade driven company, our business was severely impacted," said Lucas Bols CEO Huub van Doorne. "Our first priority was obviously the health and wellbeing of our people and business partners. We organised that everyone could work from home almost overnight. At the same time we had to assess the impact on the business and to decide on the measures we had to take. There was a lot of uncertainty and we had different scenarios and many assumptions to consider. We took cost control measures decisively, agreed amended covenants with the banks to ensure sufficient financial flexibility and increased our focus on cash. We also monitored the supply chain carefully, making sure that we would be able to purchase raw materials and deliver our products to the global markets. In times like these the importance of strong partnerships becomes apparent: due to the relationship with our production and logistical partners we did not experience any significant interruptions in our supply chain."

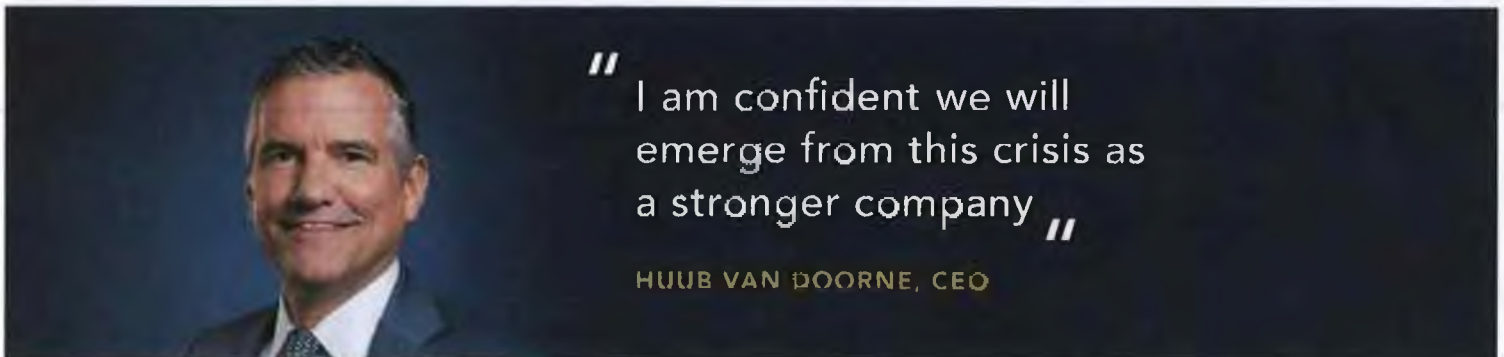
"Furthermore, the travel restrictions also meant we could not physically meet our distribution partners abroad," CFO Frank Cox added. "That is quite a change for a commercial company doing business worldwide."

The strong relationships with our distribution partners allowed us to stay well connected to our markets still. Our partners have truly been our ears and eyes in the local markets, enabling us to act swiftly. Evenly important: we have been very conscious about managing this crisis in the short run whilst simultaneously continuing focus on further building our future. Despite all extraordinary efforts necessary to navigate this crisis – which is not over yet – we managed to stay innovative and even launched a number of exciting new products – right on trend."

Huub van Doorne concludes, "All in all, I am proud that our business model and especially our teams have shown resilience – we have not only managed the crisis thus far, but truly used it to strengthen the fundamentals of the company."

## **COULD YOU ELABORATE A BIT MORE ON HOW YOUR BUSINESS MODEL ALLOWED YOU TO EFFECTIVELY NAVIGATE THROUGH THIS VOLATILE AND EXCEPTIONAL MARKET SITUATION?**

"Our asset light business model provides flexibility, allowing us to quickly adapt to changing market circumstances", Huub van Doorne said. "What made this crisis unique was that it ultimately hit all our markets in some way or form. The timing and intensity of the impact on our business varied widely between markets, depending to some extent on how local authorities responded to it. This called for a very targeted and market-by-market approach. Our Brand Market Unit



HUUB VAN DOORNE, CEO



“What confirms the strong position of our brands, is that we are directly back in business once markets reopen”

FRANK COCX, CFO



structure was instrumental in this. It allowed us to control A&P spending in a focused manner: downscaling quickly when lockdown measures were imposed, and swiftly scaling back up again as soon as markets reopened.”

“This is reflected in how our performance developed throughout the year,” Frank Cocx added. “In the first quarter, April to June, the business was severely impacted all around the globe as key markets saw local lockdown measures affecting the on-trade channel. When the on-trade re-opened in quite some markets around summertime, we saw depletions recovering rapidly and strongly – faster than we expected and even bouncing back to pre COVID-19 levels. This even allowed for certain markets, including China, the US, the UK and Australia, to grow year-over-year. This is a clear reflection of the strength of our brands and proof of the resilience of our business model.”

“However, restrictive measures were reintroduced as of the second half of our fiscal year, adversely impacting the on-trade channel again,” Frank Cocx continued. “A strong recovery was achieved towards the end of the fourth quarter with depletions coming in at last year’s levels, driven by growth in North America and Emerging Markets as well as continued strong growth in the UK, France and Australia. March depletions were even ahead of last year. Full-year depletions were down 16%. These reduced depletions, together with distributors significantly reducing their stocks in the market, have resulted in revenue for the 2020/21 financial year of € 57.3 million, a decrease of 32% year-on-year. What confirms the strong position of our brands, is that we are directly back in business once markets reopen.”

### WHAT WERE THE BIGGEST CHALLENGES?

“In a situation like this, you have to connect many dots that sometimes feel like the opposite ends of the pole at the same time,” Huub van Doorne noted. “Day-to-day crisis management is an absolute must, but it is of great

importance not to lose sight of your mid- and long-term plans and to seize opportunities as they come. It really was the need for strict cost control whilst maintaining an entrepreneurial spirit that defined the success of the Lucas Bols team. Despite our people working remotely, there was full commitment and engagement of the whole team. We know we asked a lot of our people. The flexibility and dedication shown by our people and business partners was really tremendous, something I am very proud of.”

### DID THE COVID-19 CRISIS IMPOSE ANY STRATEGIC CHANGE IN YOUR BUSINESS APPROACH?

“We had already increased our strategic focus on in-home cocktail consumption prior to COVID-19, but we clearly accelerated that,” Frank Cocx explained. “Leveraging retail channels, e-commerce and digital marketing, changes in our product offering were all important elements towards making and enjoying cocktails at home.”

“We deliberately increased our exposure to retail and achieved structural growth in this channel,” Huub van Doorne continued. “Because more than half of our business was on-trade driven, the growth in the retail channel could of course not compensate for the decline in the on-trade channel. Post COVID-19 we continue our efforts to further grow our direct-to-consumer proposition.”

### HOW DID YOU STAY CONNECTED WITH THE BARTENDERS AND HOW DID YOU ENGAGE WITH THE CONSUMERS DIRECTLY?

“The lockdowns also affected our House of Bols and Bols Bartending Academy, forcing us to engage with the bartender community and consumers differently,” Huub van Doorne said. “We successfully offered our bartenders online cocktail training sessions and workshops, sparking inspiration and creativity on both sides. But it is equally



important to engage with consumers directly. We accelerated our digital efforts in this regard, resulting in much more social media brand presence and awareness and enhanced consumer activation."

## WHAT NEW PRODUCTS WERE LAUNCHED?

"One of our trend-setting product developments was the relaunch of our Bols Liqueurs range, with all recipes now crafted with natural botanicals," Huub van Doorne said. "Our Bols Liqueurs are a great base for high quality and flavourful cocktails which contain less alcohol and fewer calories, perfectly fitting these market trends. Also our new non-alcoholic drinks, Damrak Virgin and Coebergh 0.0 fit this market trend. Award winning Damrak Virgin was successfully launched in the Netherlands and the US. To expand our offering geared towards retail we have launched a new 'ready-to-serve' proposition on the Dutch market with Bols Cocktail Cans."

## WERE THERE BRANDS OR MARKETS THAT SHOWED GROWTH DESPITE COVID-19?

"Our more retail-focused brands performed strongly given the increased in-home consumption of cocktails and easy-mix drinks," Frank Cocx said. "Passoã has done very well, especially in the UK where the success of the Porn Star Martini continued. This was reflected in the sharp increase in retail sales, supported by a number of recent retail listings. In France, another key market for Passoã, the brand returned to growth. We successfully expanded Passoã to new markets such as Australia and grew our distribution in the US. Also Galliano did very well in the retail channels in Australia and New Zealand."

"Last year also marked the start of a promising partnership with Pallini, a premium and leading limoncello brand," Huub van Doorne said, adding: "Lucas Bols started to distribute the brand in the US as from December 2020 onwards. We successfully transferred Pallini onto our distribution platform, including local marketing, sales and logistics. Pallini clearly complements our portfolio of brands, especially to the retail chains."

## FRANK, HOW WAS YOUR FIRST YEAR AT LUCAS BOLLS?

"Obviously, it was very different from what I anticipated," Frank Cocx noted. "Instead of driving growth and longer-term objectives, we were particularly busy managing a crisis. But that also brought advantages, I got to know the company very fast and thoroughly. Working together closely and in-depth with colleagues, Supervisory Board members and business partners was very intense from the start. The Lucas Bols team is a group of seasoned and dedicated people and I really became part of the Lucas Bols family. What struck me most was the enormous drive and execution power shown by such a relatively small team servicing the whole world."

"Despite the fact that COVID-19 required all hands on deck, we managed to execute and successfully complete a number of projects that structurally improve our core processes," Frank Cocx elaborated. "We implemented a new ERP system, to name one. We also re-designed processes and controls regarding cash, working capital and cost control. Collection of receivables has been a major focus area – particularly important in the current environment – resulting in a significant reduction in overdue balances. I am pleased to be able to use my experience in managing challenging situations which I gained in previous roles, alongside driving structural improvements, and look forward to continuing this whilst increasingly spending time on strategy and commerce."

## WHAT WILL BE THE FOCUS IN 2021/22?

"We do expect COVID-19 to continue to impact the business, at least until the summer," Huub van Doorne said. "The vaccination programs that are currently being executed around the world, do provide the comfort that on-trade in many markets will re-open gradually. The current healthy in-market stock levels combined with the strength and resilience of our brands, bring confidence that we will return to growth. We will increase our investments behind the brands on a market by market basis, with an unabated drive to bring great cocktails around the world and an accelerated focus on in-home consumption. Direct-to-consumer engagement will be key, amongst others through further building our social media presence and retail and e-commerce channels. In the past year we have strengthened the foundation of Lucas Bols and I am confident we will emerge from this crisis as a stronger company."



# KEY FIGURES

| IN € MILLION UNLESS OTHERWISE STATED<br>FOR THE YEAR ENDED 31 MARCH | 2021       | 2020       |
|---|------------|------------|
| <b>Results</b>  |            |            |
| Revenue   | 57.3       | 84.0       |
| Gross profit  | 30.1       | 47.7       |
| Gross margin  | 52.5%      | 56.7%      |
| Normalised operating profit <sup>1</sup>                            | 8.6        | 17.6       |
| Normalised operating profit margin <sup>1</sup>                     | 14.9%      | 20.9%      |
| Normalised EBIT <sup>2</sup>  | 8.1        | 18.6       |
| Normalised net profit / (loss)                                      | 3.3        | 11.3       |
| Net profit / (loss)   | (8.6)      | 9.2        |
| <b>Cash flow</b>  |            |            |
| Free operating cash flow  | 11.4       | 15.8       |
| Cash conversion ratio   | 108.5%     | 82.2%      |
| <b>Balance sheet</b>  |            |            |
| Working capital <sup>1</sup>  | 13.8       | 18.3       |
| Total equity  | 184.8      | 193.7      |
| Net debt <sup>1</sup>   | 92.4       | 99.3       |
| <b>Results</b>  |            |            |
| # of shares issued at 31 March                                      | 12,477,298 | 12,477,298 |
| Weighted average # of shares  | 12,477,298 | 12,477,298 |
| Normalised earnings per share                                       | 0.26       | 0.90       |
| Net earnings per share  | (0.69)     | 0.74       |
| Total dividend per share  | –          | 0.35       |
| <b>Employees</b>  |            |            |
| Number of FTEs  | 62         | 71         |

<sup>1</sup> Excluding one-offs. For further information about the one-offs, please refer to our commentary on non-GAAP measures as of page 136.

<sup>2</sup> These items are non-GAAP measures. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 136.



# SHAREHOLDER INFORMATION

## SHARE LISTING

The shares of Lucas Bols N.V. have been listed on the Euronext Amsterdam stock exchange since 4 February 2015. The Lucas Bols shares are included in the small cap index. Lucas Bols shares are traded under the symbol BOLS under ISIN code: NL0010998878.

## THE LUCAS BOLS SHARE

|   | 2020/21       | 2019/20      |
|---|---------------|--------------|
| Number of outstanding ordinary shares at 31 March | 12,477,298    | 12,477,298   |
| Share price low                                   | € 6.92        | € 7.24       |
| Share price high                                  | € 11.80       | € 16.20      |
| Closing share price on 31 March                   | € 11.00       | € 7.70       |
| Proposed total dividend per share                 | –             | € 0.35       |
| Market capitalization at 31 March                 | € 137,250,027 | € 96,075,194 |

## SHARE CAPITAL

All of the issued shares of Lucas Bols are ordinary shares with a nominal value of € 0.10 each. At 31 March 2021 the share capital of Lucas Bols consisted of 12,477,298 ordinary shares which have been fully paid-up.

## MAJOR SHAREHOLDERS

Pursuant to the Dutch Financial markets Supervision Act (Wet op het financieel toezicht) shareholders are obliged to give notice of interests exceeding or falling below certain thresholds, starting with 3%, to the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten (AFM)). AFM was notified of the following statements of interests of 3% and over in Lucas Bols up to 31 March 2021:

| SHAREHOLDER  | SHAREHOLDING |
|--|--------------|
| Dreamspirit B.V. (controlled by Mr. H.L.M.P. van Doorne) | 6.06%        |
| Enix NV  | 15.01%       |
| John and Marine van Vlissingen Foundation                | 5.01%        |
| Lazard Frères Gestion SAS                                | 5.01%        |
| Nolet Holding B.V.                                       | 25.00%       |



## DIVIDEND POLICY

The Lucas Bols dividend policy takes into account both the interests of the shareholders and the expected further development of the company. Our policy is to pay dividends in two semi-annual instalments, with a total dividend target of at least 50% of the company's net profit realised during the financial year.

We intend to distribute an interim dividend in the third quarter of each financial year after the publication of the first-half results, and following adoption of the annual accounts by the general meeting a final dividend in the second quarter of the following financial year will be declared. There can be no assurance that a dividend will be proposed or declared in any given year.

Given the ongoing uncertainties related to the COVID-19 situation, the Management Board and Supervisory Board decided to refrain from proposing a dividend (interim nor final) for the 2020/21 financial year.

## FINANCIAL CALENDAR

|               |  |
|---------------|--|
| JULY 2021     | Annual General Meeting of Shareholders |
| 08            |  |
| NOVEMBER 2021 | Publication half-year results 2021/22  |
| 18            |  |

## PREVENTION OF INSIDER TRADING

In consequence of its listing on Euronext Amsterdam Lucas Bols is obliged to have a regulation in place to prevent the use of insider knowledge by its managers, employees or other 'insiders'.

The compliance officer sees to it that the legislation relating to insider knowledge is adhered to and other compliance risks are observed. Lucas Bols has an employee share participation plan (see page 54). Mr. Frank Cocx (CFO) serves as the company's compliance officer.

## INVESTOR RELATIONS

Lucas Bols attaches great importance to maintaining an active dialogue with its shareholders. The aim is to give existing and potential shareholders, analysts and the financial press a broader insight into the company and the sector we operate in. We do this by providing relevant financial and other information in a timely manner and to the best of our ability. To this end Lucas Bols ensures that relevant information is provided equally and simultaneously to all interested parties.

Analyst presentations following the half-year and full-year results publications are webcasted to provide broad and easy access. From time to time Lucas Bols engages in bilateral contacts with existing and potential shareholders and analysts. These contacts can have the form of investor conferences, company visits and one-on-ones. The purpose of these contacts is to explain the strategy and performance of Lucas Bols and thus ensure that correct and adequate information is disseminated about the company.

# LUCAS BOLS BRANDS GLOBAL PRESENCE

## GLOBAL REVENUE SPLIT





value creation

Management Board Report

Governance

Financial Statements







# LUCAS BOLS

## GLOBAL BRANDS

The global brands portfolio consists of the Bols brand (Bols Liqueurs, Bols Genever and Bols Vodka), Damrak Gin, Passoã, Galliano, Vaccari and Nuvo. Many of these brands hold significant or leading positions in the spirits industry. Bols has the number one global range liqueur portfolio (not including the US). Bols Genever, hailed the Original Spirit of Amsterdam, was first created in 1664 and leads the genever category worldwide. Passoã is the number one passion fruit liqueur worldwide.



# BOLS

**Bols is the world's oldest distilled spirits brand. In 1575 the Bols family began distilling liqueurs in the heart of Amsterdam, adding genever in 1664 and Bols Vodka in the 20<sup>th</sup> century. Bols' high quality products blend over four centuries of recipes, craftsmanship and experience living up to its centuries-old family motto *semper idem*. Bols engages with the international bartender community to create new drinks and experiences for their customers and Bols inspires consumers to make and drink cocktails at home with its wide variety of products and flavours.**

## *The World's First Cocktail Brand*

### **BOLS** LIQUEURS



Bols Liqueurs comprises more than forty unique premium liqueurs, widely used by bartenders to create cocktails and also consumed in mixed drinks and cocktails at home. Crafted with Natural Botanicals such as herbs, spices and fruits. The key markets for the Bols Liqueurs range are the US, Japan, China, Germany, the Netherlands, the UK, Russia and Argentina.

### **BOLS** GENEVER



The Bols family first produced genever in 1664. Genever played an important part in the rise of the cocktail in 19th-century America. It is the rich content of our unique Bols malt spirit that makes it perfect for mixing and making cocktails. Nowadays Lucas Bols is the leading genever player in the world and is back in cocktail bars in over thirty countries around the world with the US, the UK and the Netherlands as the most important markets.

### **BOLS** VODKA



Tapping into our Lucas Bols craftsmanship and distillation expertise, Bols Vodka was developed to create the best mixable vodka. Its natural wheat distillate base and charcoal filters result in an extraordinary high level of purity, making Bols Vodka perfect for mixing and preparing cocktails. The key markets for Bols Vodka are Scandinavia, Argentina, Canada and the Netherlands.





# PASSOÃ

Created in 1985 and now the world's number one passion fruit liqueur, Passoã is perfect for making easy mixes and professional cocktails. The natural and refreshing flavours of Passoã's unique Brazilian passion fruits shine through in any mix and cocktail and are right on-trend.

Passoã is known for its attractive red colour and iconic black bottle with a recognisable sunset logo and fresh passion fruit visuals. The key countries for Passoã are France, the UK, the Netherlands, Belgium, Puerto Rico, the US and Japan.

## *The Passion Drink*

### PASSOÃ FRESH



As the name suggests, Passoã Fresh is a refreshing cocktail with great colour that is easy to make anytime, anywhere. This Passoã signature drink contains only two ingredients: Passoã and tonic (or soda water). Passoã Fresh is also available in a can for on-the-go consumption. Another example is the Passoã Sangria, an easy recipe for a light and refreshing drink to share with friends.

### PASSOÃ

### PORN STAR MARTINI



Made with Passoã, the Porn Star Martini is the number one cocktail in the UK and on the rise in other markets like the Netherlands, where it is already one of the biggest cocktails. Often the best-selling cocktail at the bar, this sweet and aromatic drink is a shaken cocktail traditionally served with a shot of champagne. The Porn Star Martini is gaining consumer popularity globally, with a strong acceleration in Western European markets. Passoã has clearly found its way back to the professional bartender with this signature cocktail.





## DAMRAK

Made in our distillery near Damrak square in the heart of Amsterdam, Damrak Gin combines seventeen botanicals and is distilled five times to provide ultimate purity and an exquisite taste. The botanicals used include juniper berry, Valencia orange peel and coriander, as well as a few of the Lucas Bols Master Distiller's secret botanicals. In spring 2020 Damrak Virgin 0.0 was launched, a non-alcohol alternative. With 0% alcohol the spirit contains 100% flavour and the recognizable botanicals that Damrak Gin is known for. Exceptionally smooth with a twist of orange, Damrak Gin and Virgin 0.0 are widely appreciated and easily-mixed to create a sophisticated drink, with or without alcohol. The US and the Netherlands are the most important markets for Damrak Gin.

## NUVO

Nuvo Sparkling Liqueur defines luxury and is the ultimate accessory when celebrating life with friends and family. Crafted with ultra-premium French vodka, a touch of delicate sparkling white wine and infused with a proprietary blend of fruit nectars, Nuvo is as delicious as it is luxurious. Nuvo's ultra-premium bottle stands out on any table or at home and makes the perfect gift for someone special. Nuvo can be enjoyed over ice or in a mix with tequila, vodka or champagne. The brand is mostly sold in the US and in selected markets in Latin America and Europe.

*The Best DAM Gin*



*L'esprit de Paris*



## GALLIANO

Galliano traces its roots back to 1896, when Arturo Vaccari first made the iconic liqueur in Tuscany. The liqueur gained international fame in the 1970s as the key ingredient in the Harvey Wallbanger cocktail. Galliano owes its outstanding taste to a complex and unique process involving seven infusions and distillations from thirty meticulously selected herbs and spices. These infusions and distillates have been produced in Italy since 1896. Besides the classic Galliano L'Autentico, the Galliano range comprises Galliano Sambuca, Black Sambuca, Ristretto, Vanilla, Amaretto and L'Aperitivo. Galliano is used in cocktails and as a single serve and is one of the 'must-have' brands in any bar around the world. Galliano is world famous for the Galliano Hot Shot, a mini cocktail made with Galliano Vanilla or L'Autentico, real hot coffee and cream. Galliano's key markets are the US, Australia, New Zealand, Scandinavia, Canada, Germany and the UK.



*Spirito Italiano*

## VACCARI

Just over 120 years after giving birth to the famous Galliano brand, Arturo Vaccari was honoured with a signature sambuca that bears his family name and esteemed persona. Originally launched in 1990, Vaccari is crafted with three distinct flavours of anise, creating a supremely soft, pure, and aromatic liqueur that is distilled in the 19th-century traditional Italian way. Its unique triple anise recipe sets Vaccari apart from other sambucas while its distinctive packaging highlights Vaccari's premium liquid and craftsmanship as well as the heritage that links it back to the brands' family roots. Traditionally consumed neat with three coffee beans for good luck, Vaccari is also a versatile spirit and a deliciously distinctive ingredient in both hot and cold cocktails. Mexico, the Netherlands and Ireland are Vaccari's key markets.



*From the family to the world*





# LUCAS BOLS

## REGIONAL BRANDS

In addition to the global brands, Lucas Bols offers a wide range of more than fifteen regional brands, the largest of which are Pisang Ambon, Coebergh, Bokma, Henkes and Hartevelt.

Consisting of the Dutch genever portfolio, regional liqueurs and value brands, the regional brand portfolio is a business with important cash generation. Lucas Bols believes some of the regional brands with their strong heritage (such as Henkes) have the key attributes needed to develop internationally, particularly in emerging markets. Other regional brands and products include the Wynand Fockink brand (with a range of artisanal genevers and over fifty liqueurs), the exclusive Bols KLM Delft Blue miniature houses and the spirits concentrates.



# DUTCH GENEVER PORTFOLIO

Lucas Bols is market leader in the Netherlands with its Dutch genever portfolio.

This portfolio consists of a range of domestic Dutch genever and vieux brands, including Hartevelt, Floryn, Parade, Hoppe, Henkes and Legner. Within the Dutch genever portfolio, the local Bols genever range and the Bokma brand are the core premium brands.

## BOLS GENEVEER

The local Bols genever range consists of five products. The packaging of the full range is building on the iconic clay jug, creating a strong Bols family look and shelf presence while ensuring cues of the high quality and craftsmanship within the range. In the year under review, we complemented our Bols Aged Genever range with a limited edition 10 years Bols Corenwyn, next to the existing 2 and 6 years old Corenwyn. This limited edition is aged in French oak barrels from the Limousin region and blended personally by the Lucas Bols Master Distiller.

## BOKMA GENEVEER

Bokma is a strong local Dutch brand with a very distinctive square bottle and a rich heritage from Friesland, a province in the north of the Netherlands and home to the Bokma family. In the range we have different variants. The Bokma Bourbon Cask 5 years, aged for five years on American oak, creating a full flavour with notes of vanilla and wood. Inspired by Frisian rye bread, Bokma Rogge (Rye) is the ultimate Frisian genever with a smooth, slightly sweet taste and a typical spicy aftertaste from the use of rye. And by double aging in American and French oak barrels Bokma Double Cask 10 years provides for a complete taste sensation. The aging of Bokma genever on wooden barrels gives our refined recipe a new flavour character and makes it comparable to a great whiskey.

*Bols komt met een Biertje!*



*Vierkant achter Bokma*



## REGIONAL LIQUEURS & VALUE BRANDS

The regional liqueurs portfolio includes Pisang Ambon, Coebergh and Zwarte Kip Advocaat. Pisang Ambon has strong positions in regional and local markets, mainly in the retail segment in France, Benelux and Scandinavia. Other regional liqueurs include Regnier and La Fleurette, which are popular brands in Japan.

Value brands are sold in specific regions around the world. They include Bootz Brandy and Rum in India and Bols Brandy which is an important brand in South Africa and India, where it benefits from the local desire to trade up from local spirits to accessible international brands. Another key value brand is Henkes, which has a leading position in Western Africa and which was recently successfully introduced in South Africa and various South American markets.

### PISANG AMBON

Founded in 1948, Pisang Ambon Original is a green banana-based liqueur created following an original Indonesian recipe. Pisang Ambon is a tribute to its Indonesian roots as Ambon refers to the island of Ambon (near Bali) and 'pisang' means banana. Pisang Ambon is an exciting, fresh and surprisingly colourful liqueur. This easy-to-drink banana liqueur is quickly recognisable thanks to its striking green colour and unique, legendary square bottle. Pisang Ambon tastes great with lemon-lime soda or orange juice and tonic. Pisang Ambon is predominantly sold in the Benelux, France and Scandinavia.

### HENKES

Henkes is a brand with a fascinating and proud, centuries-old history dating back to 1824. Available in gin, genever, whiskey and RTD. Exports of the brand from the mid-19th century led to global recognition and notable awards, helping ensure that the Netherlands and Africa are still the brand's top markets. With its high-quality spirits at an affordable price Henkes is positioned as a value-for-money brand, making it very accessible in its current mainly African markets and growing the brand in new markets will be a key focus for the company in the future. A juniper berry gin with sweet and citrus notes, Henkes Gin is best served with tonic.

*Let's go Bananas*



*When it's time for tradition,  
it's time for Henkes*





# STRATEGY AND VALUE CREATION

At Lucas Bols it is our mission to create great cocktail experiences around the world. To this end, building great brands is the essence of what we do and how we create long-term value at Lucas Bols.

We conquer the world with our brands using our age-old craftsmanship, unique brand marketing and strategic partnerships. Our experience from over four centuries of craftsmanship is key to creating the perfect products for today's bartenders and consumers.

With unique brand marketing – full of inspiration, education and experiences – we tell our story to bartenders and consumers alike. And we engage in long-term partnerships essential to supplying our products and brands around the world.



It is our objective to strengthen and grow our global brands in the international cocktail market while maintaining the competitiveness of our regional brands in local markets. To accomplish this, we focus on the following key strategic pillars.



### **BUILD THE BRAND EQUITY**

We position our global brands as leading brands for the international cocktail market. We continuously optimise our global brands portfolio and extend our global brands into new and developing markets. Lucas Bols has an active innovation program, continuously updating and launching new flavours and introducing new concepts.



### **ACCELERATE GLOBAL BRAND GROWTH**

We want to grow our global brands in all geographic markets. We aim for an average annual revenue growth of 3-4% for our global brands.



### **LEAD THE DEVELOPMENT OF THE COCKTAIL MARKET**

We closely engage with the global bartending community, creating new trends in the cocktail market together. We work together with the retailers and engage with influencers and consumers directly to support and inspire cocktail consumption at home. We share our knowledge and expertise through our extensive network of brand ambassadors. Initiatives – of a digital nature increasingly – such as the Bols Bartending Academy and the Bols Around the World global competition capture the interest of the bartending community, while the House of Bols Cocktail & Genever Experience raises awareness of Lucas Bols' products among consumers.



### **LEVERAGE OPERATIONAL EXCELLENCE**

Our asset-light business model with a mix of in-house and outsourced activities provides optimum flexibility and creates a strong platform. We believe we can further leverage that platform by adding brands. We do this by closing distribution agreements or strategic partnerships with brand owners such as Pallini Limoncello in the US, during the year under review, or by acquiring a brand.



# VALUE CREATION MODEL

Creating great cocktail experiences around the world



## INPUT

Brand / Intellectual capital  
Brand identity / heritage / recipes and craftsmanship / R&D

Human capital  
Employees / skills / entrepreneurship

Relationship capital  
Partnerships in production, logistics and local marketing & distribution / bartender community

Natural capital  
Best raw materials

Financial capital  
Equity / debt

## OUTPUT

Brand value  
Brand awareness / relevance / loyalty / innovation

Employee engagement  
Employee motivation / satisfaction / brand ambassadors

The #1 cocktail brand  
Preferred, best distributed, cocktail brand / optimal route to market / brand ambassador network

Superior quality products  
Great drinks and cocktails

Financial performance  
Profitable growth / dividend



# CREATING VALUE

At Lucas Bols we build value with our brands. We increase the value of our global brands using our rich heritage and strong brand identity. We use our extensive experience of extracting and devising flavours to create great recipes. In our distillery (in close cooperation with our blending and bottling partners) we use the best raw materials to make the high-quality products Lucas Bols is known for. The partnership with our global distribution partners is essential in making sure our drinks are available around the world. Together with our employees and brand ambassadors we work hard every day to fulfil our mission – to create great cocktail experiences around the world.

How do we do that? By focusing on the key elements in the execution of our strategy: Craftsmanship, Brand building and Long-term partnerships.



## CRAFTSMANSHIP

Extracting and creating flavours and spirits is what our company is all about. Building on our heritage dating back to 1575, Lucas Bols has mastered the art of distilling, mixing and blending natural ingredients into a wide range of exciting flavours.

The Lucas Bols Master Distiller and his team combine the art of selecting the right ingredients with their expertise and curiosity to create hundreds of recipes suited to modern-day consumers and bartenders. The art of mixing and blending has been passed down for generations of master distillers and continues to be an internally trained craft. At our Lucas Bols distillery in the centre of Amsterdam, our Master Distiller and his team produce the essential flavour distillates for the various Bols Genevers, Bols Liqueurs, Damrak Gin and other brands.

## Innovation and high quality

Product innovation has been key to the success of Lucas Bols in the past four centuries. It is a continuous process at Lucas Bols, meaning that the pipeline is always filled with new flavours and spirits to be launched at the appropriate time and in relevant markets. At Lucas Bols we have an experienced R&D team that operates in an agile way and acts quickly with relevant innovation programmes, tapping into the needs of bartenders and consumers. Our latest innovations include Damrak Virgin 0.0 and Coebergh 0.0, the non-alcoholic versions of Damrak Gin and Coebergh. Also the improved recipes for the Bols Liqueurs with the use of natural botanicals is an example of our active product development program.



## BRAND BUILDING

It is our aim to truly be the number one cocktail brand for bartenders and consumers alike. Brand marketing is key to achieving this. The House of Bols Cocktail & Genever Experience in Amsterdam plays a key role in marketing the Bols brand and helps create Bols fans and brand ambassadors all over the world. The House of Bols provides a journey into the history of the Bols brand and initiates visitors into the world of cocktails and the Dutch spirit of genever. We also ensure brand visibility at bars, clubs and events because we are convinced that tasting is believing.

## Education & inspiration

Bartenders are trained to make the best cocktails and create the best cocktail experience by our Bols Bartending Academy in Amsterdam and by our Bols Global Brand Ambassadors on Tour around the world. These programmes reinforce Bols as a true cocktail



brand and authority. We continued reaching out to our bartender audiences via live digital seminars all over the world, providing them with information on new products and innovative drink recipes. As a consequence of COVID-19 many Bols Bartending courses were held online using a newly developed e-learning tool. The attendance and course ratings are overwhelming. We also aim to inspire consumers to become bartenders at home with programmes such as the 'Add flavour to your margarita' promotions with Bols Liqueurs in retail stores across the US.



## LONG-TERM PARTNERSHIPS

Lucas Bols operates an asset-light business model of which long-term partnerships are an integral part. Distillation, product development, strategic marketing and distribution in the US are core in-house activities. And there are two areas where partnerships are essential to achieve our business objectives: the blending and bottling of our products and the distribution of our brands around the world.

### Blending and bottling partners

The creation of new products and recipes and the selection and extraction of ingredients are the responsibility of the Lucas Bols distillery under the leadership of our Master Distiller. The final blending and bottling of our products is outsourced to strategic partners in various countries around the globe, including the US, Argentina, South Africa, Canada, and France. For the majority of our products blending and bottling takes place at our joint venture Avandis in the Netherlands. The blending and bottling process takes place under the auspices of (and is subject to) quality control by the Lucas Bols Master Distiller and the product development and quality team.

### Distribution partners

Lucas Bols has a distribution model tailored to the specific needs of each market where the company is present. In the Netherlands the distribution of our brands is handled by our joint venture Maxxium, while the Lucas Bols brands in the US are distributed through our wholly-owned subsidiary Lucas Bols USA, Inc. In other markets we have strong, longstanding relationships with distribution partners to ensure the route-to-market for our products, including local sales and marketing.

## STAKEHOLDER DIALOGUE

As a company with a global reach we impact people around the world. Given our asset-light business model we also have many strategic partnerships in various areas. Engaging with our stakeholders is therefore essential to build trust, develop an understanding of our business challenges and jointly develop solutions. Open and constructive dialogue with our stakeholders is crucial to improving our ability to create value.

Stakeholder dialogue helps us to recognise important trends and developments in society and our markets at an early stage and to take this information into account when making decisions. Embracing open dialogue makes it possible to identify opportunities and risks early on. It ensures that Lucas Bols remains responsive to the wants and needs of its various stakeholders.

The stakeholder matrix on the following page lists our most important stakeholders and why they are relevant to us. It also includes their main expectations of us, the intended outcome of dialogue and the way we engage with them.

We are in regular contact with all our stakeholders, often with the active involvement of the Management Board. The relevance and type of dialogue differs from group to group. Sometimes it is in the form of direct one-on-one contact, for example with employees and business partners while at other times it is indirect, for example our dialogue with consumers. Or with the many bartenders and owners around the world who we are in contact with through our distribution partners and the Bols Bartending Academy.



# STAKEHOLDER MATRIX

|   | Relevance to Lucas Bols   | Relevance to stakeholders / most important expectations  | Intended result of dialogue  | Means of communication  |
|---|---|--|--|---|
| <b>Employees</b>                                  | Bring the Lucas Bols brands to life and really make the difference  | Inspiring and safe working environment   | Motivated and dedicated people that are true ambassadors for our brands  | One-on-ones, team sessions, management drives, Way of Working cycle, Code of Conduct  |
| <b>Consumers</b>                                  | Buy and enjoy our product responsibly. More and more define and / or accelerate the trends that are relevant to us                        | High-quality products and cocktail inspiration to enjoy at special moments   | Loyal consumers who are part of our community  | Campaigns and brand activation programmes online and offline; messaging on the packaging  |
| <b>Bar owners and bartenders</b>                  | Work with our products to create and serve drinks and cocktails. Promote our products. Co-creation of new products and detecting trends   | High-quality products that deliver customer satisfaction and are a source of education and inspiration                                     | Loyal customers and brand ambassadors and sources of inspiration to develop new drinks and products                  | Social media, marketing tools and the Bols Bartending Academy. Through Bols Around the World and our distributors                   |
| <b>Retailers and wholesalers</b>                  | Make our products available to and promote them with consumers and outlets  | Provide their customers with high quality products at a fair price   | Product positioning in line with brand strategies  | Marketing, business contacts mainly through distributors, social media  |
| <b>Blending and bottling partners / suppliers</b> | Blend and bottle our products according to Lucas Bols recipe to make them available throughout the world. Reliable and consistent quality | Loyal partners that operate in a long-term setting based on fair business principles   | Value-based, long-term reliable and transparent partnerships   | Quarterly reviews, information supply (monthly), business contracts, quality standards, projects, Code of Conduct                   |
| <b>Distribution partners</b>                      | Make our brands available and promote them according to Lucas Bols defined strategies   | Loyal partners that operate in a long-term setting, providing customers with good products that complement their portfolio at a fair price | Value based, long term reliable and transparent partnership contributing to the development of our brands in markets | Quarterly reviews, information supply (monthly), business contracts, quality standards, projects, Code of Conduct                   |
| <b>Shareholders</b>                               | Provide the trust and capital we need to develop our company and brands in the long term  | Receive a long-term return on investment, in a transparent setting   | Maintain confidence and long-term commitment   | Corporate website, press releases and annual reports, investor presentations and gatherings, AGMs, roadshows, cocktail markets days |
| <b>Banks</b>                                      | Provide the trust and funding we need to develop our company and brands in the long term  | Creditworthy company with a balanced and consistent risk/reward profile  | Long-term relationship and fair terms, consistent with our risk profile  | Corporate website, meetings, press releases and annual reports  |
| <b>Government bodies</b>                          | Responsible for setting the laws and regulations relating to excise duties, drinking age restrictions, import restrictions, etc.          | Trade and income from excise duties; partner in prevention of alcohol misuse programmes  | Fair and balanced laws and regulations, effective programmes to prevent alcohol misuse                               | Contact is locally driven by our local distributors   |

**MORE**  
**WATER-**  
**LEMON**  
**TONGUE**  
**TWISTING.**



**LESS**  
**ALCOHOL.**



**THE ORIGINAL**  
**SPIRIT OF**  
**AMSTERDAM**



WATERMELON SPRITZ



# COMPOSITION OF THE MANAGEMENT BOARD



**HUUB VAN DOORNE**  
CHIEF EXECUTIVE OFFICER



**MR. H.L.M.P. (HUUB) VAN DOORNE – CEO**  
(current term expires in 2022)

Huub van Doorne (1958) initiated a buyout of Lucas Bols in 2005, as a result of which Lucas Bols became independent and returned to Amsterdam in April 2006.

Huub is vice-chairman of Spirits NL, the Dutch spirits industry organisation, and Board member of STIVA, the Dutch foundation for responsible alcohol consumption. Huub also holds Board positions within the Lucas Bols joint ventures: he is member of the Supervisory Board of Avandis, chairman of the Supervisory Board of Maxxium and member of the Board of Bols Kyndal. Furthermore, Huub is member of the Supervisory Board of Het Aambeeld N.V.



**FRANK COCX**  
CHIEF FINANCIAL OFFICER



**MR. F.J. (FRANK) COCX – CFO**  
(current term expires in 2024)

Frank Cocx (1981) joined Lucas Bols on 1 April 2020 and was appointed as Chief Financial Officer by the AGM held on 9 July 2020.

Frank is member of the Supervisory Board of Maxxium, member of the Supervisory Board of Avandis and member of the Board of Bols Kyndal. In addition, Frank is member of the Supervisory Board of Stichting Uitgestelde Kinderfeestjes.



# REPORT OF THE MANAGEMENT BOARD

The 2020/21 financial year was one of the most challenging years in the history of Lucas Bols. The start of our financial year on April 1 coincided with the COVID-19 pandemic really starting to impact markets worldwide. As Lucas Bols is an on-trade-focused company and bars and restaurants in virtually every market were closed due to lockdown measures, our business was impacted severely in the past financial year. As markets gradually reopened in the second quarter we saw a strong recovery in depletions. A number of key markets including China, the US, the UK and Australia immediately returned to growth. Passoã and Galliano were particularly important contributors to this recovery.

Restrictive measures were however reintroduced in the third quarter of our fiscal year following the outbreak of second and third COVID-19 waves. A strong recovery was achieved towards the end of the fourth quarter with depletions coming in at last year's levels, driven by growth in North America and Emerging Markets, and continued strong growth in the UK, France and Australia. March depletions were even ahead of last year. Overall, depletions were down 16% for the full year. Shipments lagged depletions as the downstream supply chain destocked. We closed the year with a healthy level of inventory at our distributors.

We took decisive action right from the start of the pandemic. This included not only short-term cost reductions and cash management measures but also longer-term actions that will structurally reduce our cost base. These measures partially offset the negative effect of COVID-19 on profitability. Lucas Bols continues to generate cash, even in an unprecedented year like this. Despite the unanticipated second and third COVID-19 waves we were able to comply with the amended covenants. Strict working capital management enabled us to further reduce net debt compared to the previous year-end.

## BUSINESS REVIEW

### Supply chain

Thanks to our strong supply chain partnerships we did not encounter any raw material shortages, disruptions in the production of our products or adverse effects on logistics. As a result we were able to deliver our products to all our markets around the world without facing any out-of-stock situations.

### Commercial initiatives

Despite the challenges COVID-19 posed, including being unable to meet with distributors physically and having to work from home for most of the year, the 2020/21 financial year also brought many promising initiatives. Inspiring efforts were undertaken to fuel the enthusiasm of our business partners and brand ambassadors and we continue to engage with bartenders around the world. Looking at business opportunities, great efforts were made to accelerate our focus on retail, to enhance our online strategy and to develop ready-to-serve propositions and do-it-yourself cocktail packs. Increased in-home consumption of cocktails in many markets is an important driver for our retail and direct-to-consumer strategy. These initiatives are further elaborated on below.



## BRANDS

### Global brands

#### The Bols brand

The Bols brand is truly a cocktail brand and is positioned as such across the Bols Liqueurs, Bols Vodka and Bols Genever ranges. As a brand predominantly positioned in the on-trade channel, depletions were heavily impacted by COVID-19. Nevertheless, we saw a strong recovery in depletions for the Bols Liqueurs range in the second quarter, driven by strong growth in China and a clear sequential improvement in depletion trends in many other markets (including the US) due to the reopening of the on-trade. However, the reintroduction of lockdown measures in many markets resulted in bars and restaurants being closed for the second time, severely impacting the Bols brand.

In China, one of the first markets that recovered from COVID-19, Lucas Bols prepared for its first ever consumer-focused campaign. Bols Liqueurs were promoted on the main consumer e-commerce platform Tmall in May. The business-to-consumer push continued from September onwards with the first-ever online influencer campaign focused on five easy-mix cocktails.

In the US the focus was on continued engagement with our distributors and we trained many sales professionals for the relaunch of the Bols Liqueurs range. E-learning and brand ambassador training taught them about the features of the range, with all recipes now crafted with natural botanicals and new drink concepts introduced. Even though COVID-19 caused a delay in the launch as stock levels in the market first had to go down before the new bottles could hit the shelves, we see a strong, positive market response. The improved, revamped Bols Liqueurs with natural botanicals are also a good proposition for the retail channels.

Sweden saw a good performance driven by the digital Elderflower Spritz campaign. Despite COVID-19 challenges, nationwide outlets participated in the campaign with menu listings of Elderflower Spritz.

Despite the economic turmoil, Argentina launched the updated Bols Vodka packaging and successfully introduced several flavours of Bols Gin.

Traffic to Bols.com increased significantly following a clear targeting of consumers making cocktails at home. Our e-commerce initiatives are paying off, as reflected

in a strong rise in orders on our Bols web shop. Online sales grew rapidly with revenue in the second half of the year almost doubling compared to the first half year.

#### Damrak Gin

Damrak Gin is a predominantly on-trade-driven brand and as such has been strongly impacted by the pandemic. The launch of Damrak Virgin 0.0 has been well received despite being launched in these challenging times. Damrak was the first global gin brand to introduce a non-alcoholic line extension. It was launched in the Netherlands in April, followed by the US in August where it secured its first chain listing along the West Coast. In the Netherlands Damrak Virgin secured a listing with the country's largest retail chain. At the same time, the packaging of the original Damrak Gin was improved to stand out on retail shelves and tell a more compelling brand story. To further tap into the retail market in the US, Damrak has launched a targeted web shop on Damrakgin.com to offer US consumers an easy one-stop solution to buy both the original and Virgin bottles.

#### Passoã

The past year has been a strong and promising one for Passoã, despite the pandemic. Passoã outperformed the market in the UK and the US, both key markets. A key driver of this was the Porn Star Martini which cemented its position as the number one cocktail in the UK. The brand was also a success in the retail channels where it benefitted from expanded distribution and the increased popularity of in-home cocktail mixing. This translated into a strong increase in retail and e-commerce sales in the UK. Passoã's momentum in the US also remains very positive, driven mainly by retail sales thanks to distribution gains and increased rotation that resulted in significant brand growth. With the on-trade channel being closed in many markets, A&P investments were effectively redirected towards off-trade promotion and visibility, e-retail activation and digital drive-to-store initiatives.

The success of the Porn Star Martini and the strength of the Passoã brand was not restricted to these markets. In Australia, for example, Passoã is really gaining momentum with store penetration on the rise and depletions showing a strong increase. Despite the pandemic the brand has stabilised in France after new legislation (the EGalim law) disrupted the market in 2019/20. Passoã benefited from the shift to in-home consumption both here and in the Benelux.



*Amsterdam*

**DAMRAK<sup>®</sup>**

**VIRGIN**

**0.0**

*introducing*

**DAMRAK**

**0,0%**



*same Damrak*  
**YOU CHOOSE**

*Amsterdam*

**DAMRAK<sup>®</sup>**

**GIN**

### Galliano

In the year under review Galliano clearly reversed the declining trend of 2019/20. In Australia and New Zealand Galliano's strong performance was driven by accelerated growth in retail sales as consumers socialised at home with Galliano Sambuca. Well-known brands in particular gained ground, with Galliano among the seven largest liquor brands.

Elsewhere the Galliano brand achieved good results in Scandinavia driven by the signature 'Original Galliano Hot Shot' serving ritual. Before the pandemic the Galliano Hot Shot was on-trade-focused, but now the retail share in total volumes has doubled and this momentum is expected to continue after the lockdown measures are lifted. In-home consumption has been successfully driven by new, appealing digital content that improves brand awareness and consumer interest, focusing on after-dinner drinks at home and boosting retail sales.

In the US, the Galliano brand performed better than last year, galvanised by an increase in the number of points of distribution for Galliano L'Autentico that drove the entire brand to depletion growth.

### Nuvo

Nuvo is a retail brand that performed well in the past year. The US business showed strong growth due to an expansion in the number of points of distribution and improved rotation. E-commerce and direct-to-consumer activation programs supported Nuvo sales across various key US retail states.

### Regional brands

The portfolio performance within the regional brands was mixed. More retail-oriented brands, like Pisang Ambon, performed well. The performance of the Dutch genever and vieux portfolio, a category which has been in decline for several years, dropped further due to the on-trade lockdown measures. One of the focuses of the regional brands is to protect and, where possible, increase profitability. In 2020/21 steps were taken to increase the gross margin, including the implementation of price increases in the Netherlands and Emerging Markets. Together with a favourable product mix this resulted in an increase of the gross margin.

### Pisang Ambon

The overall performance of the Pisang Ambon brand was positive in 2020/21 despite the pandemic, driven by a retail boost in Belgium and France leading to increased in-home consumption. At the beginning of 2021 Pisang

Ambon was relaunched, including an improved recipe with natural banana flavour and an upgrade in packaging design. The new positioning, including a new drinks strategy, was communicated to the markets.

### Coebergh

In response to the low and no alcohol trend that has gained strong momentum in the spirits industry, a non-alcoholic variant of Coebergh was launched in the Netherlands in January 2021 and activated in retail stores during Dry January.

### Specialty genevers

The exclusive launch of Bols Corenwyn 10 years strengthened our relationship with the independent retail channel and built our share in the specialty genever segment. The increased distribution of the Bokma specialty genevers – Bokma Rye, Bokma Bourbon Cask and Bokma 10 years – at Dutch retail liquor store Gall & Gall also further improved our position in this growing segment of the genever market. Digital tasting sessions were organised to educate store owners. These specialty genevers got more traction as a great alternative for whisky.

### Other

The Henkes brand performed well in West Africa with results in line with the previous financial year. All travel-related business, including travel retail, the Delft Blue houses and the House of Bols, was very severely impacted due to a lack of international travel and tourists in Amsterdam.

## REGIONS

### Western Europe

The UK was a clear outperformer in Western Europe with depletions of Passoã growing substantially. The increased retail business more than offset lower on-trade sales. The French market stabilised after the significant impact of new legislation (the EGalim law) in 2019/20. In a number of markets including the Netherlands, BeLux and Scandinavia, retail sales could only partially mitigate the downturn in the on-trade. Southern European markets are focused more on the on-trade and were therefore more severely impacted by the lockdown measures. Hardly any sales were realised in the travel retail segment as a consequence of the impactful global travel restrictions. When lockdown measures across Western Europe were eased in the second quarter, depletions bounced back to last year's levels.



THE ORIGINAL

# GALLIANO HOT SHOT

ONE PART GALLIANO  
ONE PART COFFEE  
ONE PART CREAM



### Asia-Pacific

Within the Asia-Pacific region Australia and New Zealand achieved outstanding results, driven by growth of Galliano, a well-recognised consumer brand in these markets. In Australia the further expansion of Passoã also contributed to growth. China continued its upward trajectory, resulting in year-on-year growth despite hardly any depletions in the first months of 2020/21 due to the COVID-19 measures. The Japanese market remains challenging as a result of restrictive on-trade measures. Our business in South-East Asia is still very much impacted by the lack of tourism.

### North America

In North America we witnessed a strong recovery as soon as the on-trade reopened. This was reflected both in second-quarter (+4%) and fourth-quarter depletions (+42%). As on-trade activities were limited by COVID-19 measures in 2020/21, the full-year performance in the US was mainly driven by our more retail-oriented brands Passoã, Galliano and Nuvo. The strong growth of these premium brands is also a reflection of the success of our premiumisation strategy. Bols Liqueurs were heavily impacted by the closure of the on-trade but did show an improving trend towards the end of the financial year as the on-trade gradually reopened in the fourth quarter. Canada, a largely retail-driven market, and Puerto Rico performed relatively well with stable performances year-on-year.

### Emerging Markets

The Emerging Markets region includes on-trade driven markets in Eastern Europe and Latin America. Depletions were down significantly in the period from April to December but returned to growth in the fourth quarter (+5%), mainly fuelled by Russia, Latin America and Western Africa.

### OTHER

#### Avandis

In the year under review Avandis continued to make strides towards the further modernisation of its Zoetermeer plant, focusing on efficiency and the latest industry standards related to safety and the environment. One of the achievements was the new alcohol storage facility which came into operation in December 2020, ensuring compliance with these standards and reducing ethanol emissions significantly. In the 2020/21 financial year the production of Passoã was transferred from the Rémy Cointreau production site in Angers (France) to Avandis' Zoetermeer plant in the Netherlands. Accordingly, Passoã has been bottled at Avandis since January 2021.

#### Pallini distribution agreement

In October 2020 Lucas Bols signed an agreement with Italy-based Pallini S.p.A. regarding the US distribution of the Pallini Limoncello brand. The distribution contract with an initial contract term of five years came into effect mid-December 2020. Pallini is a premium and leading limoncello brand, with steady mid-single-digit annual growth rates in the US. The brand is a good fit within the Lucas Bols portfolio and was seamlessly added onto the Lucas Bols distribution platform in the US. Primarily a retail-driven brand, Pallini enhances Lucas Bols' proposition in the retail market. It also provides great potential to be unlocked in the on-trade market.

#### Passoã transaction completed

In December 2016 Lucas Bols added the iconic Passoã brand to its portfolio and four years later, in December 2020, it completed the acquisition by purchasing the remaining shares in the Passoã SAS joint venture held by Rémy Cointreau. Ever since the incorporation of the joint venture in December 2016 Lucas Bols performed the day-to-day management, ran the brand and hence fully controlled Passoã SAS. Therefore, Passoã SAS' financials were already fully consolidated in Lucas Bols' financial reporting and this remains unchanged. In addition, the liability relating to the purchase price was carried on Lucas Bols' balance sheet since the incorporation of the joint venture. Hence the payment of the purchase price does not affect the net debt position of Lucas Bols.



## KEY FIGURES

### EXCLUDING ONE-OFF ITEMS\*

### REPORTED

| IN € MILLION UNLESS OTHERWISE STATED,<br>FOR THE YEAR ENDED 31 MARCH | 2021  | 2020  | % CHANGE<br>ORGANIC | 2021   | 2020  | % CHANGE<br>REPORTED |
|--|-------|-------|---------------------|--------|-------|----------------------|
| Revenue  | 57.3  | 84.0  | -31.3%              | 57.3   | 84.0  | -31.8%               |
| Gross margin   | 52.5% | 56.7% | -434 bps            | 52.5%  | 56.7% | -420 bps             |
| Operating profit/(loss)  | 8.6   | 17.6  | -51.8%              | (0.3)  | 17.6  | -102.0%              |
| Operating profit/(loss) margin                                       | 14.9% | 20.9% | -640 bps            | -0.6%  | 20.9% | n/a                  |
| EBIT**   | 8.1   | 18.6  | -56.9%              | 0.2    | 17.7  | -99.1%               |
| Net profit/(loss)  | 3.3   | 11.3  | -70.4%              | (8.6)  | 9.2   | -193.0%              |
| Free operating cash flow**   | 11.4  | 15.8  | n/a                 | 11.4   | 15.8  | -27.9%               |
| Earnings per share (in €)  | 0.26  | 0.90  | -70.4%              | (0.69) | 0.74  | n/a                  |
| Total dividend per share (in €)                                      | –     | 0.35  | n/a                 | –      | 0.35  | n/a                  |

\* An overview of the one-off items is listed on the next page of this report under 'One-off items'

\*\* These items are non-GAAP measures. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 136.

## FINANCIAL REVIEW

### Revenue

Lucas Bols' revenue for the 2020/21 financial year came in at € 57.3 million, down 32% compared to last year due to the significant impact of the COVID-19 pandemic on depletions and substantial destocking by distributors. The net effect of currencies on revenue was very limited.

Revenue of our global brands, generally more focused on the on-trade, was down 35% to € 42.1 million while the regional brands reported a 22% decrease to € 15.2 million.

Emerging Markets were impacted the most in relative terms and reported a 42% decrease in revenue. Revenue in North America and Western Europe was down 33% and 27%, respectively, compared to last year. Asia-Pacific reported a 33% decline in revenue, despite a strong performance and growth in Australia and New Zealand.

### Gross profit

Gross profit for the full year 2020/21 decreased to € 30.1 million (2019/20: € 47.7 million), reflecting lower revenue and a decline in gross margin as a percentage of revenue. The latter decreased by 420 bps to 52.5% (2019/20: 56.7%), mainly attributable to a changed mix as sales shifted from the higher margin on-trade channel to retail, with a changed regional mix also contributing to the decline. Moreover, we faced a lower absorption of production costs due to lower production volumes at Avandis. Currencies had a positive impact of € 0.2 million on gross profit.

### Operating profit

Operating profit (excluding one-off items) came in at € 8.6 million for 2020/21 compared to € 17.6 million in 2019/20. Currencies had a positive impact of € 0.5 million. In response to the pandemic, Advertising & Promotion (A&P) and overhead costs were reduced substantially. Total A&P was scaled back by € 5.0 million, down 34% from last year as investments behind the brands were balanced following on-trade closures. Overhead costs were down € 3.9 million for the full year, a 27% reduction compared to last year. This mainly relates to lower personnel expenses and reduced travel and entertainment costs. Where applicable Lucas Bols applied for government support. Whilst some of the cost savings are temporary, we also made a structural reduction in our overhead cost base.

The operating profit margin (excluding one-off items) came in at 14.9% in 2020/21 compared to 20.9% a year earlier.

The reported operating result was negatively impacted by a non-cash, one-off impairment of € 8.9 million (detailed on the following page) and came in at a loss of € 0.3 million.

### Share of profit of joint ventures

The share of profit of joint ventures came in at € 0.5 million in 2020/21 (2019/20: € 0.2 million).

The temporary impact of the pandemic on Avandis' blending and bottling volumes – and hence operating and financial performance – was significant. Consequently, Avandis incurred an operating loss, the vast majority of which was accounted for in the first half. At the same time a non-cash, one-off gain of € 1.7 million was recognised following the increase of Lucas Bols' shareholding in Avandis.



| IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED 31 MARCH | GLOBAL BRANDS |       | REGIONAL BRANDS |       |
|---|---------------|-------|-----------------|-------|
|   | 2021          | 2020  | 2021            | 2020  |
| Revenue   | 42.1          | 64.5  | 15.2            | 19.4  |
| Gross profit  | 23.1          | 39.2  | 7.0             | 8.4   |
| Gross margin  | 54.9%         | 60.8% | 46.0%           | 43.3% |
| EBIT*   | 14.0          | 26.5  | 6.4             | 8.1   |
| EBIT margin*  | 33.3%         | 41.0% | 42.1%           | 41.7% |

\* Excluding one-off items as explained below.

Maxxium's result was in line with last year, a clear reflection of the competitive strength of its distribution activities and relationships. Furthermore, a non-cash, one-off loss of € 0.7 million was recognised relating to an impairment of the carrying value of our BolsKyndal joint venture in India.

### EBIT

Excluding one-off items (all non-cash) EBIT came in at € 8.1 million compared to € 18.6 million last year. Reported EBIT for 2020/21 was € 0.2 million (2019/20: € 17.7 million).

The table above provides an overview of EBIT (excluding one-off items) for our global brands and regional brands.

### Net finance costs

Net finance costs came in at € 3.4 million in 2020/21, comparable to last year (€ 3.3 million).

### Income tax expenses

Normalised income tax expenses amounted to € 1.3 million in 2020/21, compared to € 4.0 million in the previous financial year.

Reported income tax expenses amounted to € 5.3 million for the year, compared to € 5.2 million in 2019/20. One-off income tax expenses were recorded in both financial years. In 2019/20 a one-off income tax gain that was recorded in 2018/19 was partially reversed due to announced changes in the future Dutch income tax rate, resulting in a non-cash one-off income tax expense of € 1.2 million. In 2020/21 additional future income tax rate changes were announced, resulting again in a non-cash one-off income tax expense (€ 3.9 million).

The 2020/21 effective tax rate was approximately 28.7% (2019/20: 26.2%). This is higher than the Dutch nominal tax rate due to the good performance of Passoã, whose profits are taxed in France at a higher income tax rate.

### Net profit / (loss)

Net profit excluding the one-off items explained below came in at € 3.3 million in 2020/21 compared to € 11.3 million in 2019/20. The reported net result was a loss of € 8.6 million (2019/20: € 9.2 million profit).

### Net earnings per share

Net earnings per share excluding one-off items came in at € 0.26 for 2020/21 (2019/20: € 0.90). Reported net earnings per share amounted to a loss of € 0.69 in 2020/21 compared to a profit of € 0.74 in 2019/20.

### One-off items

The 2020/21 one-off items referred to above are all non-cash and consist of:

- an impairment of € 8.9 million related to the Dutch brands, recognised in depreciation and amortisation expenses. The drivers of the impairment were mainly the impact of the COVID-19 pandemic in the markets where these brands are sold, changes in the competitive market environment in the Benelux for jenever/vieux and the continuous decline in consumer consumption of these brands;
- a gain of € 1.7 million following the increase in Lucas Bols' shareholding in Avandis (included in share of profit of joint ventures);
- a € 0.7 million impairment of the remaining carrying value of the BolsKyndal joint venture, reflecting a further deterioration of economic, political and market circumstances in India; and
- an income tax expense of € 3.9 million as specified above.

In 2019/20 one-off items included one-off restructuring costs of € 0.5 million at Avandis, one-off costs of € 0.4 million relating to a write-down of doubtful debt at BolsKyndal and a one-off income tax expense of € 1.2 million.



### Cash flow

The free operating cash flow came in at € 11.4 million (2019/20: € 15.8 million), a solid performance given the negative impact of the COVID-19 pandemic on operating profit. Strict cash and working capital management measures contributed to this achievement and resulted in a cash conversion ratio of 108.5% for the 2020/21 financial year (2019/20: 82.2%).

### Equity

Equity decreased by € 8.9 million to € 184.8 million, mainly as a result of the recorded net result.

### Net debt & liquidity

Our highly cash-generative business model combined with an intensified focus on cash and working capital provided a solid cash flow, even during the pandemic. Consequently, we reduced our total net debt by € 6.9 million to € 92.4 million as at the end of the financial year (31 March 2020: € 99.3 million). Lucas Bols fully complied with the amended bank covenants.

In April 2021 Lucas Bols reached agreement on an extension of the amendments to the financing arrangements for two years, i.e. until 31 March 2023. The covenants will continue to be tested on EBITDA and liquidity levels until 30 September 2022. At 31 March 2023 we will return to ratio testing, with the net debt / EBITDA ratio being tested against a 4.50x covenant level.

Based on the current operating performance and liquidity position, Lucas Bols believes that cash provided by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments and scheduled debt repayments for the next 12 months and the foreseeable future.

### Dividend in 2020/21

Given the ongoing uncertainties related to the COVID-19 situation, and further to the decision not to pay an interim dividend this fiscal year, the Management Board and Supervisory Board decided to refrain from proposing a final dividend for the 2020/21 financial year. The Management Board, in consultation with the Supervisory Board, decided to waive its entitlement to any variable remuneration for the 2020/21 financial year.

## OUTLOOK

Now that vaccination programmes are being rolled out globally and markets are gradually reopening, we are confident that the strength and resilience of our brands will enable us to recover most of the COVID-19 sales decline, where shipments are expected to follow depletions.

However, we do expect the pandemic to continue to impact our markets and performance in the first half of the 2021/22 financial year. We remain focused on cost control, cash management and further net debt reduction while at the same time executing our growth strategy by increasing A&P on a market-by-market basis.

In light of the above the Management Board and Supervisory Board expect there will be no interim dividend for the 2021/22 financial year.

Taking into account the foreign currency position already hedged and assuming the current level of the euro, foreign currencies are expected to have a negative € 1 million impact on EBIT in the 2021/22 financial year.



# CORPORATE SOCIAL RESPONSIBILITY

At Lucas Bols Corporate Social Responsibility (CSR) is fully integrated into the company's strategy. Being socially responsible is critical to creating long-term value, particularly for a company operating in the spirits industry. We take our role in society seriously and have a policy in place that reflects this.





The CSR focus areas for Lucas Bols are:

- the promotion of responsible alcohol consumption, a cornerstone of our business;
- sustainable supply chain management, by encouraging all suppliers and third-party contract partners in the chain to operate in a sustainable manner;
- people management, by creating a stimulating and dynamic working environment that enables people to make a difference at Lucas Bols; and
- contributing to society through social involvement and volunteering initiatives.

At Lucas Bols the CEO has ultimate responsibility for the CSR strategy. The implementation and execution of the strategy is a company-wide responsibility.

We believe that by conducting our business the way we do, Lucas Bols can contribute to a number of the Sustainable Development Goals (SDGs) defined in the context of the UN's 2030 Agenda for Sustainable Development. The respective goals and how we believe we can contribute are outlined further on this page. We chose these particular SDGs based on the expected impact of our contribution.

## SUSTAINABLE DEVELOPMENT GOALS

### How Lucas Bols contributes



- Promote responsible alcohol consumption
- Actively offer no- and low-alcohol alternatives with Damrak Virgin 0.0 and Coebergh 0.0 and low-alcohol cocktail offerings based on our Bols Liqueurs
- Promote a healthy lifestyle (both to our employees and in our bartending courses)
- Promote health and safety to our own employees and those of our partners



- Invest in technologies to reduce effluent and grey water utilization at our Avandis joint venture



- Reduce energy consumption (also at our Avandis joint venture)
- Increase the use of renewable energy (also at our Avandis joint venture and our logistics provider Nedcargo)
- Generate energy from waste



- Reduce our environmental footprint from year to year, in cooperation with our partners in the supply chain
- Reduce waste and energy consumption at our Avandis joint venture
- Reduce CO<sub>2</sub> emissions at our logistics provider Nedcargo
- Reduced footprint of the Lucas Bols headquarters (including implementation of LED-lighting and a paperless office)



## RESPONSIBLE DRINKING

Responsible drinking, i.e. ensuring that alcohol plays a positive role in society, is an essential element in our strategy to create long-term value. That is why we advocate responsible alcohol consumption and encourage socially responsible communication on this.

### Drink less but better

Lucas Bols' growth strategy is geared towards people drinking better, not more. We promote responsible drinking by educating consumers on the need for moderation and advocating policies that reduce the misuse of alcohol. Most people who choose to enjoy alcohol do so moderately and in a responsible way. We aim to help create a positive role for alcohol in society by promoting moderation and preventing misuse. Important themes are preventing drink-driving and addressing underage drinking.

We try to achieve this with and through our local distribution partners who share our vision to promote responsible consumption all around the world. Adhering to the marketing code to ensure that campaigns are only targeted at adults above the legal drinking age is key in this. Contributing to the prevention of alcohol misuse is another element. We also work in partnership with governments and industry organisations. The spirits industry is highly regulated and we comply with all laws and regulations wherever we operate as a minimum requirement.

### Promote non-alcoholic and low-alcohol drinks

At Lucas Bols we see the trend towards more healthy options and non-alcoholic and low-alcohol drinks strengthening. We are fully dedicated to promoting lower alcohol drinks with our Bols Liqueurs range. We showcase how cocktails can be tasty and refreshing, yet low in alcohol content by replacing a strong alcoholic spirit with one of our liqueurs combined with a soda. We have various flavours in our Bols Liqueurs range that serve as a perfect base for a light alcoholic drink. For instance, our Bols Cucumber liqueur is an excellent fit with tonic to create a refreshing low-alcohol cocktail. Another example is Bols Ginger with soda water, a low-alcohol and low-sugar cocktail with a rich and tasty flavour. We are actively promoting these new drink concepts in our low-alcohol cocktail campaigns aimed at offering consumers new and exciting alternatives.

In 2020 we expanded our Damrak Gin brand with a non-alcoholic alternative. Damrak Virgin 0.0 was first

launched in the Netherlands and the US. This non-alcoholic spirit provides a tasteful gin cocktail alternative for anyone, anytime.

### STIVA

In the Netherlands Lucas Bols holds a key position in Stichting Verantwoorde Alcoholconsumptie (STIVA), the Dutch industry organisation responsible for setting guidelines for socially responsible communication on and marketing of alcoholic beverages. Lucas Bols CEO Huub van Doorne has been a member of the STIVA board since 2006.

STIVA focuses on responsible marketing, responsible alcohol consumption and clear communication. This includes the anti-drink-drive campaign BOB, a joint initiative of the Dutch Ministry of Infrastructure and Water Management, STIVA and the Dutch traffic safety association Veilig Verkeer Nederland. Underage drinking is also an important theme in the campaign.

In 2020 STIVA and KIKID, the Dutch organisation aimed at promoting dialogue with young people on important issues, initiated the KIKID Booze programme. Through performances and conversations with small groups of students, the project helped raise awareness of peer pressure and the dangers surrounding drugs and alcohol by providing the students with information and creative tools to deal with these issues. A supporting campaign via Snapchat and Instagram was also launched. Unfortunately the programme was temporarily halted due to the pandemic.

In addition to what is laid down by law in the Dutch Media Act, i.e. that alcohol advertising may not be broadcast before 9 p.m., the alcohol industry has a self-regulation clause stating that even after 9 p.m. alcohol advertising may not be shown before, during and after television programmes if at least 25% of the audience consists of minors. STIVA monitors compliance with this rule using independent data provided by Dutch television viewer measurement agency Stichting Kijkonderzoek.

As stipulated in the Dutch National Prevention Agreement, the Advertising Code on Alcoholic Beverages was evaluated in 2020. The conclusions were positive as there is ample support, governance is organised well, and the Code meets the legal requirements and is effective with a view to its objective of minimising the exposure of young people to alcohol advertising. In addition STIVA liaises with social media platforms worldwide to prevent alcohol advertising reaching minors via influencers on social media.

### International

Outside the Netherlands our local distribution partners adhere to local legislation and marketing codes. Together with our partners around the world we continue to improve the consumer information provided on our packaging, such as the inclusion of the 'Pregnant? Don't drink' logo on our products.

### Training bartenders

Responsible alcohol consumption is an important topic at the Bols Bartending Academy, our bartending school where we train and teach bartenders. We educate bartenders on the principles of responsible drinking and responsible serving and how to promote them. During our training courses – which we have mainly offered online in the past year due to the lockdown measures – we also promote healthy living for bartenders, teaching them how they can enjoy a responsible lifestyle.

## ∞ SUSTAINABLE SUPPLY CHAIN

Lucas Bols focuses on its entire supply chain in its pursuit to be a driving force behind a more sustainable environment. The company manages the supply chain from raw materials to distributors but has outsourced the execution of many of the activities. This includes management of suppliers of raw materials and packaging materials by our Avandis joint venture in cooperation with its purchasing group Columbus, and logistics service provider Nedcargo managing its warehousing and transportation operations. In the context of our strategy for long-term value creation we invite our suppliers to be our partners in providing responsibly sourced materials and services which have a positive impact on the communities and environment in which we operate.

### Suppliers of ingredients and packaging materials

We monitor our suppliers' annual progress in terms of sustainability and environmental impact. In our supply chain Avandis is responsible for all sourcing and buying of product related raw materials, while purchasing group Columbus is our buyer of supporting goods, including packaging materials. Sustainable procurement is one of the topics. Suppliers are asked to commit to the Supplier Code of Columbus. This Supplier Code includes a declaration on environmental and social impact. All suppliers signed the declaration and agreed to commit.

As far as the logistics footprint is concerned, the greater part of our ingredients is sourced in the Netherlands and other countries in Western Europe.

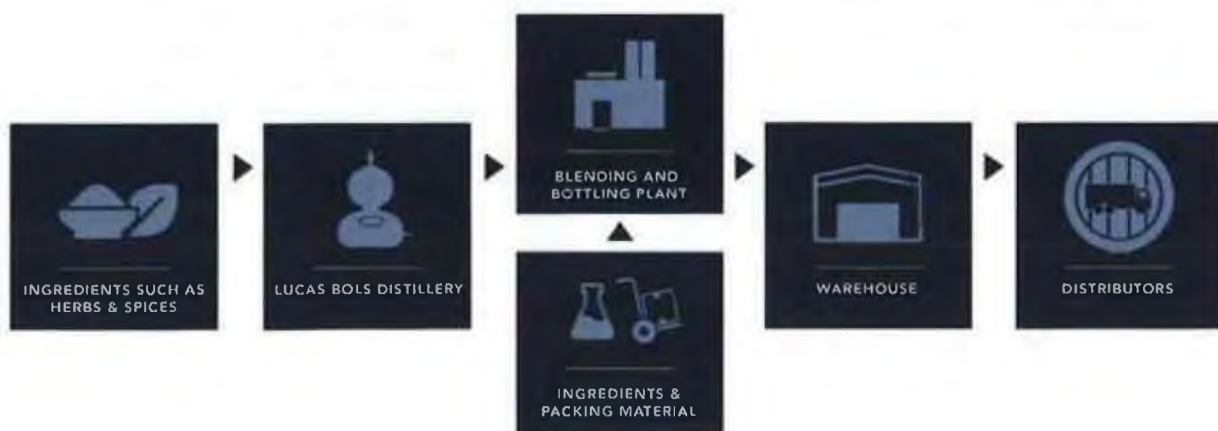
#### Ingredients

Our ingredients include grains, herbs and spices, sugar and alcohol. All our suppliers have sustainability high on their agenda. Our supplier of sugar was awarded the platina status by Ecovadis sustainability ratings for global sustainable procurements.

#### Packaging

The main components of our packaging materials are glass and paper-based materials. Importantly, glass is a natural product that is infinitely and completely recyclable as well as reusable, so all Lucas Bols bottles can be recycled. All our paper-based products are made from a renewable resource and are 100% recyclable. Our supplier is FSC® Chain of Custody certified for its operations.

## LUCAS BOLS SUPPLY CHAIN FROM RAW MATERIAL SUPPLIERS TO DISTRIBUTORS





### Avandis production site

#### Production of hand sanitiser in anticipation of hospital shortages

As a result of the global COVID-19 pandemic there was an imminent threat of a serious shortage of disinfectant hand sanitiser. Avandis was approached by the Dutch Health Ministry and was able to start up the production of hand sanitiser at its Zoetermeer plant within days. Two batches of 100,000 litres were produced and delivered to hospitals and other healthcare institutions at cost. The product was named Sarphati hand alcohol after the Dutch physician Samuel Sarphati whose projects helped improve the health and quality of life of people in Amsterdam in the 19<sup>th</sup> century.

#### Environmental impact and compliancy

The advanced bottling plant in the Netherlands operated by our Avandis joint venture continues to make progress on environmental initiatives and waste reduction. In the course of the year full certification for soil protection was reached and with that zero liquid to earth emissions achieved. Furthermore all electricity used in all Avandis premises is derived from green sources.

#### Health and safety

Avandis has made significant strides towards full compliance with the latest industry safety standards. The new alcohol storage facility, which came into operation in December 2020, ensures compliance with these standards and reduces ethanol emissions significantly. New (PGS-15) storage for (flammable) aromas and ingredients was installed and new ventilation was fitted in the drinks preparation area.

In the year under review Avandis occupational health and safety initiatives were focused on increasing awareness and improving the safety culture. Progress was made with special initiatives aimed at improving visibility and keeping pedestrians safe in areas with industrial vehicles. Over the course of the financial year one LTI (lost time injury) incident was recorded (2019/20: 5) that did not result in a permanent injury.

### Warehousing and transport

#### Environmental impact

The main storage location of Lucas Bols products, next to the production site in the Netherlands, is operated by Nedcargo. Nedcargo is a Lean & Green Star-awarded member of the sustainable logistics programme. Nedcargo has LED lighting at the entire location and all electricity used in the warehouse is sourced from wind farms, resulting in 100% energy-neutral operations.

Furthermore, Nedcargo participates in Shell's programme to offset carbon emissions caused by fuel and diesel by planting trees.

#### Health and safety

Safety awareness is part of Nedcargo's e-learning for employees. At the Zoetermeer warehouse two accidents occurred that resulted in absenteeism (no permanent injury) compared to one in the previous year. With regard to transport, driving coaches give feedback aimed at driving safely and fuel efficiently.

### Lucas Bols head office

Our head office is fully compliant with the latest requirements related to energy use. We also comply with the energy-saving commitment that stipulates that energy-saving measures be implemented with a payback time of five years or less. All our electrical appliances are energy-efficient, Energy Star-certified models.



## BEING A GOOD EMPLOYER

At Lucas Bols we believe that strong brands are built by strong, healthy and motivated people. This means that our top priority is to provide a dynamic working environment and culture focused on vitality.

### COVID-19

It goes without saying that the past year was marked by a great deal of uncertainty. This asked a lot of the flexibility and adaptability of our people, both in the content of their work and in terms of working from home. With the shutdown of schools and day care facilities some of our employees had to combine their work with care duties and home schooling. Face-to-face contact and social interaction between colleagues were greatly missed. We carefully monitored employee well-being while providing support in every way possible this past year. This included:

- loaning monitors and desk chairs to employees who needed to improve their home office facilities;
- developing several initiatives to increase communications with and between employees, helping them stay connected. Management hosted regular online meetings for all employees to keep them involved and update them on developments within the company. Several initiatives were set up to improve social interaction between colleagues, such as virtual lunches, virtual Friday afternoon get-togethers and random lunch meetings with colleagues;



- offering all employees weekly online workout sessions with a professional trainer and encouraging everyone to go outside and walk or cycle with the help of various apps, whenever possible;
- sending care packages to employees at home as a sign of support and gratitude for their continued commitment to the company;
- making the workplace fully accessible and COVID-19-proof for colleagues who need to work at the office for professional reasons (e.g. lab work) or because their home situation is not suitable for work by introducing:
  - one-way traffic lanes at the office;
  - sanitary rules and materials at every desk;
  - 2 meters of distance between desks;
  - an attendance list to regulate the number of employees and facilitate tracing.

Lucas Bols joined a research effort set up by Nyenrode Business University, the Open University of the Netherlands and Dutch employment consultancy Money Penny to monitor and analyse employee well-being and how they are coping working from home. The first two surveys conducted in the summer and autumn of 2020 showed that most employees at Lucas Bols experienced no significant problems in their work-life balance, although the lack of informal interaction and face-to-face contact was seen as an increasing downside to the current working situation.

In the year under review the average rate of absenteeism among Lucas Bols' employees in the Netherlands was 3.2% (2019/20: 4.8%).

### Our values

We believe that our values and working principles contribute to a culture that is focused on long-term value creation. These values and principles form the essence of our code of conduct which outlines the way in which we advocate responsible alcohol consumption

and encourage socially responsible communication on this. Respect for human rights is also embedded in the code of conduct. Discrimination, sexual harassment or other intimidation, aggressiveness, violence and bullying are unacceptable and will not be tolerated. Lucas Bols strives to deal with all of its customers, suppliers and business partners in a straightforward and above-board manner and in strict compliance with any and all legal requirements.

### Lucas Bols 'Way of Working'

We work with 'Management Drives', a tool that assists in gaining insights into the drive and motivation of all team members and to increase mutual understanding and effectiveness within the teams. We used Management Drives, amongst others, to develop a 'Way of Working' programme that greatly strengthens team spirit throughout the organisation.

Our Way of Working is guided by the following principles:

- we work as one Lucas Bols team, integrating all disciplines;
- the heart of our organisation is in Amsterdam;
- we work in an agile and flexible manner;
- our organisation is inspiring and has a personal touch;
- transparency and accessibility are core elements of our way of working;
- we work according to the Lucas Bols core values and use Management Drives and regular feedback to support personal and professional development throughout the organisation.

### Personal development and training

Our performance review cycle is based on the Way of Working programme as described above and each year we initiate a new cycle with specific focus areas. The programme is focused on personal development and setting objectives. Employees are coached to set clear objectives and translate them into smaller targets spread out over the year. Despite the exceptional circumstances

## The Lucas Bols values





we continued this Way of Working cycle in the 2020/21 financial year. The results revealed that as the crisis continued, our managers geared up support and set appropriate goals for the teams.

Talent development is important at Lucas Bols, so employees are encouraged and supported to develop in their career by learning new skills and challenging themselves to grow into new positions. We promote their development, either through training focused on job-specific skills or on personal development and/or coaching. The performance reviews give a good insight into the personal needs and opportunities of our employees.

### Diversity and inclusion

At Lucas Bols we believe in a diverse workforce. Inclusion is the foundation of a strong and sustainable culture. We constantly seek to create a positive corporate culture where all employees have equal rights and opportunities, regardless of their gender, age, sexual orientation or background. Our attitude to diversity and inclusion also reflects our business values and how we interact with our colleagues, partners and consumers. With respect to gender equality we continue to be fairly balanced, with 41 male employees and 27 female employees (in 2019/20: 44 male and 32 female employees).

Furthermore, Lucas Bols employees represent a great number of nationalities and the age composition within the organisation is quite balanced.

### People in numbers

At the end of the year under review Lucas Bols had a total staff base of 62 FTEs (68 employees), a decrease compared to the 71 FTEs (76 employees) at year-end 2019/20. In the Netherlands Lucas Bols employed 43 people (year-end 2019/20: 44 employees). At the House of Bols and Wynand Fockink the company also employs additional flexible staff. Outside the Netherlands 25 people work for Lucas Bols (year-end 2019/20: 32 employees). The majority of these employees are located in the US and France. The number of employees is expected to remain more or less stable in 2021/22.

### Employee Share Participation Plan

As of 24 June 2015 qualifying Lucas Bols employees are eligible to invest in Lucas Bols shares via the Employee Share Participation Plan (ESPP). The objective is to increase involvement and engagement by making employees owners of the company. Under the plan shares can be purchased twice a year at a 13.5% discount to the share price, up to a maximum amount of one annual salary per three years. The shares purchased are subject to a three-year lock-up period during which the employee is entitled to receive dividends. In total 19 employees participated in the plan since the start of the plan in 2015.



### LUCAS BOLS IN SOCIETY

Lucas Bols supports various social initiatives in the Netherlands and other countries where our products are distributed, both with and through our local partners. These programmes range from providing support for senior citizens to sustainability programmes. Due to the COVID-19 pandemic and limited funds, our efforts this past year were focused on the well-being of our own staff and small initiatives by and for local communities.



# RISK MANAGEMENT AND CONTROL

There are inherent risks related to Lucas Bols' business activities and organisation. Sound risk management is an integral element of good business practice and effective operations, so the Management Board promotes a transparent, company-wide approach to risk management and internal controls. This approach is focused on finding the right balance between maximising business opportunities and managing the risks involved. The Management Board considers this to be one of its most important tasks.

## RISK MANAGEMENT APPROACH AND APPETITE

Our risk management framework is designed to identify and analyse the risks Lucas Bols faces, to set appropriate risk limits and controls, and to monitor any developments in the company's risk environment.

In general Lucas Bols has a low risk appetite, particularly with regard to operational, financial and compliance risks. We do allow for some risk in strategic areas but only provided there is an appropriate balance of risk and reward.

## RISK MANAGEMENT FRAMEWORK

The risk management framework we implement is the foundation for the identification and mitigation of corporate business risks and has been developed to provide reasonable assurance that the risks we face are properly evaluated and mitigated. It assures that management is provided with the information it needs to make informed and timely decisions. While the framework is designed to manage risks it cannot prevent human error, fraud or infringements of laws and regulations with absolute certainty. Lucas Bols' risk management is not static: the way we manage risks is constantly monitored and adapted to reflect changes in internal and external circumstances if and when necessary.

## Risk oversight

Overseeing risks and monitoring the risk management function is the responsibility of the Supervisory Board and the Management Board. Risk management is a topic that is regularly discussed at Supervisory Board meetings.

## Risk management

Lucas Bols enforces minimum control standards and observes three lines of defence to manage risks. The first line of defence is day-to-day risk management and the operational effectiveness of controls. Central monitoring by key people in the organisation acts as the second line of defence. All critical business processes are covered, including but not limited to finance, supply chain, tax, treasury, legal and HR. The risk management committee forms the third line of defence. The committee is headed by the CFO and complemented by the finance director of internal and external reporting and the corporate legal counsel. The independent external auditor gains an understanding of internal controls relevant to the audit but does not express an opinion on the effectiveness of the company's internal control environment.

## Risk ownership

Our strong belief that risk ownership is part of everyday operations – across all departments and processes – is embedded in the risk management framework. Key in identifying, monitoring and addressing risks are the management information reports the Management Board receives on a weekly, monthly and quarterly basis.

# RISK MANAGEMENT FRAMEWORK

RISK OVERSIGHT — RISK MANAGEMENT — RISK OWNERSHIP



These reports compiled by responsible directors and managers provide an in-depth analysis of the performance of brands, regions and critical business processes, as well as the relevant risks and opportunities. In addition, deep dives are performed to address specific topics. Controls are widely embedded in the company's information systems.

We promote ways of working that ensure that management information is relevant, accurate and complete. To do so, the input for reports is drawn from various sources (including our distributors, actual shipment information and publicly available market performance data) and is complemented by macroeconomic data and information on developments as well as our periodic evaluation of distributor performance.

Lucas Bols' Brand Market Unit (BMU) organisation is essential to management reporting. Actual performance is reported on separately for each brand in each country, resulting in a matrix of BMUs. Monthly monitoring is done closely and in detail with the involvement of both management and the Management Board.

The reporting cycle includes responding to foreign currency effects which arise from our worldwide business activities.

Our annual budgeting and intermediate forecasting process also starts at BMU level. The annual budget is the result of a diligent process. Our distributors provide forecasts based on their views on their respective market and brand, which are then critically reviewed and challenged by Lucas Bols management and eventually agreed upon.

### Corporate culture and code of conduct

Lucas Bols has a culture of clearly defined responsibilities, open and honest communication and limited hierarchy. This supports the effectiveness of the group's risk management. Both our own communication and business practices and those of our partners across the globe are characterised by integrity and a focus on advocating responsible drinking. We keep track of all marketing and promotional activities of our brands, including those of our distribution and other partners. This includes social media activities undertaken by the company.



To promote and maintain these high standards the Management Board designed and implemented a code of conduct which was approved by the Supervisory Board. This code describes how all Lucas Bols employees should behave and do business in various circumstances and situations. The code is published on the corporate website and updated on and communicated to all employees on a regular basis. There was no breach of the Code of Conduct in the 2020/21 financial year.

Furthermore, Lucas Bols has a whistle-blower policy in place to ensure that any violation of existing policies and procedures can be reported freely and without negative consequences for the person alleging the violation. The whistle-blower policy can be found on the corporate website. No incidents were reported in 2020/21.

### Brand protection, product development and quality control

The single most important asset we have is our brand portfolio. To protect (the value of) the brand portfolio Lucas Bols registers its brands across the globe. Potential infringements are constantly monitored and appropriate legal action is taken where necessary.

The value of our brand portfolio is also protected and grown through product development and quality control. Bringing excellent and innovative products to the market at a consistent, high level of quality is at the core of what we do. Our Master Distiller drives this process and manages the product development and quality team. This team develops our products, creates our recipes and carefully decides what ingredients and suppliers to use. Recipes and production methods are handed over to our bottling partners only once they have been finalised and thoroughly tested. The bottling partners then blend and bottle the product as stipulated. We place high standards on the quality assurance procedures of our partners and ensure these are subject to constant screening. Product samples from bottling locations around the world are routinely tested for compliance with our recipes and quality standards. This process includes numerous quality checks to ensure all products meet the highest standards every single time.

### Developments in risk management and control systems in 2020/21

There were no major changes in the risk management and control systems in the year under review.

### Implementation of Oracle ERP system

The control environment was enhanced further with the successful implementation of the Oracle ERP system at the start of the financial year. Our risk management and control system can now rely even more on IT controls that include the application of digital authorisations and segregation of duties. The external auditor has placed specific focus on the new ERP system and its impact on our control environment.

### IT and cybersecurity

Most of our employees have been working from home since the outbreak of COVID-19. To this end we further intensified IT and cybersecurity awareness and made additional tools available. Our primary focus has been on making sure that all employees have secure access whilst working from home, and that they are extensively trained and alerted about cybersecurity topics, including phishing. We also enhanced our IT infrastructure to facilitate a seamless working-from-home environment.

### Focus for 2021/2022

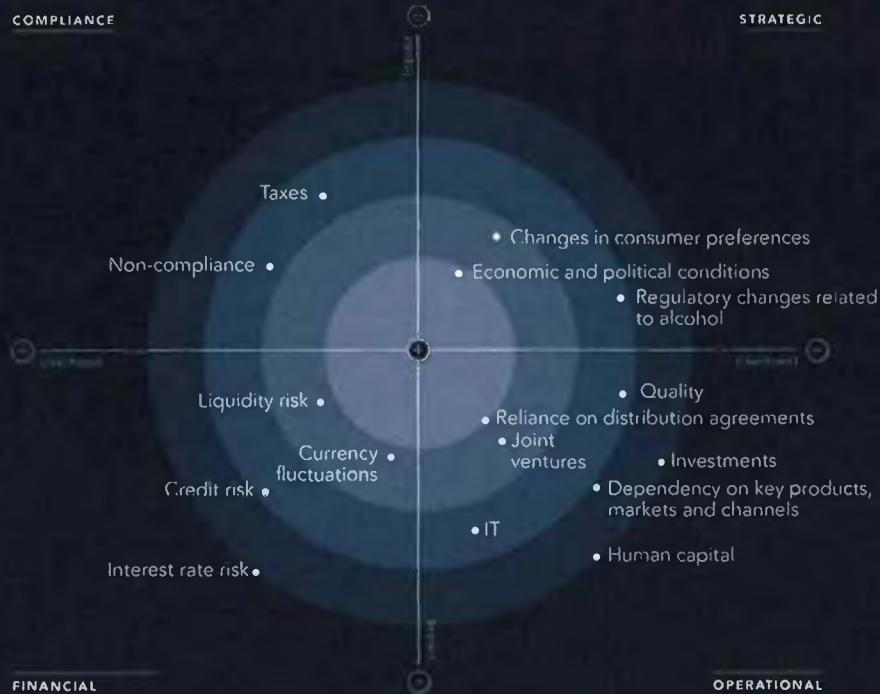
We have identified a number of focus areas for the 2021/22 financial year. Partnerships with third parties (for example with regard to production, logistics and distribution) play a prominent role in Lucas Bols' asset light business model. In 2021/22 we plan to update and strengthen our contingency and back-up planning. Our second focus is on quality. The pace of innovations and time to market has increased further, which in our view justifies a deep dive into quality and quality control, also with respect to our co-packers.

## KEY RISK FACTORS

### Risks and uncertainties in 2020/21

Business and other risks and mitigating actions were reported on formally from throughout the organisation on a quarterly basis. This is a part of the overall management reporting, of which relevant aspects were consequently discussed in the risk management committee.

It is clear that the COVID-19 pandemic had a severe impact in the year under review. It also triggered a reassessment of the key risk factors and in some cases a change in the nature, impact and/or likelihood of a specific risk.



This diagram illustrates the principal risks grouped by category – the closer to the nucleus the higher the likelihood and the impact.

### COVID-19

Macroeconomic volatility and geopolitical uncertainty increased greatly with the outbreak of COVID-19. The lockdown measures that meant restrictions on public gatherings, events being cancelled or postponed and the closure of outlets (especially on-trade) seriously impacted many companies, including Lucas Bols. Although the magnitude of the impact and measures was different in each country, the outbreak is global and Lucas Bols has been impacted in every region it operates in. After the first wave impacted our business severely (mainly in the first quarter of our financial year), a strong, fast and resilient recovery was noted when the measures were eased or lifted. However, business dropped again when the second (and in certain markets third) wave hit in the third quarter of our financial year. A strong recovery was achieved towards the end of the fourth quarter with depletions coming in at last year's levels.

Overall, results for the 2020/21 financial year were significantly down as a result of the pandemic, mainly because the on-trade channels (in which over half of

our business was generated before the start of the pandemic) were closed in many of our markets for most of the financial year. The situation remains highly volatile and uncertain. The world is experiencing new outbreaks and variants of the virus, and these – along with increasing economic turmoil – are expected to continue to impact many of Lucas Bols' markets in the near future. Lucas Bols is monitoring developments closely and will continue to take swift action to deal with these uncertainties.

Our first priority since the onset of the pandemic has been our people's and business partners' health and safety. We made sure our people received all the support they need to do their jobs safely. In addition, immediate measures were taken to reduce overhead costs and strictly monitor and manage working capital. Specific attention was paid to the collection of receivables. Procedures were tightened and the frequency of formal, detailed monitoring was increased to a weekly rate. Despite the pandemic this has led to a significant reduction in overdue receivables.



Furthermore, our Brand Market Unit structure facilitates a very swift adjustment of A&P spending, responding to the specific situation of each individual brand market combination. This enables us to quickly scale down investments in each market as long as the lockdown measures are in place, while at the same time allowing us to respond quickly as soon as markets reopen. In the year under review overhead cost measures were taken (some of which are expected to have a more structural impact) and cash flow management was tightened.

### Financing risk

In April 2020 the company agreed to a number of amendments to comply with bank covenants and ensure sufficient flexibility and headroom to continue business operations during the pandemic. When the temporary amendments to the financing arrangements were agreed in April 2020 it was not anticipated that the COVID-19 pandemic would continue to impact the global industry at this point. We have therefore engaged with the banks to agree an extension of the amendments for two years, i.e. until 31 March 2023. This reflects the strong, constructive relationship Lucas Bols has with its banks. For more information on these amendments we refer to note 21 of the consolidated financial statements.

Despite the severe impact COVID-19 had on business and financial performance, Lucas Bols continued to be profitable and generate cash. In addition, significant amounts on undrawn committed bank facilities are available to provide for sufficient liquidity, also throughout the pandemic.

### Dependency on key offerings and channels

In the 2019/20 financial year this risk was reported as 'Dependency on key products'. The COVID-19 pandemic urged us to consider this risk in a broader sense as it is not only related to key products but also to key markets and key channels.

In the year under review our on-trade sales were severely impacted by COVID-19 restrictions. Lucas Bols' on-trade dependency is high, so our performance was hit harder than that of a number of other industry players. In response to the growing trend towards in-home cocktail consumption we had already started to shift more towards direct consumer engagement and sales. We accelerated this in the year under review as the on-trade channel was closed due to lockdown restrictions in many markets. We also continue to adjust or extend our product offerings for direct-to-consumer sales, supported by matching brand, marketing and communication programmes.

Furthermore, the trend towards no and low-alcohol and low-calorie drinks continues, and Lucas Bols is actively responding to this trend. In the year under review we launched a non-alcoholic Damrak Gin alternative (Damrak Virgin 0.0) as well as a non-alcoholic Coebergh alternative (Coebergh 0.0). We are also responding to this trend with a successful low-alcohol cocktail concept for which specific flavours have been developed. The use of natural ingredients in products is increasingly important to consumers in this respect.

All our Bols Liqueurs now contain natural botanicals which enrich the flavour and increase the quality.

### Supply chain and raw materials

The Avandis joint venture and our partnership with Nedcargo play an important role in our supply chain. Despite the substantial impact of the COVID-19 pandemic on logistics and supplies (as well as the price thereof) worldwide, Lucas Bols did not encounter any serious problems and/or cost increases due to its ability to leverage its strong sourcing, production and logistics partnerships that have been in place for years. Production facilities continued to be operational and the supply of raw materials was not hampered. The strength of – and our involvement in – the Avandis joint venture and Nedcargo partnership proved to be instrumental in this regard.

Certain global logistics difficulties (for example the scarcity of empty containers and harbour congestion) are not expected to disappear in the short run. In addition, the price of alcohol (one of our key raw materials) has increased materially in the past year, due in part to the increasing use of alcohol in hand sanitizers and for medical purposes. Lucas Bols is exposed to these developments, although this is not expected to have an impact long-term or on a structural basis.

### Joint ventures

The COVID-19 pandemic did result in abrupt, significantly lower production volumes at Avandis, which could only be partly offset by strong cost measures given the nature and capital-intensive structure of the business. Consequently, Avandis had realised a significant loss, which has been accounted for in the year under review. Each of the joint venture partners accounts for this loss on a pro-rata volume basis and contributes the corresponding amount to Avandis in cash.



Due to the strategic reorientation of one of the joint venture partners we increased our stake in the Avandis joint venture, at terms favourable to Lucas Bols. Our equity stake is 50% now (up from 33%), which is more aligned with Lucas Bols' relative share in production volumes at Avandis. For more information please refer to note 17 of the consolidated financial statements.

The adverse economic and market circumstances in India worsened further as a result of COVID-19, as is reflected for example in the recoverability of receivables. Changes over the years in the political landscape and abrupt corresponding changes in legislation keep on increasing the pressure on our business model and performance. Consequently, the remaining carrying value of the Bols-Kyndal joint venture was impaired in the year under review.

#### Reliance on distribution agreements

The changes in the distribution network in the past two years proved successful in the year under review. In the ongoing optimisation of our route-to-market some further changes were implemented this year, mainly in Asia-Pacific.

#### Taxes

On December 27, 2020, following the adoption of the Taxpayer Certainty and Disaster Tax Act of 2020, the temporary Federal Excise Tax (FET) discount in the US became permanent. This FET discount applies to US importers who are not assigned a reduced rate by a foreign distilled spirits operation, and thus Lucas Bols benefits from it in the long-term.

#### Impact and likelihood of risks in 2020/21

The likelihood and impact of the different risks, adjusted based on insights and developments in 2020/21, is illustrated in the diagram on page 59. For the sensitivity analysis of certain risks we refer to note 25 of the consolidated financial statements.

#### Key risk overview

The key risks as perceived by the Management Board are outlined below, along with an overview of how these risks are mitigated. The order in which the risks are presented is in no way a reflection of their importance, likelihood or materiality. The actual occurrence of any of the following risks could have a material adverse effect on the company's business, prospects, financial condition or results of operations. The overview also lists the risk appetite of Lucas Bols for each of the main risk categories.

Although the Management Board believes these risks to be the most material risks, they cannot be considered the only potential risks facing Lucas Bols. All risks are contingencies, which may or may not occur and impact Lucas Bols. Additional risks and uncertainties which are not presently known to management or which are currently deemed immaterial may also have a material adverse impact on Lucas Bols.



## STRATEGIC

### Risk appetite – moderate

Strategic risks for Lucas Bols are primarily related to the risk that investments in markets (mainly in A&P and working capital) will ultimately not result in adequate returns. Lucas Bols has a moderate appetite for strategic risks: we allow some risk in this area, but there must be an appropriate balance between anticipated risk and reward.

## RISK

### Regulatory changes related to alcohol

Alcohol remains under scrutiny in a number of markets around the world with some countries having a more negative regulatory approach towards it. The company is subject to extensive regulations regarding advertising, promotions and access to its products. These regulations or any changes therein could limit our business activities, increase costs and decrease demand for our products.

### Economic and political conditions

Lucas Bols' global business is inherently subject to commercial, political and financial risks. The company's operations also take it to emerging markets, where such risks (including economic and regulatory risks) are more present. Geopolitical issues and trade and import restrictions may also have negative consequences for our business. Lucas Bols' results are dependent on general economic conditions and are therefore exposed to the risk of economic deterioration, both globally and in the markets in which we operate.

### Dependency on key products, markets and channels

A few key products and markets provide a significant portion of the company's revenue and contribution. Lucas Bols' performance is highly reliant on the on-trade channel. Specific and/or local factors and developments can directly affect the performance of these key products, markets and channels, and potentially have a material adverse impact on the company's business, results of operations, financial condition and prospects.

## MITIGATION

Lucas Bols supports a responsible approach to alcohol and considers this a core element of its strategy to grow a sustainable, long-term business. We advocate responsible consumption and encourage socially responsible communication as part of our CSR strategy.

In our home country of the Netherlands Lucas Bols is actively involved in various relevant industry bodies including on the board of STIVA, the foundation that actively promotes and controls responsible marketing and consumption of alcoholic products.

Furthermore, Lucas Bols has introduced various low and non-alcoholic products.

Lucas Bols aims to diversify its activities in terms of product categories as well as geographically. Lucas Bols sells over twenty-five brands in more than 110 countries in four regions. In addition, Lucas Bols' financial performance is sound with strong operating margins and cash generation, both of which can act as a cushion in case of an economic downturn.

Lucas Bols diversifies its business across product offerings, markets and channels. More specifically, we are increasing our presence in the off-trade channel, for example by focusing more on retail and direct-to-consumer channels such as online sales.

## RISK

## MITIGATION

**Changes in consumer preferences**

Demand for the company's spirits products can be significantly adversely affected by changes in customer and consumer preferences, especially given our focused portfolio.

Lucas Bols' close ties both with its distributors and the bartending community means that the company is proactively alerted to changes in consumer preferences at an early stage. The innovative nature of the company enables Lucas Bols to respond swiftly to any such changes with new flavours and product offerings.

## OPERATIONAL

**Risk appetite – low**

Our appetite for operational risks is low: we allow little to no risk as the quality of our operations and products is paramount and must not be jeopardised in any way.

## RISK

## MITIGATION

**Quality**

Inconsistent quality or contamination of the company's products or similar products in the same categories as Lucas Bols products can harm the integrity of, or customer support for, the Lucas Bols brands and adversely affect the sales of those brands.

The recipes in which the ingredients and procedures are defined are fully controlled and protected by Lucas Bols. The company only partners with certified bottlers and suppliers, and the same generally applies to our joint venture partners. The company samples and tests all its products thoroughly, and sound quality control policies, procedures and processes (both preventative and detective) are in place and subject to constant monitoring. This includes audits at co-packers.

**Joint ventures**

The financial performance of joint ventures (over which Lucas Bols does not have full control) can affect the financial performance of Lucas Bols, either directly or indirectly.

Managing and monitoring joint ventures and other partnerships is at the heart of the company's business model. These collaborations are closely monitored and governed, for example through direct board involvement (focusing on achieving long-term objectives) and involvement in day-to-day operations.

**Reliance on distribution agreements**

Lucas Bols is reliant on the performance of its distribution partners. Lucas Bols' operations can be adversely affected by the poor performance of its distributors or by its own inability to enter into or maintain distribution agreements on favourable terms or at all.

The company applies very strict criteria for selecting distribution partners. Each distributor and agreement is subject to frequent evaluation (at least annually) by the commercial team. If improvement areas are identified action will be taken within the contractual terms agreed.



| RISK  | MITIGATION   |
|---|--|
| <p><b>Acquisitions and investments</b></p> <p>Acquisitions or investments in joint ventures and associates that the company engages in might not deliver the expected returns.</p>  | <p>Potential acquisitions and investments are aligned with our strategy. Decisions to acquire or invest are based on thorough processes, and expert external support is obtained where necessary. The brands that we invest in are integrated in our management information and reporting systems. Lucas Bols management and employees are also involved in acquisitions and investments, for example through Board positions or monthly business review meetings.</p> |
| <p><b>Human capital</b></p> <p>Lucas Bols operates an asset-light business model and consequently employs a relatively small number of people. The company's success depends on attracting and recruiting highly-skilled individuals and retaining key personnel.</p>   | <p>Lucas Bols has a strong track record in attracting, recruiting, motivating and retaining knowledgeable, experienced and driven employees. The company's reputation and market position, the strategic partnerships we operate and our thriving entrepreneurial and international corporate culture are key success factors in this regard.</p>  |
| <p><b>IT</b></p> <p>IT security threats and levels of sophistication in computer crime continue to increase globally, posing a risk to the protection, confidentiality, availability and integrity of data and information. Such risks can affect any company process, including the order-to-cash cycle.</p> | <p>We invest in hardware and software to prevent damage from cyberattacks. This enables us to continuously update our defence mechanisms to be effective in a rapidly changing environment. Furthermore, the internal controls we operate are focused on IT and data, including general IT controls and IT application controls (for example regarding outgoing payments).</p>   |

## FINANCIAL

### Risk appetite – low

We take a prudent stance with regard to financial risks, hedging part of our exposure to currencies and interest in order to reduce and limit our risk.

| RISK  | MITIGATION  |
|---|---|
| <p><b>Foreign exchange rate fluctuations</b></p> <p>Foreign exchange rate fluctuations can have a material impact on the company's business, its financial condition and the results of operations.</p> | <p>Each year the company seeks to mitigate the short-term impact of fluctuations in foreign exchange rates on its cash flow and earnings by entering into hedging agreements. It is our practice to enter into hedging agreements for approximately 60% to 80% of our total foreign exchange rate exposure at the start of each financial year. Foreign exchange rate risks are generally hedged through the application of standard forward contracts.</p> |



## RISK

## MITIGATION

**Financing risk**

There is a risk that the company will encounter difficulties meeting the commitments associated with its financing facilities. This can result in liquidity risks and/or not being able to settle financial liabilities by paying in cash or by settling by means of other financial assets.

The company's approach to managing liquidity through its treasury process is aimed at ensuring, to the maximum extent possible, that it will meet its financing facility obligations and have sufficient liquidity to settle its financial liabilities when they are due, without incurring unacceptable losses or damaging the company's reputation. Management invests a great deal of its time managing relationships with banks and other capital market parties and stakeholders.

**Interest rate risk**

Changes in interest rates affect the company's results and cash flow.

Lucas Bols applies a policy under which at least 80% of its medium-term interest rates are fixed rates. Interest rate swaps are entered into to hedge fluctuations in cash flows attributable to interest rate movements.

**Credit risk**

Credit risk pertains to liquid assets, derivative instruments and bank balances. In addition, Lucas Bols works with distributors globally, negotiating payment terms as part of the overall agreement. This implies that we are exposed to customer credit risks, including those relating to outstanding receivables and agreed transactions.

The company operates a credit policy and monitors its exposure to credit risk on an ongoing basis. Furthermore, Lucas Bols has a treasury policy in place and only engages with banks with high credit ratings. Credit checks are performed when negotiations with distributors take place.

## COMPLIANCE

**Risk appetite – low**

Lucas Bols operates in a market that is strongly regulated worldwide. Compliance with laws and regulations is a fundamental condition for the production, distribution and marketing of our high-quality products. Accordingly, we allow only minimal risk in this area.

## RISK

## MITIGATION

**Non-compliance**

Lucas Bols' production and distribution as well as its business and the industry in general are subject to significant government regulations. Moreover, Lucas Bols is a publicly listed company and is therefore subject to additional laws and regulations. Failure to comply with relevant regulations (or any changes therein) can result in business interruptions, for example on the supply side, increased costs and potentially legal action.

Lucas Bols closely monitors the legal developments in every market in which it is active. Legal compliance is embedded in its risk and control systems. The company also makes use of external legal counsel. Furthermore, Lucas Bols is an agile organisation that can easily adapt products, packaging, etc. to remain compliant with all regulations.

**Taxes**

Increases in taxes, particularly excise tax rates, can have an adverse effect on demand for – and the financial contribution of – the company's products.

Significant excise tax increases in a market tend to have a negative impact for a period of 12 months, after which the business often stabilises and recovers. The consequences of tax changes and resulting changes in buying behaviour are constantly monitored in close cooperation with our distributors. Our market positioning is adjusted if and when necessary.



## IN CONTROL STATEMENT

The Management Board is responsible for the design and operation of the internal risk management and control systems. Management has assessed whether the risk management and control systems provide reasonable assurance that the financial reporting does not contain any material misstatements. In accordance with best practice 1.4.3 of the Dutch corporate governance code and with reference to the risk management and control chapter and the financial review on pages 45 to 47 the Management Board is of the opinion that, to the best of its knowledge:

- the report provides sufficient insights into any deficiencies in the effectiveness of the internal risk and control systems; no deficiencies in the effectiveness of the internal risk and control systems have been identified, as reported on pages 56 to 65;
- the internal risk management and control systems of the company, as reported on pages 56 to 65, provide reasonable assurance that financial reporting does not contain any material inaccuracies;
- there is a reasonable expectation that Lucas Bols will be able to continue its operations and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing the financial reporting, as reported on page 47 under net debt and liquidity and as referred to in note 2 of the Financial Statements;
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of Lucas Bols' operations in the coming twelve months, as reported on pages 58 to 65.





# MANAGEMENT BOARD STATEMENT

The Management Board of Lucas Bols N.V. declares that, to the best of its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and the result of Lucas Bols and its subsidiaries, and that the report of the management board provides a true and fair view of the situation as at 31 March 2021 and of the state of affairs for 2020/21 of Lucas Bols and its subsidiaries, as well as a description of the principal risks and uncertainties Lucas Bols faces.

Amsterdam, 26 May 2021

**Management Board**

Huib van Doorne & Frank Cocx



# CORPORATE GOVERNANCE

Lucas Bols acknowledges the importance of good governance and its vital role in ensuring integrity and maintaining open and transparent communications with stakeholders and other parties interested in Lucas Bols. Our corporate governance is based on principles of integrity, transparency, and clear and timely communication. The Management Board and the Supervisory Board are jointly responsible for the corporate governance structure at Lucas Bols, thereby adhering to the Dutch Corporate Governance Code (the Code).

## CORPORATE GOVERNANCE DECLARATION

Lucas Bols fully endorses the core principles of the Code and is committed to following the best practices of the Code to the furthest extent possible. However, considering our interests and the interests of our stakeholders, we deviate from a limited number of best practice provisions, which will be specified and explained later in this chapter under the paragraph 'appointment and dismissal Management Board and Supervisory Board' (best practice provision 4.3.3d) and the Diversity paragraph (best practice provision 2.1.6).

## GENERAL

Lucas Bols is a public limited company (NV) incorporated and based in the Netherlands and is therefore subject to Dutch legislation as well as its own articles of association, internal policies and procedures. Lucas Bols is not subject to the large company structure regime. Reference is made to note 26 of the consolidated financial statements for an overview of the company's subsidiaries. Responsibility for the management of Lucas Bols lies with the Management Board, under supervision of the Supervisory Board.

## LONG-TERM VALUE CREATION AND CULTURE

Lucas Bols' strategy and culture are aimed at long-term value creation. To Lucas Bols, long-term value creation is all about building brands and leveraging our strategic

platform. To create value Lucas Bols constantly and consciously invests in its brands, through investments in A&P, product development, quality and long-term partnerships. For an elaboration on creating long term value reference is made to the value creation model included in the strategy chapter, the interview with the Management Board and the report of the Management Board. Furthermore, as a spirits company Lucas Bols takes its role in society seriously, advocating responsible alcohol consumption and encouraging socially-responsible communication on this. Entrepreneurship, innovation, a client and consumer drive, excellence in execution and teamwork and trust are the main company-wide drivers to build future, sustainable success. More details on culture and our company values can be found in the Corporate Social Responsibility chapter.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The company promotes a transparent, company-wide approach to risk management and internal controls, enabling it to operate effectively. This approach is aimed at finding the right balance between maximising business opportunities and managing the risks involved.

The Management Board adopts a bottom-up approach which involves risk ownership further down the organisation. The risk management and internal control framework is outlined in more detail in the risk management and control paragraph as of page 56 of this annual report.

## SHARES – VOTING RIGHTS

The authorised share capital of Lucas Bols comprises a single class of registered shares. All issued shares are fully paid up and each share confers the right to cast a single vote at the general meeting. At the end of the 2020/21 financial year Lucas Bols held no shares in the company.

## GENERAL MEETING

Important matters that require the approval of the (annual) general meeting include:

- adoption of the annual accounts;
- declaration of dividends;
- remuneration policy;
- discharge from liability of the members of the Management Board in respect of their management activities for Lucas Bols;
- discharge from liability of the members of the Supervisory Board in respect of their supervision of the management of Lucas Bols;
- appointment of the external auditor;
- appointment, suspension or dismissal of members of the Management Board and the Supervisory Board;
- remuneration of the Supervisory Board;
- any Management Board resolution regarding a significant change in the identity or nature of Lucas Bols or its enterprise;
- issuance of shares, whereby the Management Board is authorised, subject to prior approval by the Supervisory Board, to issue shares up to a maximum of 10% of the issued share capital as at the date of issue and an additional 10% as at that date, in connection with or on occasion of mergers, acquisitions and strategic alliances and to restrict or exclude the pre-emptive rights in relation to any issuance referred to above. This authorisation is granted until 9 January 2022;
- acquisition and redemption of shares, whereby the Management Board is authorised, subject to the approval by the Supervisory Board, to acquire up to a maximum of 10% of the shares in the capital of the company, at a price not higher than 10% above the average closing price of the shares on Euronext Amsterdam over the five days preceding the date on which the purchase is made. This authorisation is granted until 9 January 2022; and
- adoption of amendments to the articles of association.

Further details can be found in the articles of association, which are published on the corporate website [www.lucasbols.com](http://www.lucasbols.com).

This year the annual general meeting is scheduled to take place on 8 July 2021. Each shareholder may attend the general meeting, address the general meeting and exercise voting rights pro rata to their shareholding, either in person or by proxy. This year, due to COVID-19, the meeting will be virtual and shareholders can follow the meeting via a webcast and exercise their voting rights by proxy. Shareholders may exercise these rights provided they are holders of shares on the record date, which is 28 days before the date of the general meeting, and they or their proxy have notified Lucas Bols of their intention to attend the general meeting. Draft minutes of the meeting will be released within three months of the meeting and will be available for comments for three months thereafter. The final version of the minutes will be published on the corporate website.

In accordance with provision 4.2.3 of the Code, Lucas Bols announces analyst meetings, presentations to (institutional) investors and press conferences in advance on the corporate website. The presentations are made available on the corporate website after the meetings. The analyst presentations are webcasted.

## MANAGEMENT BOARD

### Responsibilities

The Management Board is collectively responsible for the management of Lucas Bols. This includes the day-to-day management and general affairs of the company as well as formulating the long-term value creation strategy, execution and policies, and setting and achieving the corporate objectives. The Management Board is also responsible for identifying and managing the risks associated with Lucas Bols' activities, and for the financial performance and corporate social responsibility issues relevant to the business. The Management Board consists of two members, each having duties related to their specific responsibilities and area of expertise.

The members of the Management Board are individually authorised to represent Lucas Bols.

### Appointment and dismissal

The general meeting appoints the members of the Management Board, with the Supervisory Board permitted to make non-binding nominations for such appointments. Where the Supervisory Board has made a nomination, the resolution of the general meeting to appoint the nominee must be adopted by an absolute majority of the votes cast. Where the nomination has not been made by the Supervisory Board, the general



meeting resolution to appoint a member of the Management Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. Lucas Bols believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

The Supervisory Board may at any time suspend a member of the Management Board. The general meeting may at any time suspend or dismiss a member of the Management Board. The general meeting may only adopt a resolution to dismiss a member of the Management Board by an absolute majority of the votes cast and at the proposal of the Supervisory Board. Without such proposal, the resolution to suspend or dismiss a member of the Management Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued capital.

This is stricter than prescribed in best practice provision 4.3.3 of the Code. Lucas Bols believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

### Remuneration

The remuneration policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package that is focused on sustainable results and is consistent with the long-term value creation strategy of Lucas Bols. The performance criteria on which the variable remuneration is based are aligned with the company's objectives to create long-term value.

Pursuant to the remuneration policy, the remuneration packages of the Management Board consist of fixed and variable components. In 2018/19 the remuneration policy has been reviewed and updated in line with the Shareholders' Directive relating to the encouragement of long-term shareholder engagement. The new remuneration policy was approved by the general meeting on 10 July 2019 at the proposal of the Supervisory Board.

The remuneration report can be found as of page 80 of this report and on the corporate website.

In compliance with the Code, the service agreements of the Management Board members contain a provision relating to severance arrangements to compensate for the loss of income resulting from a non-voluntary

termination of the service agreement, up to a maximum equal to one time the fixed gross annual base salary of the Management Board member. In line with applicable legislation and good governance, the service agreements of the members of the Management Board include a clawback clause, that allows for a test of reasonableness and do not include a 'change of control' clause.

## SUPERVISORY BOARD

### Responsibilities

The Supervisory Board supervises the Management Board and the general course of business of Lucas Bols.

The Supervisory Board also provides advice to the Management Board. In performing their duties the members of the Supervisory Board must be guided by the interests of Lucas Bols and take into account the relevant interests of all of the company's stakeholders (including its shareholders) as well as the corporate social responsibility issues that are relevant to the business of Lucas Bols.

The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board consists of four members, Mr. René Hooft Graafland (chair), Mr. Ralph Wisbrun, Mrs. Marina Wyatt and Mrs. Alex Oldroyd.

All members of the Supervisory Board are independent as defined in best practice provision 2.1.7 to 2.1.9 of the Code.

In view of its regular size the Supervisory Board has decided not to appoint any committees in the interest of efficiency. However, audit-related discussions are chaired by Mrs. Wyatt and discussions on remuneration are chaired by Mr. Wisbrun. Specific duties such as the monitoring of the financial reporting process and the effectiveness of the internal control systems are the responsibility of the Supervisory Board as a whole. The Supervisory Board has adopted a profile for its size and composition, taking into account the nature of the Lucas Bols business and activities and defining the desired background and expertise of members.

Members of the Supervisory Board are appointed for a term of four years and may be reappointed for a next period of four years and subsequently for a maximum of two other terms of two years.



### Appointment and dismissal

The members of the Supervisory Board are appointed by the general meeting. The Supervisory Board is permitted to make a non-binding nomination for the appointment of a member of the Supervisory Board. The resolution of the general meeting to appoint the nominee must be adopted by an absolute majority of the votes cast. If the Supervisory Board has not made a nomination, a resolution of the general meeting for the appointment of a member of the Supervisory Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. Lucas Bols believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

The general meeting may suspend or dismiss a member of the Supervisory Board at any time. In the event the Supervisory Board proposes the dismissal of one of its members, the resolution of the general meeting to dismiss such a member must be adopted by an absolute majority of votes cast. In the absence of a proposal from the Supervisory Board to dismiss one of its members the general meeting resolution to make such a dismissal must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. Lucas Bols believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

Lucas Bols ensures structured reporting lines to its Supervisory Board. The Supervisory Board meets regularly throughout the year, with a minimum of four meetings a year. The chair of the Supervisory Board ensures the proper functioning of the Supervisory Board and acts as the main contact for the Management Board.

The Supervisory Board has adopted its own regulations with regard to objectives, composition, duties, responsibilities and working methods; it has also adopted a profile as well as a retirement and resignation schedule. The regulations and other documents are available on the corporate website.

### DIVERSITY

In order to achieve a desired balance, the Supervisory Board aims for a diverse composition of both the Management Board and the Supervisory Board in terms of for example gender and age but does not follow best practice provision 2.1.6 of the Code to formulate an explicit diversity target in these areas and does not foresee to do so in the near future.

The Supervisory Board's overriding principle is for both boards to be composed of members who can make a valuable contribution in terms of experience and knowledge of the industry Lucas Bols operates in. In determining profiles for new board members, Lucas Bols will pay close consideration to the aforementioned best practice provision.

Lucas Bols complies with the proposed Dutch legislation on diversity which shall require companies to have at least 30% of the seats on the Supervisory Board held by women.

### CONFLICT OF INTEREST

Any potential or actual conflict between Lucas Bols and a member of the board should be reported to the chair of the Supervisory Board and the other board members.

Any board member holding shares in Lucas Bols must do so for the purpose of long-term investment. Board members must at all times comply with the provisions set out in the insider trading rules of Lucas Bols. Both Management Board members hold shares in the company, none of the Supervisory Board members holds shares in the company, except for Mr. Hooft Graafland, who holds 8,500 shares in the company (0.07% of total shares outstanding). There were no conflicts of interest between Lucas Bols and any member of the boards during the financial year 2020/21.



## AUDITOR

At the annual general meeting held on 6 September 2018, EY was appointed as auditor for the company for a three-year period, ending with the audit of the financial statements for the period ending 31 March 2021. It was the intention of the company to initiate a process with the aim to appoint the auditor for the financial year 2021/22 in the financial year 2020/21. This process will now be initiated in the 2021/22 financial year and as a consequence the Annual General Meeting to be held on 8 July 2021 will be proposed to re-appoint EY as auditor for the 2021/22 financial year.

The Management Board ensures that the external auditor can properly perform its audit work. The Management Board reports to the Supervisory Board on EY's functioning as external auditor and its fee. The Supervisory Board evaluates EY's functioning taking into consideration the input of the Management Board. For the year under review, EY confirmed its independence from Lucas Bols in accordance with the professional standards applicable to EY.

## AMENDMENT OF THE ARTICLES OF ASSOCIATION

The general meeting may resolve to amend the Articles of Association at the proposal of the Management Board and subject to the prior approval of the Supervisory Board. When a proposal to amend the Articles of Association is to be made at a general meeting, the notice of such meeting must state so and a copy of the proposal shall be deposited and kept available at the company's office for inspection by, and must be made available free of charge to, shareholders until the conclusion of the meeting. An amendment of the Articles of Association shall be laid down in a notarial deed.

## STATEMENT IN LIGHT OF ARTICLE 10 OF THE EUROPEAN TAKEOVER DIRECTIVE

In accordance with Article 10 of the European Takeover Directive, companies with securities that are admitted to trading on a regulated market are obliged to disclose certain information in their annual report. Lucas Bols must therefore disclose the following information and/or make the following statements:

- a. An overview of Lucas Bols' capital structure is included on page 70 of this Annual Report. Shares in the capital of Lucas Bols are freely transferable, there are no special control or voting rights attached to its shares, nor are voting rights limited in any manner. Lucas Bols is not aware of any agreements that might result in a limitation of the transferability of the voting rights on shares in its capital. Substantial shareholdings of shares in the capital of Lucas Bols are included on page 16 of this Annual Report.
- b. Lucas Bols has an Employee Share Participation Plan in place, which is described on page 54 of this Annual Report.
- c. The credit facility of Lucas Bols incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of the company's issued share capital or voting rights, the company is subject to a repayment commitment.
- d. The provisions regarding the appointment and dismissal of Management and Supervisory Board members are described on page 70 to 72 of this Annual Report.

## CLOSING STATEMENT

The information required to be included in the management board report pursuant to article 2a of the Decree for the contents of board reports (*Besluit inhoud bestuursverslag*) is included in this corporate governance chapter as well as the risk management & control chapter of this annual report.



# COMPOSITION OF THE SUPERVISORY BOARD



**RENÉ HOOFT GRAAFLAND**  
CHAIR

**MR. D.R. (RENÉ) HOOFT GRAAFLAND**

1955, Dutch nationality

Current (first) term commenced on 10 July 2019 and expires in 2023. Mr. Hooft Graafland succeeded Mr. Doijer as chair on 9 July 2020.

**Other positions**

Supervisory Board member at Ahold Delhaize and FrieslandCampina

Member of the Monitoring Committee Corporate Governance

Chairman Stichting African Parks Foundation

Chairman Royal Theater Carré Fund



**RALPH WISBRUN**  
VICE-CHAIR

**MR. R. (RALPH) WISBRUN**

1957, Dutch nationality

Current (first) term commenced on 7 September 2017 and expires in 2021.

**Other positions**

Senior Advisor of Wunderman Thompson Amsterdam and WPP Nederland



**MARINA WYATT**

MEMBER

**MRS. M.M. (MARINA) WYATT**

1964, British nationality

Current (second) term commenced on 6 September 2018 and expires in 2022.  
First term commenced on 6 February 2015.

**Other positions**

Chief Financial Officer of Associated British Ports  
Non-Executive Director of Renewi plc



**ALEXANDRA OLDROYD**

MEMBER

**MRS. A.L. (ALEXANDRA) OLDROYD**

1967, British nationality

Current (second) term commenced on 9 July 2020 and expires in 2024.

**Other positions**

Managing Director Fluxion Advisors  
Non-Executive Director of Brockmans Gin



# REPORT OF THE SUPERVISORY BOARD

The 2020/21 financial year – my first year as chair of the Supervisory Board of Lucas Bols – was an unprecedented one. COVID-19 impacted the lives of our employees and business partners and the lockdown measures had a severe impact on our business. The team at Lucas Bols quickly adapted to this highly uncertain environment, swiftly taking decisive mitigating actions. The strength of the brands and resilience of the company's asset-light business model were reflected in the quick pace of recovery as of the summer. But then the second and third waves swept around the world, again impacting each market at a different time and in a different way. A strong recovery was achieved towards the end of the fourth quarter with depletions coming in at last year's levels.

We applaud the flexibility of the Management Board and the entire Lucas Bols team. Activities and A&P spending in individual markets were quickly adjusted in response to the tightening and lifting of lockdown measures. At the same time the team maintained its focus on identifying and seizing opportunities in the market. Communications between the Management Board and the Supervisory Board intensified from the start of the crisis. We supported the Management Board in its crisis management and swift decision-making. Huub van Doorne and Frank Cocx, who joined Lucas Bols in these highly challenging times, were fully dedicated to ensuring the safety of our people and continuity of the business. Although uncertainty prevails we are confident that markets will reopen globally in the course of the 2021/22 financial year so that people can enjoy a cocktail, either at home or back in a bar or restaurant.

## COMPOSITION OF THE SUPERVISORY BOARD

On 31 March 2021 the Supervisory Board of Lucas Bols consisted of four members: René Hooft Graafland (chair), Ralph Wisbrun (vice-chair), Marina Wyatt and Alex Oldroyd. Derk Doijer stepped down from the Supervisory

Board after the Annual General Meeting on 9 July 2020 after serving the company as chair of the Supervisory Board for many years, both in the public setting since 2015 and before. Also on behalf of my colleagues, the Management Board, all employees and other stakeholders in the company, I would like to once again express my gratitude for Mr. Doijer's valuable contribution to the development of the company for so many years.

At the same meeting the re-election of Mrs. Oldroyd was approved by the shareholders. The re-election of Mr. Wisbrun will be proposed to shareholders at the Annual General Meeting scheduled to take place on 8 July 2021.

The composition of the Supervisory Board is in line with the Supervisory Board profile as drawn up by the Supervisory Board and published on the Lucas Bols corporate website. Currently the gender ratio of the Supervisory Board is balanced at 50%-50%. However, Lucas Bols feels that gender is only one aspect of diversity. Future members of the Supervisory Board will continue to be selected based not only on their expertise and independence but also on their background and the other diversity aspects described in the Supervisory Board profile. For more information on diversity please refer to the Corporate Governance Section.



The Supervisory Board confirms that all its members are independent as defined in best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code. No member of the Supervisory Board holds more than five directorships at Dutch 'large companies', in accordance with section 2:142a of the Dutch Civil Code.

Currently consisting of four members, the Supervisory Board is adhering to the decision to not appoint separate committees among its members at this time. The Supervisory Board as a whole carries out the duties of an audit committee and other committees. Discussions regarding remuneration are chaired by Mr. Wisbrun and meetings related to financial reporting and audit-related matters are chaired by Mrs. Wyatt who has extensive financial and accounting experience.

## EVALUATION

The Supervisory Board reviewed and discussed its own functioning during the 2020/21 financial year. The assessment included reviews of the composition of the Supervisory Board, the Supervisory Board's profile including its competence and expertise, the effectiveness of the meetings of the Supervisory Board, the lessons learned from this year's experiences, the adequacy of the information supplied to the Supervisory Board and the training of the Supervisory Board. This assessment is conducted through questionnaires filled in by the individual members of both Boards.

Furthermore the composition, functioning and succession planning of the Management Board and the performance of its individual members were assessed through the collection of input from each of the individual Supervisory Board members. This input was discussed in a meeting of the Supervisory Board without the Management Board present and subsequently discussed with both Management Board members individually.

The overall conclusions of the assessments were positive. The points of improvement are discussed and acted upon and follow up is monitored in next year's assessment. As point of improvement from this year's assessment, the Supervisory Board expressed the desire to spend more time discussing longer term strategic issues, which didn't happen enough given the more short-term focus during the meetings as a consequence of the pandemic. The follow-up points of the assessment in the 2019/20 financial year were adequately addressed.

## MEETINGS AND ATTENDANCE IN 2020/21

The Supervisory Board held six ordinary meetings during the year under review. All members were present at every meeting. The Management Board was present at every meeting, with the exception of the meeting at which the Supervisory Board discussed and decided on the performance appraisal of the individual Management Board members. Mr. Cocx joined all meetings from April 2020 ahead of his appointment as statutory director and CFO at the Annual General Meeting on 9 July 2020. Also, members of the company's Leadership Team were present at a number of Supervisory Board meetings.

All but one of the meetings were partly held in person from the company's office in Amsterdam. As a result of the COVID-19 pandemic the UK-based Supervisory Board members Mrs. Oldroyd and Mrs. Wyatt attended all meetings virtually. In between the meetings Mr. Hooft Graafland, as chair of the Supervisory Board, maintained contact with the Management Board on an intensified regular basis given the impact of the pandemic on the company, while Mrs. Wyatt was in regular contact with the CFO to discuss the financial statements and audit-related matters.

The impact of the pandemic (including the continued lockdowns) on the company's performance and financial position was the main topic of most meetings. The measures taken in response (including cost control measures, strict working capital management and the amended covenant agreements with the banks) were also discussed in detail. The Supervisory Board continues to communicate with the Management Board about the implications of COVID-19 on an ongoing basis.

Furthermore, the completion of the acquisition of Passoa SAS and the increase in Lucas Bols' shareholding in Avandis (the company's blending and bottling joint venture) were amongst the topics discussed at Supervisory Board meetings during the year under review. Recurring topics included market, brand and distribution developments in the various markets in which Lucas Bols operates as well as the performance of Avandis and Bols-Kyndal (the company's joint venture in India).

The Supervisory Board also discussed the company's strategy and long-term value creation with the Management Board, including the execution and progress achieved. In these discussions the Supervisory Board challenged the Management Board on its strategic



agenda and milestone planning, touching on the extent to which both have been affected by the COVID-19 pandemic.

The Supervisory Board was also kept informed of developments within Lucas Bols' risk management framework and risk environment, especially in light of the pandemic and the Oracle ERP implementation. Actions taken to mitigate risks and strengthen the company's internal control framework were presented and discussed.

During the 2020/21 financial year the external auditor virtually attended a Supervisory Board meeting on two occasions. At the meeting in May 2020 the auditor presented its independent auditor's report and long-form auditor's report along with the findings of its audit of the 2019/20 financial statements. The key audit matters for the audit of the 2020/21 financial statements, the procedures and findings with regard to the 2020/21 interim financial information and the procedures and findings with respect to IT (including the Oracle ERP implementation) were subsequently presented by the external auditor during the Supervisory Board meeting in November 2020.

## REPORT OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

In view of the pandemic the Annual General Meeting of Shareholders on 9 July 2020 was held virtually. In order to keep shareholders, employees and other stakeholders safe the company decided, in accordance with the Dutch Temporary COVID-19 Justice and Security Act (a.k.a. the 'Emergency Act'), that the AGM would only be accessible to shareholders via a live video-webcast. Shareholders were given the opportunity to submit questions prior to the meeting. The answers were published on the company's website prior to the meeting and addressed during the meeting.

Furthermore, the Management Board gave an account of the general state of affairs at Lucas Bols and of the company's financial performance in the 2019/20 financial year. The meeting adopted the 2019/20 financial statements. The members of the Management Board were discharged from liability for their management and the members of the Supervisory Board for their supervision thereof.

The meeting appointed Mr. Cocx as a member of the Management Board for a four-year term and re-appointed Mrs. Oldroyd as member of the Supervisory Board for a four-year term. The meeting authorised the Management Board to issue ordinary shares, limited to 10% of the total number of outstanding shares for a period of 18 months, and an additional 10% in connection with mergers and acquisitions, as well as to repurchase ordinary shares limited to 10% of the total number of shares outstanding. Ernst & Young Accountants LLP (EY), the auditor of the 2019/20 financial statements, gave a presentation on the audit and auditor's report. Pursuant to the revised European Union Shareholder Rights Directive, the implementation of the remuneration policy was discussed with and put to the meeting for advice by vote.

## INTERNAL AUDIT FUNCTION

Based on the evaluation by the Management Board of Lucas Bols' internal control system and the discussions of the Supervisory Board with the Management Board, it is the opinion of the Supervisory Board that internal control elements are effectively integrated within the company's operations, also taking into account the size of the company and its relatively simple and centralised structure. Furthermore, Lucas Bols performs periodical audits at its distributors, focusing mainly on A&P spending and how this is accounted for.

In accordance with best practice provision 1.3.6 of the Dutch Corporate Governance Code and based on these observations it is the opinion of the Supervisory Board that there is currently no reason to recommend the installation of a dedicated internal audit function. The Supervisory Board reviews this decision annually.

## 2020/21 FINANCIAL STATEMENTS AND DIVIDEND

The Supervisory Board has reviewed and discussed the 2020/21 annual report. The 2020/21 financial statements as prepared by the Management Board have been audited by EY, whose auditor's report is included in this annual report, and were extensively discussed by the Supervisory Board and the external auditor in the presence of the Management Board in May 2021.

The Supervisory Board believes the 2020/21 financial statements of Lucas Bols meet all requirements for correctness and transparency. All members of the Supervisory Board and the Management Board have signed the 2020/21 financial statements pursuant to the statutory obligations under article 2:101 (2) of the Dutch Civil Code.

The Management Board will present the financial statements for 2020/21 and its report at the Annual General Meeting of Shareholders on 8 July 2021. The Supervisory Board recommends that the Annual General Meeting of Shareholders adopt the 2020/21 financial statements and discharge the Management Board and the Supervisory Board from liability for their management and supervision in the year under review. Given the current circumstances the Supervisory Board endorses the Management Board's proposal to refrain from paying out a dividend for the 2020/21 financial year.

The members of the Supervisory Board would like to thank the Lucas Bols shareholders and business partners for their continued commitment to our company, especially in these unprecedented times in which most of our markets continue to be in lockdown. In particular, we wish to thank all our employees and the Management Board for their unwavering commitment and hard work in these extremely challenging times. We furthermore highly appreciate management's decision to waive their variable pay for the 2020/21 financial year. We look forward to an easing of the COVID-19 restrictions and subsequent reopening of all our markets globally.

Amsterdam, 26 May 2021

On behalf of the Supervisory Board

René Hooft Graafland, Chair



# REMUNERATION REPORT

The remuneration policy of Lucas Bols is drawn up in accordance with the current Dutch Corporate Governance Code and the revised Shareholders Rights Directive of the European Parliament and the European Council (2017/828/EU). It was adopted at the Annual General Meeting of Shareholders of 10 July 2019. Pursuant to the Shareholders Rights Directive, the implementation of the remuneration policy in the 2019/20 financial year was discussed with and put to the Annual General meeting of Shareholders on 9 July 2020 for advice by vote. The implementation was supported by 98.4% of the votes cast by the shareholders.

## REMUNERATION POLICY

The remuneration policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package. This package focuses on sustainable results and is aligned with the company's long-term strategy. The qualitative KPI's for the variable remuneration are linked to the long-term strategy aimed at building brand equity, accelerating the global brand growth, leading the development of the cocktail market and optimising the company's operational leverage with a sustainable approach.

Within the scope of the remuneration policy as adopted by the General Meeting of Lucas Bols, the remuneration and other terms of employment of the Management Board are determined by the Supervisory Board.

The remuneration of the members of the Management Board consists of the following components:

- fixed annual base remuneration;
- variable annual remuneration in cash;
- allowance for pension and other benefits.

The remuneration policy does not provide for incentives by way of remuneration in shares in the capital of Lucas Bols. The members of the Management Board are, however, allowed to participate in the company's

Employee Share Participation Plan, the specifics of which are described on page 54 of the Annual Report.

### Benchmark group

The remuneration of the Management Board members is set around the median of remuneration levels paid within relevant markets and a peer group of comparable companies. The total reference group consists of 16 companies. The group consists of a group of Dutch listed companies similar to the company in size (market cap, FTE, revenue) but does not include companies in the financial, real estate and pharmaceutical industries. Furthermore, Dutch companies operating in the branded consumer goods sector or retail industry that slightly fall outside the scope guideline were added to the reference group. Finally, a number of direct competitors from within the industry were added.

### Positioning within the company

In setting the remuneration levels for the Management Board, the Supervisory Board also considers the level of remuneration within the company for positions below the Management Board. The Supervisory Board also takes the pay ratio into account which provides a reflection of the total average compensation of all employees of the company globally relative to the total average remuneration package of the Management Board members. The internal pay ratio is a factor in the determination of changes in the remuneration level



of the Management Board, whereby the changes in the remuneration level of the Management Board should be in line with the average salary adjustment throughout the company.

### Fixed annual base remuneration

The members of the Management Board receive a fixed annual base remuneration. Any adjustment is subject to the approval of the Supervisory Board and should be in line with the principles of the remuneration policy.

### Variable annual remuneration in cash

The objective of the variable annual remuneration in cash is to ensure that the Management Board members stay focused on realising their short-term operational objectives, leading to long-term value creation. The maximum annual variable remuneration amounts to 50% of the gross annual base salary. An annual variable remuneration amount will be paid-out when predefined criteria are realised (the threshold performance level), while maximum variable remuneration may be paid out in case of outperformance of the predefined criteria. If realised performance is below a threshold performance level, no variable remuneration will be paid out. The threshold performance percentages, which are the same for both board members, vary per performance criteria.

Annual performance criteria are set by the Supervisory Board at the start of the relevant financial year. These performance criteria consist of quantitative KPIs (50-70% of total possible pay-out) that are the same for each member of the Management Board and can also include qualitative criteria (30-50% of total possible pay-out). These qualitative criteria may be related to the company's and/or individual's performance as a member of the Management Board.

The quantitative performance criteria relate for example to revenue, EBIT and net profit growth, a result of the company's strategy of building brand equity and accelerating the growth of the global brands. The qualitative criteria contribute to the company's long-term strategy objectives and relate to the long-term objective of the company to realise sustainable operational leverage.

### Pension and other benefits

The members of the Management Board are entitled to an allowance in the form of a gross amount or a percentage of their base salary for the purpose of contributing to a company pension scheme or arranging their pension in any other way. The members of the Management Board are furthermore entitled to customary other benefits, such as an expense allowance

(including for the use of a private or lease car) and the reimbursement of costs.

### Reasonableness test and clawback clause

In line with Dutch law, the variable remuneration may be reduced or (partly) recovered if certain circumstances apply. For any variable remuneration component awarded to a member of the Management Board in a previous financial year which would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value downwards or upwards (reasonableness test). In addition, the Supervisory Board has the authority under Dutch law, to recover from a member of the Management Board any variable remuneration awarded on the basis of incorrect financial or other data (clawback clause).

### Severance pay

In line with the Dutch Civil Code, the service agreement with the Management Board contains severance provisions which provide for compensation for the loss of income resulting from a non-voluntary termination of employment. The amount of such compensation is equal to the maximum gross amount of the fixed annual base salary of the Management Board member, provided the cause for termination is not deemed to be an urgent reason within the meaning of article 7:787 of the Dutch Civil Code.

Agreements and appointment term Members of the Management Board are appointed for a period of four years and may be reappointed for consecutive periods of four years. The members of the Management Board may have a service or employment agreement with the company. The service and employment agreements are entered into for an indefinite period of time, with a notice period. The agreements with the Management Board do not contain a change of control clause. Furthermore, the company does not grant any personal loans or advances to or guarantees on behalf of the members of the Management Board.

Deviation from remuneration policy Deviation from the various components of the remuneration policy is at the discretion of the Supervisory Board in the event of extraordinary circumstances in which case deviation is necessary to serve the company's long-term interests, sustainability or vitality. The Supervisory Board will inform the General Meeting of any decision to deviate from the remuneration policy by substantiating the extraordinary circumstances that have led to such decision.



## REMUNERATION OF THE MANAGEMENT BOARD IN 2020/21

In the financial year ending 31 March 2021, Mr. van Doorne and Mr. de Vries (until his departure) served Lucas Bols via a service agreement with a management company controlled by Mr. van Doorne and Mr. de Vries respectively. Mr. Cocx served the company via a management agreement.

The terms of these agreements were determined by the Supervisory Board and based on the remuneration policy approved by the Annual General Meeting of Shareholders held on 10 July 2019, as set out before. The remuneration costs for the Management Board members in 2020/21 are as follows:

| REMUNERATION OF THE MANAGEMENT BOARD IN 2020/21 |                     |                        |                            |              |
|---|---------------------|------------------------|----------------------------|--------------|
| COMPENSATION (IN € '000)                        | H.L.M.P. VAN DOORNE | F.J. COCX <sup>1</sup> | J.K. DE VRIES <sup>2</sup> | TOTAL        |
| Salary  | 482                 | 290                    | 55                         | 827          |
| Variable remuneration                           | –                   | –                      | –                          | –            |
| Pension   | –                   | 29                     | 6                          | 35           |
| Other <sup>3</sup>                              | 95                  | 20                     | 23                         | 138          |
| <b>Total</b>                                    | <b>577</b>          | <b>339</b>             | <b>84</b>                  | <b>1,000</b> |

<sup>1</sup> 1 April 2020 – 31 March 2021.

<sup>2</sup> 1 April 2020 – 31 May 2020.

<sup>3</sup> Other benefits for Mr. de Vries and Mr. Cocx include a.o. insurances and the use of a car. For Mr. van Doorne the other benefits include an expense allowance to cover all cost incurred by the management BV (a.o. costs for insurances, taxes, car, contributions to a pension scheme).

### Fixed base remuneration

For the 2020/21 financial year, the fixed base remuneration of Mr. van Doorne remained unchanged. Mr. Cocx assumed his services for the company on 1 April 2020 and his fixed base remuneration amounts to € 290,000 on a yearly basis. Mr. Joost de Vries stayed on as CFO until 1 June 2020. He received no severance pay in relation to the termination of his service contract with the company on his initiative.

### Annual variable remuneration

Given the current situation relating to COVID-19, the Management Board, in consultation with the Supervisory Board, has decided, as they also did in the 2019/20 financial year, to waive any entitlement to the annual variable remuneration for the 2020/21 financial year.

### Pay ratio

The Corporate Governance Code requires Lucas Bols to report on the pay ratio within the Company. The pay ratio used by Lucas Bols reflects the average total compensation of all Lucas Bols employees globally, excluding the CEO

and CFO (€ 129,351 in 2020/21) (€ 134,134 in 2019/20) relative to the total average remuneration package (fixed and variable) of both the CEO and CFO (as included in this report). This resulted in a pay ratio for the CEO of 4.5 (4.3 for 2019/20) and for the CFO of 2.6 (2.8 for 2019/20).

### Shareholding

Both members of the Management Board directly or indirectly hold shares in the capital of the company, which provides for further alignment of the Management Board interests with the long-term strategy of the company.

### Remuneration of Management Board in 2021/22

For 2021/22 no changes are foreseen in the base remuneration of the Management Board.

**REMUNERATION AND COMPANY PERFORMANCE IN LAST FIVE FINANCIAL YEARS**

| REMUNERATION MANAGEMENT BOARD (IN €)                            | 2016/2017 | 2017/2018 | 2018/2019 <sup>1</sup> | 2019/2020 <sup>1</sup> | 2020/2021 <sup>1</sup> |
|---|-----------|-----------|------------------------|------------------------|------------------------|
| Total remuneration CEO  | 754,000   | 710,000   | 659,000                | 574,000                | 577,000                |
| Total remuneration CFO <sup>2</sup>                             | 504,000   | 469,000   | 439,000                | 380,000                | 339,000                |
| LUCAS BOLS PERFORMANCE (ALL IN € MILLION) <sup>3</sup>          | 2016/2017 | 2017/2018 | 2018/2019              | 2019/2020              | 2020/2021              |
| EBIT  | 18.2      | 23.6      | 19.6                   | 17.7                   | 0.2                    |
| Normalised net profit   | 15.1      | 14.7      | 12.8                   | 11.3                   | 3.3                    |
| Free operating cash flow  | 17.5      | 18.7      | 11.8                   | 15.8                   | 11.4                   |
| PAY RATIO***  | 2016/2017 | 2017/2018 | 2018/2019              | 2019/2020              | 2020/2021              |
| Pay ratio CEO   | 6.4       | 5.9       | 5.3                    | 4.3                    | 4.5                    |
| Pay ratio CFO <sup>2</sup>                                      | 4.3       | 3.9       | 3.5                    | 2.8                    | 2.6                    |
| Average total remuneration of Lucas Bols employees <sup>4</sup> | 117,649   | 120,334   | 123,940                | 134,134                | 129,351                |

<sup>1</sup> As of 2018/19 the new IFRS 15 and 16 standards have been implemented.

<sup>2</sup> For comparison purposes total remuneration CFO only includes the full year remuneration of Mr. Cox in 2020/2021.

<sup>3</sup> These items are non-GAAP measures, normalised numbers are excluding one-off items. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 136.

<sup>4</sup> The average total remuneration of employees is based on the IFRS personnel costs as included in the annual accounts to allow for external comparison. Historical numbers and pay ratios have therefore been adjusted slightly.

## REMUNERATION OF THE SUPERVISORY BOARD

The Annual General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. On 7 September 2017 the General Meeting approved a proposal by the Supervisory Board to apply annual fixed fee levels for the individual Supervisory Board members in line with the Supervisory Board remuneration levels payable at comparable companies. The remuneration of the Supervisory Board is not dependent on Lucas Bols' results.

The annual fee for the Supervisory Board members is set as follows:

**REMUNERATION OF THE SUPERVISORY BOARD MEMBERS**

|  |        |
|--|--------|
| Chair of the Supervisory Board         | 45,000 |
| Vice-chair of the Supervisory Board    | 40,000 |
| Other members of the Supervisory Board | 35,000 |

**REMUNERATION SUPERVISORY BOARD IN LAST FIVE FINANCIAL YEARS**

| (IN €)                                | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Mr. D.C. Doijer <sup>1</sup>          | 40,000    | 43,000    | 45,000    | 45,000    | 11,250    |
| Mrs. M.M. Wyatt                       | 30,000    | 32,000    | 35,000    | 35,000    | 35,000    |
| Mrs. A.L. Oldroyd                     |           | 32,000    | 35,000    | 35,000    | 35,000    |
| Mr. R. Wisbrun                        |           | 32,000    | 38,000    | 40,000    | 40,000    |
| Mr. D.R. Hooft Graafland <sup>2</sup> |           |           |           | 26,250    | 42,500    |

<sup>1</sup> Mr. Doijer stepped down after the AGM on 9 July 2020.

<sup>2</sup> Mr. Hooft Graafland succeeded Mr. Doijer as chair on 9 July 2020.

### Remuneration of Supervisory Board in 2020/21

No changes are planned with respect to the remuneration of the Supervisory Board members in 2020/21.

10

Amsterdam primo Maart 1816

*Mijn Heer!*

Met toezending der voorgaande Circulaire van Myverhoove de Weduwe van wijlen mijn proceescur. de Heer LUCAS BOLS, neem ik de vrijheid om mij, onder de firma van de ERVEN LUCAS BOLS, bij alle voorkomende gelegenheden in UWEd goedgunstig ondenken te bevelen, met verzekering dat ik mij steeds beijeren zal zelfs te verliezen, door mijn Fabrick-Waaren al meer en meer te brengen tot de hoogstmooglijke trap van volkomenheit, door nauwgezetheit in het stellen der prijzen, naar gelang der verschillende soorten; en door een prompte nakoming der aan mij overgenomen wordende Commissiën.

Wilt, om dit einde, van mijnen onderstaande naanteekening nota te nemen, en aan dezelve alteen gehand te geven, een deel van de *...* — als voor de liquidatio der oude, nog openstaande — zaken, welke mij noch, onder de voormelde firma, zijn opgedragen.

Ik heb in hier met alle eerbieding te open

UWEd. Dw. Dienaar

*[Handwritten signature]*

Die alléén zal teekenen.

*[Handwritten signature]*



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# CONSOLIDATED FINANCIAL STATEMENTS 2020/21

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH         | NOTE | 2021           | 2020           |
|---|------|----------------|----------------|
| Revenue   | 5    | 57,313         | 83,980         |
| Cost of sales   | 5    | (27,207)       | (36,321)       |
| <b>Gross profit</b>                                     |      | <b>30,106</b>  | <b>47,659</b>  |
| Distribution and administrative expenses                | 6    | (30,452)       | (30,082)       |
| <b>Operating profit/(loss)</b>                          |      | <b>(346)</b>   | <b>17,578</b>  |
| Share of profit of joint ventures                       | 17   | 507            | 154            |
| Finance income  |      | 188            | 250            |
| Finance costs   |      | (3,637)        | (3,594)        |
| <b>Net finance costs</b>                                | 8    | <b>(3,449)</b> | <b>(3,344)</b> |
| <b>Profit/(loss) before tax</b>                         |      | <b>(3,288)</b> | <b>14,387</b>  |
| Income tax expense                                      | 11   | (5,270)        | (5,182)        |
| <b>Net profit/(loss)</b>                                |      | <b>(8,558)</b> | <b>9,205</b>   |
| <b>Result attributable to the owners of the Company</b> |      | <b>(8,558)</b> | <b>9,205</b>   |
| Weighted average number of shares                       | 9    | 12,477,298     | 12,477,298     |
| <b>Earnings per share</b>                               |      |                |                |
| Basic earnings per share (EUR)                          | 9    | (0.69)         | 0.74           |
| Diluted earnings per share (EUR)                        | 9    | (0.69)         | 0.74           |



## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH   | NOTE | 2021           | 2020         |
|---|------|----------------|--------------|
| <b>Net profit/(loss)</b>  |      | <b>(8,558)</b> | <b>9,205</b> |
| <b>Other comprehensive income – Items that will never be reclassified to profit or loss</b> |      |                |              |
| Remeasurement of net defined benefit liability/(asset)                                      | 10   | (3)            | (29)         |
| Related tax   | 11   | 1              | 7            |
| Equity accounted investees – share of other comprehensive income                            | 17   | (174)          | (5)          |
|   |      | <b>(176)</b>   | <b>(27)</b>  |
| <b>Items that are or may be reclassified to profit or loss</b>                              |      |                |              |
| Foreign operations – foreign currency translation differences*                              |      | 10             | (40)         |
| Equity accounted investees – share of other comprehensive income                            | 17   | –              | (44)         |
| Net change in hedging reserve   | 25   | (233)          | (81)         |
| Related tax   | 11   | 58             | 20           |
|   |      | <b>(165)</b>   | <b>(145)</b> |
| <b>Other comprehensive income for the year, net of tax</b>                                  |      | <b>(341)</b>   | <b>(172)</b> |
| <b>Total comprehensive income for the year, net of tax</b>                                  |      | <b>(8,899)</b> | <b>9,033</b> |
| <b>Total comprehensive income attributable to the owners of the Company</b>                 |      | <b>(8,899)</b> | <b>9,033</b> |

\* Refer to note 3 of the company financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| AMOUNTS IN EUR '000                | SHARE CAPITAL | SHARE PREMIUM  | TREASURY SHARES | CURRENCY TRANS-LATION RESERVE | HEDGING RESERVE | OTHER LEGAL RESERVES | RETAINED EARNINGS | RESULT FOR THE YEAR | TOTAL EQUITY   |
|------------------------------------|---------------|----------------|-----------------|-------------------------------|-----------------|----------------------|-------------------|---------------------|----------------|
| Balance as at 1 April 2020         | 1,248         | 129,695        | -               | (247)                         | (815)           | 16,601               | 42,835            | 4,384               | 193,701        |
| Transfer result prior period       | -             | -              | -               | -                             | -               | -                    | 4,384             | (4,384)             | -              |
| <b>Total comprehensive income</b>  |               |                |                 |                               |                 |                      |                   |                     |                |
| Profit (loss) for the year         | -             | -              | -               | -                             | -               | -                    | -                 | (8,558)             | (8,558)        |
| Other comprehensive income         | -             | -              | -               | 10                            | (175)           | -                    | (176)             | -                   | (341)          |
| <b>Total comprehensive income</b>  | -             | -              | -               | 10                            | (175)           | -                    | (176)             | (8,558)             | (8,899)        |
| Dividend paid                      | -             | -              | -               | -                             | -               | -                    | -                 | -                   | -              |
| Purchase own shares (ESPP)         | -             | -              | 90              | -                             | -               | -                    | -                 | -                   | 90             |
| Own shares delivered (ESPP)        | -             | -              | (90)            | -                             | -               | -                    | -                 | -                   | (90)           |
| Transfer from legal reserves       | -             | -              | -               | -                             | -               | (8,971)              | 8,971             | -                   | -              |
| <b>Balance as at 31 March 2021</b> | <b>1,248</b>  | <b>129,695</b> | <b>-</b>        | <b>(237)</b>                  | <b>(990)</b>    | <b>7,630</b>         | <b>56,014</b>     | <b>(8,558)</b>      | <b>184,802</b> |

| AMOUNTS IN EUR '000                | SHARE CAPITAL | SHARE PREMIUM  | TREASURY SHARES | CURRENCY TRANS-LATION RESERVE | HEDGING RESERVE | OTHER LEGAL RESERVES | RETAINED EARNINGS | RESULT FOR THE YEAR | TOTAL EQUITY   |
|------------------------------------|---------------|----------------|-----------------|-------------------------------|-----------------|----------------------|-------------------|---------------------|----------------|
| Balance as at 1 April 2019         | 1,248         | 129,695        | -               | (163)                         | (754)           | 11,790               | 38,840            | 11,498              | 192,154        |
| Transfer result prior period       | -             | -              | -               | -                             | -               | -                    | 11,498            | (11,498)            | -              |
| <b>Total comprehensive income</b>  |               |                |                 |                               |                 |                      |                   |                     |                |
| Profit (loss) for the year         | -             | -              | -               | -                             | -               | -                    | -                 | 9,205               | 9,205          |
| Other comprehensive income         | -             | -              | -               | (84)                          | (61)            | -                    | (27)              | -                   | (172)          |
| <b>Total comprehensive income</b>  | -             | -              | -               | (84)                          | (61)            | -                    | (27)              | 9,205               | 9,033          |
| Dividend paid                      | -             | -              | -               | -                             | -               | -                    | (7,486)           | -                   | (7,486)        |
| Purchase own shares (ESPP)         | -             | -              | 3               | -                             | -               | -                    | -                 | -                   | 3              |
| Own shares delivered (ESPP)        | -             | -              | (3)             | -                             | -               | -                    | -                 | -                   | (3)            |
| Transfer to legal reserves         | -             | -              | -               | -                             | -               | 4,811                | 10                | (4,821)             | -              |
| <b>Balance as at 31 March 2020</b> | <b>1,248</b>  | <b>129,695</b> | <b>-</b>        | <b>(247)</b>                  | <b>(815)</b>    | <b>16,601</b>        | <b>42,835</b>     | <b>4,384</b>        | <b>193,701</b> |



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| AMOUNTS IN EUR '000 AS AT 31 MARCH                        | NOTE | 2021           | 2020           |
|---|------|----------------|----------------|
| <b>Assets</b>   |      |                |                |
| Property, plant and equipment                             | 15   | 9,786          | 10,308         |
| Intangible assets   | 16   | 298,213        | 307,347        |
| Investments in equity-accounted investees                 | 17   | 9,024          | 7,316          |
| Other investments   | 18   | 831            | 599            |
| <b>Non-current assets</b>                                 |      | <b>317,854</b> | <b>325,570</b> |
| Inventories   | 12   | 13,295         | 10,559         |
| Trade and other receivables                               | 13   | 16,341         | 24,920         |
| Other investments including derivatives                   | 25   | 47             | 115            |
| Cash and cash equivalents                                 | 14   | 18,827         | 33,108         |
| <b>Current assets</b>                                     |      | <b>48,510</b>  | <b>68,702</b>  |
| <b>Total assets</b>                                       |      | <b>366,364</b> | <b>394,273</b> |
| <b>Equity</b>   |      |                |                |
| Share capital   |      | 1,248          | 1,248          |
| Share premium   |      | 129,695        | 129,695        |
| Treasury shares   |      | –              | –              |
| Currency translation reserve                              |      | (237)          | (247)          |
| Hedging reserve   |      | (990)          | (815)          |
| Other legal reserves                                      |      | 7,630          | 16,601         |
| Retained earnings   |      | 56,014         | 42,835         |
| Result for the year                                       |      | (8,558)        | 4,384          |
| <b>Total equity</b>                                       | 19   | <b>184,802</b> | <b>193,701</b> |
| <b>Liabilities</b>  |      |                |                |
| Loans and borrowings                                      | 21   | 95,292         | 49,714         |
| Other non-current financial liabilities                   | 22   | 6,142          | 6,746          |
| Employee benefits   | 10   | 505            | 434            |
| Deferred tax liabilities                                  | 11   | 45,908         | 42,663         |
| <b>Total non-current liabilities</b>                      |      | <b>147,847</b> | <b>99,557</b>  |
| Loans and borrowings                                      | 21   | 15,703         | 11,925         |
| Trade and other payables                                  | 23   | 16,457         | 17,497         |
| Other current financial liabilities including derivatives | 24   | 1,555          | 71,593         |
| <b>Total current liabilities</b>                          |      | <b>33,715</b>  | <b>101,015</b> |
| <b>Total liabilities</b>                                  |      | <b>181,562</b> | <b>200,572</b> |
| <b>Total equity and liabilities</b>                       |      | <b>366,364</b> | <b>394,273</b> |



## CONSOLIDATED STATEMENT OF CASH FLOWS

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH                | NOTE | 2021            | 2020           |
|--|------|-----------------|----------------|
| <b>Cash flows from operating activities</b>                    |      |                 |                |
| Net profit/(loss)  |      | (8,558)         | 9,205          |
| Adjustments for:   |      |                 |                |
| • Depreciation, amortisation and impairment                    | 6    | 10,828          | 1,632          |
| • Net finance costs  | 8    | 3,449           | 3,344          |
| • Share of profit of joint ventures                            | 17   | (507)           | (154)          |
| • Income tax expense   | 11   | 5,270           | 5,182          |
| • Provision for employee benefits                              | 10   | 68              | 71             |
|  |      | <b>10,550</b>   | <b>19,280</b>  |
| Change in:   |      |                 |                |
| • Inventories  |      | (2,736)         | 320            |
| • Trade and other receivables                                  |      | 8,578           | (1,592)        |
| • Trade and other payables                                     |      | (3,397)         | 563            |
| Net changes in working capital                                 |      | <b>2,445</b>    | <b>(709)</b>   |
| Dividends from joint ventures                                  | 17   | 900             | 1,100          |
| Interest received  |      | 188             | 335            |
| Income tax paid  |      | (2,002)         | (2,242)        |
| Net cash from operating activities                             |      | <b>12,081</b>   | <b>17,764</b>  |
| <b>Cash flows from investing activities</b>                    |      |                 |                |
| Acquisition of subsidiary, net of cash acquired                |      | (71,300)        | –              |
| Acquisition of/additions to associates and joint ventures      | 17   | (850)           | (50)           |
| Acquisition of property, plant and equipment                   | 15   | (705)           | (1,387)        |
| Acquisition of intangible assets                               | 16   | –               | (596)          |
| Net cash from (used in) investing activities                   |      | <b>(72,855)</b> | <b>(2,033)</b> |
| <b>Cash flows from financing activities</b>                    |      |                 |                |
| Proceeds from loans and borrowings                             | 21   | 62,000          | 2,000          |
| Payment of transaction costs related to loans and borrowings   |      | –               | –              |
| Repayment of loans and borrowings                              | 21   | (14,000)        | –              |
| Cash dividend paid to shareholders                             | 19   | –               | (7,486)        |
| Payments made in lease contracts                               | 22   | (832)           | (786)          |
| Interest paid  |      | (2,028)         | (1,906)        |
| Net cash from (used in) financing activities                   |      | <b>45,140</b>   | <b>(8,178)</b> |
| Net increase/(decrease) in cash and cash equivalents           |      | <b>(15,634)</b> | <b>7,553</b>   |
| Cash and cash equivalents at 1 April                           |      | 21,183          | 13,670         |
| Effect of exchange rate fluctuations                           |      | 75              | (40)           |
| Net cash and cash equivalents as at 31 March                   | 14   | <b>5,624</b>    | <b>21,183</b>  |
| Cash and cash equivalents (asset)                              |      | 18,827          | 33,108         |
| Less: bank overdrafts included in current loans and borrowings |      | (13,203)        | (11,925)       |
| Net cash and cash equivalents as at 31 March                   |      | <b>5,624</b>    | <b>21,183</b>  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

Lucas Bols N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Paulus Potterstraat 14 in Amsterdam. The consolidated financial statements of the Company comprise the Company, its subsidiaries (together referred to as 'the Group') and the Group's interest in jointly controlled entities. A list of subsidiaries is included in note 26.

The Company is primarily involved in managing the product development, bottling, distribution, sales and marketing of the brands Bols, Passoã, Galliano, Vaccari, Damrak, Pisang Ambon, Bokma, Hartevelt, Coebergh and a large portfolio of Dutch jenevers and liqueurs.

The Company was incorporated on 27 February 2006. On 11 April 2006 the Company acquired, through its subsidiary Lucas Bols Amsterdam B.V., 100% of the global Bols brand as well as the shares of Galliano B.V., Pisang Ambon B.V., and Bokma Distillateurs B.V. Through its subsidiary Lucas Bols Amsterdam B.V., the Company acquired 100% of the shares of Lucas Bols USA Inc. on 21 May 2008 and 100% of the shares of Pijlsteeg B.V. on 3 September 2013, respectively. On 1 December 2016, Lucas Bols Amsterdam B.V. acquired a 7% interest in Passoã SAS, over which it has, following shareholders agreements, full operational and financial control. Based on the contractual terms between the shareholders, the Company assessed that the voting rights in the Passoã SAS were not the dominant factor in deciding who controls the entity. Therefore, the Company concluded Passoã SAS was a jointly owned entity that the Company controls with no non-controlling interests from 1 December 2016 onwards. On 2 December 2020 Lucas Bols Amsterdam B.V. executed the call/put option and acquired the remaining shares of Passoã SAS from Rémy Cointreau Group.

As from 4 February 2015 the shares of the Company have been listed on Euronext Amsterdam.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements have been prepared on the going concern assumption. Although the COVID-19 crisis has an impact on the Company, Lucas Bols' management is confident that its strong cash generation and the availability of significant undrawn committed bank facilities combined with the temporary amendments to its financing arrangements with the banks provide for sufficient liquidity to manage the crisis.

The consolidated financial statements were authorised for issue by all members of the Management Board and the Supervisory Board on 26 May 2021 and will be submitted for adoption to the Annual General Meeting of Shareholders on 8 July 2021.

### (b) Basis of measurement

The consolidated financial statements have been prepared on each reporting date on a historical cost basis, except for the following material items in the consolidated statement of financial position:

- Derivative financial instruments are measured at fair value;
- Interests in joint ventures are accounted for using the equity method; and
- The defined benefit obligation is recognised at the present value of the defined benefit obligation less the fair value of the plan assets and is as explained in note 3(e).

### (c) Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in euros has been rounded to the nearest thousand (€ 000) unless stated otherwise.

#### (d) Impact of COVID-19 on the consolidated financial statements

The impact of the COVID-19 pandemic on public life and industry globally is also affecting the demand for Lucas Bols' products. With stringent restrictions imposed by countries globally, including – amongst others – the closing of bars and restaurants an important sales market for the Company is affected. The reported net loss for the year ended 31 March 2021 was EUR 8,558 thousand (2019/20: EUR 9,205 thousand profit). The impact from lower volume, a different shipment mix and an impairment on intangible assets, was partially offset through continued cost control measures and government subsidies.

The Company assessed the impact of COVID-19 on its financial estimates and judgements during its financial reporting process as well on its liquidity position. The impact of COVID-19 on financial estimates and judgements is mainly reflected in the impairment of intangible assets. Notes containing the most significant estimates and judgements are referred to in note 2(e).

#### (e) Use of estimates and judgements

In preparing these consolidated financial statements, management is required to make estimates and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The application of accounting policies required judgements that impact the amounts recognised. Additionally, amounts recognised are based on factors that are by default associated with uncertainty. Therefore actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### (I) Estimates and judgements

The below matters contain the most significant estimates and judgements.

##### Consolidation of Passoã

On 1 December 2016 Lucas Bols and Rémy Cointreau Group formed Passoã SAS, a jointly owned entity based in France, to operate and further develop the global activities of the Passoã brand. At that date Lucas Bols acquired 7% interest in Passoã SAS and started performing the day-to-day management of the jointly owned entity and running the Passoã brand in the ordinary course of business. Lucas Bols assumed operational and financial control of Passoã SAS.

Passoã SAS is fully controlled by Lucas Bols, which is entitled to the jointly owned entity's economic benefits based on contractual arrangements between the shareholders. As a result, the Company consolidates its jointly owned entity and attributes no interest to the non-controlling interests.

Rémy Cointreau Group was granted certain minority protection rights to prohibit fundamental changes in the activities of the jointly-owned entity to protect the interest of Rémy Cointreau Group. In the normal course of business, these rights would not affect the way Lucas Bols intends to run the operations and therefore Lucas Bols had operational and financial control over the Passoã SAS.

On 2 December 2020 Lucas Bols executed the call/put option and acquired the remaining shares of Passoã SAS from Rémy Cointreau Group.

In addition to *Consolidation of Passoã*, information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following note:

- Note 18: classification of joint arrangements.

#### (II) Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment are included in the following notes:

- Note 10: measurement of defined benefit obligations: key actuarial assumptions;
- Note 11: recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
- Note 16: impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.

#### (III) Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included note 25 – financial instruments.

#### (f) Changes in accounting policies

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

No new standards and amendments to existing standards, effective in 2020/2021, had a significant impact on the Group's consolidated financial statements.

### 3. GENERAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (see also Note 2(e)).

#### (a) Basis of consolidation

##### (I) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment or when a trigger is identified. Any gain on a bargain purchase is recognised immediately in profit or loss. Transaction costs are recognised in profit or loss when incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree;
- less the net recognised amount of the identifiable assets acquired and liabilities assumed.

#### (II) Subsidiaries

Subsidiaries are entities controlled by the Group.

The Group controls an entity when it has power over the investee, is exposed or has the rights to variable returns from its involvement with that entity and has the ability to affect those returns through its power over the entity. Control is generally obtained by ownership of more than 50% of the voting rights.

To validate this presumption, and in case the Group has less than 50% of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- The contractual arrangement(s) with the other holders of voting rights of that entity;
- Any rights arising from other contractual arrangements; and
- The Group's potential voting rights.

Passoã SAS is fully controlled by the Group, which is entitled to the jointly owned entity economic benefits based on contractual arrangements between the shareholders. As a result, the Company consolidates it as a subsidiary and attributes no interest to the non-controlling interests.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary, and any



non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value if control is lost.

### (III) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures, amongst others.

A joint venture is an arrangement under which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. Such interest are initially recognised at cost (including transaction costs). Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in equity-accounted investees. At each reporting date, the Group determines whether there is objective evidence that the investment in the equity-accounted investee is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investee and its carrying value, and then recognises the loss as 'Share of profit of joint ventures' in the consolidated statement of profit or loss.

### (IV) Transactions eliminated on consolidation

On consolidation, intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Revenue

Revenue predominantly comprises the sale of goods. In addition, a non-significant amount of revenue relates to royalty income and services rendered.

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration

to which the Group expects to be entitled in exchange for those goods or services.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

### (c) Foreign currency

#### (I) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate on the transaction date.

Receivables, payables and other monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates on balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency that are measured at cost are translated into the functional currency at the exchange rate at transaction date. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

## (II) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at the exchange rates on the transaction date.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in the translation reserve.

If a foreign operation is disposed of in its entirety or in part such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. If the Group disposes of only part of a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## (d) Employee benefits

### (I) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under any short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### (II) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### (III) Defined benefit plans

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised immediately in OCI.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

If the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## (IV) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

## (e) Employee share purchase plan

In 2015 the Group set up an employee share purchase plan (ESPP). Under the ESPP, employees are entitled to buy shares of the Company with their own funds twice a year (i.e. following publication of the half-year and full-year results) for a yearly maximum of 33.33% of their gross base salary. Eligible employees are entitled to buy at a discount of 13.5% of the share price at that time. A three-year lock up period is applicable, during which the employees cannot sell the shares bought under the ESPP. No other vesting or performance conditions are applicable.

The ESPP qualifies as share-based arrangement (equity settled) under IFRS 2. No share-based payment costs are recognised in profit and loss as the fair value of the share-based payment is zero.

## (f) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the



grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Pending a final decision from the government an uncertainty exists and actual grants may differ from amounts recognised.

### (g) Income tax

The income tax expense comprises current and deferred tax. It is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

#### (I) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are only offset if certain criteria are met.

#### (II) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. In accordance with the Initial Recognition Exemption (IRE) of IAS12 a part of the deferred tax asset is not recognised. For subsequent transactions where the Initial Recognition Exemption has been applied, deferred taxes will be recognised when temporary differences arise;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are

reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted, or substantively enacted, at the reporting date.

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

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. These uncertain tax provisions are presented either as current tax receivable/payable or as part of deferred tax in the balance sheet as appropriate.

### (h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### (i) Property, plant and equipment

#### (I) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

#### (II) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### (III) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

The estimated useful life is as follows:

- Fixtures and leasehold improvements 10 years
- Furniture 10 years
- Equipment 5 years
- Computers 3 years

The depreciation methods, residual value and useful life are reviewed annually and adjusted if appropriate.

### (j) Intangible assets

#### (I) Brands

Brands acquired are capitalised as part of a brand portfolio in case the portfolio meets the definition of an intangible asset and the recognition criteria are satisfied. Brands and brand portfolios can have either an indefinite life or a finite life. The brands and brand portfolios have an indefinite useful life when the period during which it is expected that the brands contribute to net cash inflows is indefinite. These brands are not amortised but tested for impairment annually and whenever there is an indication that the brands may be impaired. The brand and brand portfolio with an indefinite life are measured at cost less accumulated impairment losses when applicable. The brands and brand portfolios with a finite life are measured at cost and amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

#### (II) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses when applicable. Goodwill represents the difference between the fair value of the net assets acquired and the transaction price of the acquisition and is measured at cost less accumulated impairment losses. Goodwill is allocated to individual or groups of cash-generating units units (CGUs) for the purpose of impairment testing and is tested annually for impairment. Negative goodwill is recognised directly in profit or loss. An impairment loss in respect of goodwill can not be reversed.

#### (III) Other intangible assets

Other intangible assets with a finite life are measured at cost and amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

### (k) Financial instruments

#### Financial instruments

##### Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (b) Revenue from contracts with customers.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.



#### Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and a loan to a joint venture included under other investments (non-current assets).

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss at initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures in regard to which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit

risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortised cost (loans and borrowings).

### Financial liabilities at fair value through profit or loss

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This

category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Upon incorporation of Passoã SAS, the jointly owned entity based in France, Lucas Bols and Rémy Cointreau Group signed a call/put option agreement. The call/put option related to Passoã, i.e. option over the shares held by the non-controlling interest, is classified as a financial liability fair-valued initially and subsequently measured at amortised cost, with the interest costs being recognised in the profit or loss.

On 2 December 2020 Lucas Bols executed the call/put option and acquired the remaining shares in Passoã SAS from Rémy Cointreau Group.

## Derivative financial instruments and hedge accounting

The Group continues to apply the existing hedge accounting requirements under IAS 39.

Derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss as incurred.

### Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.



The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

## (l) Impairment

### (l) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and other non-financial assets with an indefinite life are tested annually for impairment or when a triggering event is identified.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### Equity-accounted investees

At each reporting date, the Group determines whether there is objective evidence that the investment in the equity-accounted investee is impaired. If there is such

evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investee and its carrying value. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

## (ll) Non-derivative financial assets

Non-derivative financial instruments comprise trade and other receivables and cash and cash equivalents. The Group has no significant concentrations of credit risk. The concentration of credit risk with respect to receivables is limited, as the Group's customer base and vendor base are large and unrelated. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate is calculated based on delinquency status and actual historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. As a result, management believes there is no further credit risk provision required in excess of the normal individual and collective impairment, based on amongst others an aging analysis performed as of 31 March 2021.

## (m) Leases

### (l) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

- Buildings 2 to 20 years
  - Motor vehicles and other equipment 3 to 5 years
- Right-of-use assets are subject to impairment.

### (ll) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including

in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### (III) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Several new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements, including the *Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*. These new standards, amendments and interpretations are not expected to have a material impact on our consolidated financial statements.

## 5. OPERATING SEGMENTS

The products that the Group sells can be divided into two reportable segments. This segmentation is also the structure in which the brand portfolio is managed within the Group, as they require different marketing and sales strategies. Within the Group separate financial information is available internally and used by the main operational decision-makers, based on the resources allocated.

### Brand information

The Group identifies global and regional brands:

#### (I) Global brands

The global brands comprise the Group's brands which – in general – (i) are sold on more than one continent, (ii) generate a relatively high gross margin and (iii) have an on-premise character. The global brands consist of the Bols Liqueurs range, Passoa, Nuvo, Italian Liqueurs (Galliano and Vaccari) and the white spirits portfolio (Bols Vodka, Bols Genever and Damrak).

#### (II) Regional brands

The regional brands represent the Group's brands which – in general – are sold on one continent and predominantly have an off-premise character.

The main regional brands are the Group's jenever/vieux portfolio, Pisang Ambon, Coebergh, Strike, Regnier, La Fleurette, Henkes and Bootz. Management reviews internal management reports of each segment. Information regarding the results of each reportable segment is set out below.

Only items that are directly attributable to a segment are reported as segment results, assets and liabilities. Items managed on a group basis (i.e. overheads, finance and tax items) are not allocated to the segments and presented under 'unallocated' accordingly.

The impairment of EUR 8,911 thousand relates to the Dutch Brands CGU, which mainly consists of brands that are part of the Regional brands segment.



| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH | GLOBAL BRANDS |               | REGIONAL BRANDS |              |
|---|---------------|---------------|-----------------|--------------|
|   | 2021          | 2020          | 2021            | 2020         |
| Revenue   | 42,066        | 64,545        | 15,247          | 19,435       |
| Cost of sales                                   | (18,968)      | (25,292)      | (8,239)         | (11,028)     |
| <b>Gross profit</b>                             | <b>23,098</b> | <b>39,253</b> | <b>7,008</b>    | <b>8,407</b> |
| A&P and distribution expenses                   | (8,317)       | (12,989)      | (880)           | (1,127)      |
| Personnel and other expenses                    | –             | –             | (8,911)         | –            |
| <b>Total result from operating activities</b>   | <b>14,781</b> | <b>26,264</b> | <b>(2,783)</b>  | <b>7,280</b> |
| Share of profit of joint ventures               | 257           | (91)          | 250             | 245          |
| <b>EBIT</b>                                     | <b>15,038</b> | <b>26,173</b> | <b>(2,533)</b>  | <b>7,525</b> |

| AMOUNTS IN EUR '000 AS AT 31 MARCH | GLOBAL BRANDS  |                | REGIONAL BRANDS |               |
|------------------------------------|----------------|----------------|-----------------|---------------|
|                                    | 2021           | 2020           | 2021            | 2020          |
| Intangible assets                  | 214,962        | 215,185        | 83,251          | 92,162        |
| Inventories                        | 11,636         | 8,718          | 1,659           | 1,841         |
| Other assets                       | –              | –              | –               | –             |
| <b>Total segment assets</b>        | <b>226,598</b> | <b>223,904</b> | <b>84,910</b>   | <b>94,003</b> |
| <b>Total segment liabilities</b>   | <b>–</b>       | <b>–</b>       | <b>–</b>        | <b>–</b>      |

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH | UNALLOCATED     |                 | TOTAL         |               |
|---|-----------------|-----------------|---------------|---------------|
|   | 2021            | 2020            | 2021          | 2020          |
| Revenue   | –               | –               | 57,313        | 83,980        |
| Cost of sales                                   | –               | –               | (27,207)      | (36,320)      |
| <b>Gross profit</b>                             | <b>–</b>        | <b>–</b>        | <b>30,106</b> | <b>47,660</b> |
| A&P and distribution expenses                   | –               | –               | (9,197)       | (14,116)      |
| Personnel and other expenses                    | (12,344)        | (15,966)        | (21,255)      | (15,966)      |
| <b>Total result from operating activities</b>   | <b>(12,344)</b> | <b>(15,966)</b> | <b>(346)</b>  | <b>17,578</b> |
| Share of profit of joint ventures               | –               | –               | 507           | 154           |
| <b>EBIT</b>                                     | <b>(12,344)</b> | <b>(15,966)</b> | <b>161</b>    | <b>17,732</b> |

| AMOUNTS IN EUR '000 AS AT 31 MARCH | UNALLOCATED      |                  | TOTAL            |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | 2021             | 2020             | 2021             | 2020             |
| Intangible assets                  | –                | –                | 298,213          | 307,347          |
| Inventories                        | –                | –                | 13,295           | 10,559           |
| Other assets                       | 54,856           | 76,367           | 54,856           | 76,367           |
| <b>Total segment assets</b>        | <b>54,856</b>    | <b>76,367</b>    | <b>366,364</b>   | <b>394,273</b>   |
| <b>Total segment liabilities</b>   | <b>(181,562)</b> | <b>(200,572)</b> | <b>(181,562)</b> | <b>(200,572)</b> |

## Geographical information

From a geographical perspective management has identified the following regions in which the business is – to a certain extent – managed separately:

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | REVENUE BY REGION OF<br>DESTINATION |               |
|--|-------------------------------------|---------------|
|  | 2021                                | 2020          |
| Western Europe <sup>*</sup>                        | 30,750                              | 42,114        |
| Asia Pacific <sup>**</sup>                         | 10,641                              | 15,215        |
| North America <sup>***</sup>                       | 10,416                              | 16,819        |
| Emerging markets                                   | 5,506                               | 9,832         |
| <b>Consolidated totals</b>                         | <b>57,313</b>                       | <b>83,980</b> |

<sup>\*</sup> of which revenue attributed to the Netherlands: EUR 11,702 thousand (2020/21) and EUR 16,573 thousand (2019/20).

<sup>\*\*</sup> of which revenue attributed to Australia: EUR 5,787 thousand (2020/21) and EUR 3,069 thousand (2019/20).

<sup>\*\*\*</sup> of which revenue attributed to the USA: EUR 8,288 thousand (2020/21) and EUR 14,245 thousand (2019/20).

Global brands are sold in all regions and represent in all regions but Emerging Markets more than 64% of total revenue as of 31 March 2021 (31 March 2020: 60%).

Regional brands are predominantly sold in Western Europe, with a certain presence in Emerging Markets and Asia-Pacific.

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | GROSS MARGIN BY REGION<br>OF DESTINATION |               |
|--|--|---------------|
|  | 2021                                     | 2020          |
| Western Europe                                     | 14,670                                   | 22,404        |
| Asia Pacific                                       | 7,511                                    | 10,841        |
| North America                                      | 4,965                                    | 9,213         |
| Emerging markets                                   | 2,960                                    | 5,202         |
| <b>Consolidated totals</b>                         | <b>30,106</b>                            | <b>47,660</b> |

## 6. DISTRIBUTION AND ADMINISTRATIVE EXPENSES

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH | NOTE | 2021            | 2020            |
|---|------|-----------------|-----------------|
| Advertising and promotional expenses            |      | (4,454)         | (9,043)         |
| Distribution expenses                           |      | (4,743)         | (5,073)         |
| Personnel expenses                              | 7    | (7,671)         | (11,447)        |
| Other administrative expenses                   |      | (2,756)         | (2,887)         |
| Amortisation                                    | 16   | (223)           | (85)            |
| Impairment                                      | 16   | (8,911)         | –               |
| Depreciation                                    | 15   | (1,694)         | (1,547)         |
|   |      | <b>(30,452)</b> | <b>(30,082)</b> |



## 7. PERSONNEL EXPENSES

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH           | 2021           | 2020            |
|---|----------------|-----------------|
| Wages and salaries  | (5,633)        | (8,837)         |
| Fringe benefits (including social premiums)               | (1,320)        | (1,291)         |
| Contributions to defined contribution plans               | (156)          | (252)           |
| Expenses related to post-employment defined benefit plans | (312)          | (279)           |
| Temporary staff   | (250)          | (788)           |
|   | <b>(7,671)</b> | <b>(11,447)</b> |

At 31 March 2021 the Group had 38 FTEs in the Netherlands (31 March 2020: 44 FTEs) and 24 FTEs abroad (31 March 2020: 27 FTEs).

Personnel expenses include 1,762 thousand of income from government support in the Netherlands and the USA, for which the Group has applied during the financial year ended 31 March 2021.

For the disclosure on key management personnel remuneration reference is made to note 28.

## 8. NET FINANCE COSTS

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH                                | 2021           | 2020           |
|--|----------------|----------------|
| Total interest income arising from financial assets measured at amortised cost | 188            | 250            |
| <b>Finance income</b>  | <b>188</b>     | <b>250</b>     |
| Interest expenses on loans and borrowings                                      | (1,991)        | (1,310)        |
| Interest expense on liability related to the Passoa call/put option            | (799)          | (1,182)        |
| Interest expense on lease liabilities  | (131)          | (136)          |
| Other finance costs  | (716)          | (967)          |
| <b>Finance costs</b>   | <b>(3,637)</b> | <b>(3,594)</b> |
| <b>Net finance costs recognised in profit or loss</b>                          | <b>(3,449)</b> | <b>(3,344)</b> |

## 9. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2021 is based on the net loss attributable to ordinary shareholders of the Company of EUR 8,558 thousand (2019/20: EUR 9,205 thousand net profit) and a weighted average number of ordinary shares – basic outstanding during the year ended 31 March 2021 of 12,477,298 (2019/20: 12,477,298). Basic earnings per share for the year amounted to EUR 0.69 negative (2019/20: EUR 0.74 positive).

### Diluted earnings per share

The calculation of diluted earnings per share for the period ended 31 March 2021 is based on the net loss attributable to ordinary shareholders of the Company of EUR 8,558 thousand (2019/20: EUR 9,205 thousand net profit) and a weighted average number of ordinary shares – basic outstanding after adjustment for the effects of all potentially dilutive ordinary shares of 12,477,298 (2019/20: 12,477,298). Diluted earnings per share for the year amounted to EUR 0.69 negative (2019/20: EUR 0.74 positive).

## 10. EMPLOYEE BENEFITS

The Group has two pension schemes in place for its members of staff. One of them qualifies as defined benefit plan, whereas it is an average pay pension scheme. 40 employees participate in this defined benefit plan. 21 of those employees also participate in the defined contribution plan, which is applicable for remuneration exceeding threshold of the defined benefit plan. All pension schemes are fully insured, and consequently no risk of additional premiums to be paid is expected. The Group has no influence on the plan assets.

### Movement in net defined benefit (asset) liability

| AMOUNTS IN EUR '000                          | DEFINED BENEFIT OBLIGATION |              | FAIR VALUE OF PLAN ASSETS |                | NET DEFINED BENEFIT LIABILITY (ASSET) |              |
|--|----------------------------|--------------|---------------------------|----------------|---------------------------------------|--------------|
|  | 2021                       | 2020         | 2021                      | 2020           | 2021                                  | 2020         |
| Balance at 1 April                           | 4,510                      | 3,792        | (4,076)                   | (3,458)        | 434                                   | 334          |
| <b>Included in profit or loss</b>            |                            |              |                           |                |                                       |              |
| Current service cost                         | 312                        | 279          | –                         | –              | 312                                   | 279          |
| Past service cost and (gain)                 | –                          | –            | –                         | –              | –                                     | –            |
| Interest cost/(income)                       | 69                         | 69           | (70)                      | (70)           | (1)                                   | (1)          |
|  | <b>381</b>                 | <b>348</b>   | <b>(70)</b>               | <b>(70)</b>    | <b>311</b>                            | <b>278</b>   |
| <b>Included in OCI</b>                       |                            |              |                           |                |                                       |              |
| Effect of changes in economic assumptions    | 826                        | 382          | –                         | –              | 826                                   | 382          |
| Effect of changes in demographic assumptions | (116)                      | –            | –                         | –              | (116)                                 | –            |
| Effect of experience adjustments             | (95)                       | (29)         | –                         | –              | (95)                                  | (29)         |
| Costs of asset management                    | –                          | –            | 20                        | 17             | 20                                    | 17           |
| Premium correction                           | –                          | –            | (185)                     | (117)          | (185)                                 | (117)        |
| Return on plan assets (excluding interest)   | –                          | –            | (447)                     | (224)          | (447)                                 | (224)        |
|  | <b>615</b>                 | <b>353</b>   | <b>(612)</b>              | <b>(324)</b>   | <b>3</b>                              | <b>29</b>    |
| <b>Other</b>                                 |                            |              |                           |                |                                       |              |
| Contributions paid by employee               | 46                         | 44           | (46)                      | (44)           | –                                     | –            |
| Contributions paid by the employer           | –                          | –            | (276)                     | (235)          | (276)                                 | (235)        |
| Benefits paid                                | (28)                       | (27)         | 28                        | 27             | –                                     | –            |
| Administration costs                         | –                          | –            | 33                        | 28             | 33                                    | 28           |
|  | <b>18</b>                  | <b>17</b>    | <b>(261)</b>              | <b>(224)</b>   | <b>(243)</b>                          | <b>(207)</b> |
| <b>Balance at 31 March</b>                   | <b>5,524</b>               | <b>4,510</b> | <b>(5,019)</b>            | <b>(4,076)</b> | <b>505</b>                            | <b>434</b>   |

### Plan assets

Plan assets comprise qualifying insurance policies.

### Defined benefit obligation

#### Actuarial assumptions

At the reporting date the principal actuarial assumptions (expressed as weighted averages) were as follows:

| AS AT 31 MARCH        | 2021  | 2020  |
|-----------------------|-------|-------|
| Discount rate         | 1.00% | 1.55% |
| Future salary growth  | 1.50% | 1.55% |
| Future pension growth | 0.00% | 0.00% |
| Price inflation       | 1.50% | 1.70% |



Assumptions regarding future mortality are based on published statistics and mortality tables. For financial year 2020/21 table Prognosetafel AG 2020 is used (2019/20: Prognosetafel AG 2018).

The duration of the defined benefit obligation is 30.5 years (2019/20: 30.3 years).

The Group expects EUR 342 thousand in contributions to be paid to its defined benefit plan in the 2021/22 financial year (31 March 2020: EUR 312 thousand).

### Sensitivity analysis

Reasonably possible changes to one of the relevant actuarial assumptions at the reporting date, while holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

### Defined benefit obligation as at 31 March 2021

| AMOUNTS IN EUR '000             | INCREASE | DECREASE |
|---------------------------------|----------|----------|
| Discount rate (+/- 1%)          | (1,596)  | 1,748    |
| Future salary growth (+/- 1%)   | 32       | (40)     |
| Future price inflation (+/- 1%) | 32       | (36)     |
| Future pension growth (+ 1%)    | 124      | -        |

## 11. INCOME TAXES

### Income tax recognised in profit or loss

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH              | 2021           | 2020           |
|--|----------------|----------------|
| Current tax expense  | (1,966)        | (2,471)        |
| <b>Deferred tax expense</b>                                  |                |                |
| Tax loss and tax credit carry forward/(reduction of)         | 825            | (1,131)        |
| Origination and reversal of temporary differences            | (192)          | (333)          |
| Adjustment for prior years (incl. tax credits carry forward) | -              | 56             |
| Remeasurement DTA and DTL due to rate changes                | (3,937)        | (1,303)        |
|  | (3,304)        | (2,711)        |
| <b>Income tax expense</b>                                    | <b>(5,270)</b> | <b>(5,182)</b> |

Income tax expense excludes the Group's share of tax expense of the Group's equity-accounted investees of EUR 57 thousand (2019/20: EUR 207 thousand), which has been included in 'share of profit of joint ventures'.

Included in 2020/21 income tax expense is a tax gain of EUR 16 thousand (2019/20: EUR 97 thousand) related to the application of the research & development tax incentive over this year.

The 2020/21 income tax expense include a one-off loss of EUR 3.9 million, due to the negative impact resulting from the cancellation of reductions in the Dutch corporate income tax rate on the Company's deferred tax liabilities. The 2019/20 income tax expense included a one-off loss of EUR 1.3 million, mainly due to the negative impact resulting from the reductions of the Dutch corporate income tax rate, which changed from 20.5% to 21.7%, on the companies deferred tax liabilities.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

## Reconciliation of effective tax rate

| FOR THE YEAR ENDED 31 MARCH                              | 2021           |                | 2020        |                |
|--|----------------|----------------|-------------|----------------|
|  | %              | EUR 1,000      | %           | EUR 1,000      |
| Profit/(loss) before tax                                 |                | (3,288)        |             | 14,387         |
| Tax at the Company's domestic tax rate                   | 25.0           | 822            | 25.0        | (3,597)        |
| Effect of tax rates in foreign jurisdictions             | (8.0)          | (262)          | 4.0         | (577)          |
| Non-deductible expenses                                  | (69.5)         | (2,284)        | –           | (7)            |
| Effect of share of profits of equity-accounted investees | 15.2           | 501            | (1.1)       | 153            |
| Changes in estimates related to prior years              | (3.8)          | (126)          | (0.2)       | 25             |
| R&D tax incentive  | 0.5            | 16             | (0.7)       | 97             |
| Other (incl. tax credits carry forward)                  | –              | –              | (0.2)       | 27             |
| Remeasurement DTA and DTL due to rate changes            | (119.7)        | (3,937)        | 9.1         | (1,303)        |
|  | <b>(160.3)</b> | <b>(5,270)</b> | <b>36.0</b> | <b>(5,182)</b> |

Non-deductible expenses include the impairment of EUR 8,911 thousand, amongst others.

## Movement in deferred tax balances

| RELATED TO 2020/21<br>AMOUNTS IN EUR '000 | NET BALANCE<br>AT 1 APRIL<br>2020 | RECOGNISED<br>IN PROFIT OR<br>LOSS | RECOGNISED<br>IN OCI/EQUITY | RECLASSI-<br>FICATION/<br>OTHER | NET BALANCE<br>AT 31 MARCH<br>2021 | DEFERRED<br>TAX<br>ASSETS | DEFERRED<br>TAX<br>LIABILITIES |
|---|-----------------------------------|------------------------------------|-----------------------------|---------------------------------|------------------------------------|---------------------------|--------------------------------|
| Intangible assets                         | (26,846)                          | (4,275)                            | –                           | –                               | (31,121)                           | –                         | (31,121)                       |
| Acquisition related deferred<br>taxes     | (18,155)                          | –                                  | –                           | –                               | (18,155)                           | –                         | (18,155)                       |
| Derivative financial liability            | (25)                              | –                                  | 17                          | –                               | (8)                                | –                         | (8)                            |
| Derivative financial asset                | 261                               | 40                                 | 41                          | –                               | 342                                | 342                       | –                              |
| Employee benefits                         | 102                               | 15                                 | 1                           | –                               | 118                                | 118                       | –                              |
| Tax loss carry forward                    | 2,000                             | 351                                | –                           | –                               | 2,351                              | 2,351                     | –                              |
| Tax credits carry forward                 | –                                 | 565                                | –                           | –                               | 565                                | 565                       | –                              |
| <b>Tax assets (liabilities)</b>           | <b>(42,663)</b>                   | <b>(3,304)</b>                     | <b>59</b>                   | <b>–</b>                        | <b>(45,908)</b>                    | <b>3,376</b>              | <b>(49,284)</b>                |

| RELATED TO 2019/20<br>AMOUNTS IN EUR '000 | NET BALANCE<br>AT 1 APRIL<br>2019 | RECOGNISED<br>IN PROFIT OR<br>LOSS | RECOGNISED<br>IN OCI/EQUITY | RECLASSI-<br>FICATION/<br>OTHER | NET BALANCE<br>AT 31 MARCH<br>2020 | DEFERRED<br>TAX<br>ASSETS | DEFERRED<br>TAX<br>LIABILITIES |
|---|-----------------------------------|------------------------------------|-----------------------------|---------------------------------|------------------------------------|---------------------------|--------------------------------|
| Intangible assets                         | (25,074)                          | (1,772)                            | –                           | –                               | (26,846)                           | –                         | (26,846)                       |
| Acquisition related deferred<br>taxes     | (18,155)                          | –                                  | –                           | –                               | (18,155)                           | –                         | (18,155)                       |
| Derivative financial liability            | –                                 | 4                                  | (29)                        | –                               | (25)                               | –                         | (25)                           |
| Derivative financial asset                | 206                               | 6                                  | 49                          | –                               | 261                                | 261                       | –                              |
| Employee benefits                         | 75                                | 20                                 | 7                           | –                               | 102                                | 102                       | –                              |
| Tax loss carry forward                    | 2,973                             | (969)                              | –                           | (4)                             | 2,000                              | 2,000                     | –                              |
| Tax credits carry forward                 | –                                 | –                                  | –                           | –                               | –                                  | –                         | –                              |
| <b>Tax assets (liabilities)</b>           | <b>(39,975)</b>                   | <b>(2,711)</b>                     | <b>27</b>                   | <b>(4)</b>                      | <b>(42,663)</b>                    | <b>2,363</b>              | <b>(45,026)</b>                |

On 31 March 2021 the total tax loss carry forward amount of EUR 9.5 million has been capitalised as deferred tax asset (31 March 2020: EUR 8.4 million). Tax credits carry forward of EUR 2.3 million have been recognised and will not expire (31 March 2020: nil). The deferred tax asset is expected to be gradually realised in the course of the next two years.



### Uncertain tax positions

Because the Company operates in a number of countries, its income is subject to taxation in differing jurisdictions and at differing tax rates. The authorities in the Dutch tax jurisdiction have reviewed the Company's tax 2016/17 and 2017/18 tax returns and have raised a question about the tax deductibility of the interest expense related to the Passoa call/put option.

The Company's legal counsel advised that it is not probable, but only possible, that the Dutch tax authorities' question will result in an amended tax payment. Accordingly, no provision (or any other form of liability) is accounted for in these financial statements.

## 12. INVENTORIES

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021          | 2020          |
|------------------------------------|---------------|---------------|
| Finished goods                     | 12,852        | 9,686         |
| Raw materials                      | 443           | 873           |
|                                    | <b>13,295</b> | <b>10,559</b> |

During 2020/21 inventories of EUR 39 thousand were written down to net realisable value (2019/20: EUR 71 thousand). The write-down is included in 'Cost of sales'.

## 13. TRADE AND OTHER RECEIVABLES

| AMOUNTS IN EUR '000 AS AT 31 MARCH  | 2021          | 2020          |
|-------------------------------------|---------------|---------------|
| Trade receivables                   | 12,743        | 20,275        |
| Prepaid expenses and accrued income | 2,051         | 3,240         |
| Corporate income tax receivable     | –             | 218           |
| Other receivables                   | 1,547         | 1,188         |
|                                     | <b>16,341</b> | <b>24,921</b> |

The entire balance of trade and other receivables is classified as current. As at 31 March 2021 and 2020 there was no allowance for doubtful debts as there is an insignificant credit loss expected. The Company did not experience a significant increase in credit risk as a result of COVID-19.

Trade and other receivables denominated in currencies other than the functional currency amounted to EUR 8,575 thousand at 31 March 2021 (31 March 2020: EUR 16,488 thousand).

Information about the Group's exposure to credit and currency risks as well as impairment losses for trade and other receivables is included in note 25.

## 14. CASH AND CASH EQUIVALENTS

| AMOUNTS IN EUR '000 AS AT 31 MARCH                                      | 2021          | 2020          |
|---|---------------|---------------|
| Bank balances   | 18,817        | 33,095        |
| Cash balances   | 10            | 13            |
| <b>Cash and cash equivalents in the statement of financial position</b> | <b>18,827</b> | <b>33,108</b> |
| Bank overdrafts   | (13,203)      | (11,925)      |
| <b>Cash and cash equivalents in the statement of cash flows</b>         | <b>5,624</b>  | <b>21,183</b> |

All cash and cash equivalents are available on demand.

## 15. PROPERTY, PLANT AND EQUIPMENT

| AMOUNTS IN EUR '000                  | RIGHT-OF-USE<br>ASSETS | EQUIPMENT      | FIXTURES AND<br>FITTINGS | FURNITURE    | TOTAL          |
|--------------------------------------|------------------------|----------------|--------------------------|--------------|----------------|
| <b>Cost</b>                          |                        |                |                          |              |                |
| Balance at 1 April 2020              | 7,892                  | 2,166          | 3,941                    | 108          | 14,107         |
| Additions                            | 195                    | 680            | 47                       | 8            | 930            |
| Lease modification                   | 270                    | –              | –                        | –            | 270            |
| Disposals                            | (169)                  | (3)            | (5)                      | –            | (177)          |
| Reclassification                     | –                      | –              | (62)                     | 67           | 5              |
| Effect of movement in exchange rates | (49)                   | –              | –                        | –            | (49)           |
| <b>Balance at 31 March 2021</b>      | <b>8,139</b>           | <b>2,843</b>   | <b>3,921</b>             | <b>183</b>   | <b>15,086</b>  |
| <b>Accumulated depreciation</b>      |                        |                |                          |              |                |
| Balance at 1 April 2020              | (1,474)                | (849)          | (1,423)                  | (53)         | (3,799)        |
| Depreciation for the year            | (754)                  | (493)          | (429)                    | (18)         | (1,694)        |
| Disposals                            | 169                    | 3              | 5                        | –            | 177            |
| Reclassification                     | –                      | 45             | (5)                      | (45)         | (5)            |
| Effect of movement in exchange rates | 21                     | –              | –                        | –            | 21             |
| <b>Balance at 31 March 2021</b>      | <b>(2,038)</b>         | <b>(1,294)</b> | <b>(1,852)</b>           | <b>(116)</b> | <b>(5,300)</b> |
| <b>Carrying amounts</b>              |                        |                |                          |              |                |
| <b>At 1 April 2020</b>               | <b>6,418</b>           | <b>1,317</b>   | <b>2,518</b>             | <b>55</b>    | <b>10,308</b>  |
| <b>At 31 March 2021</b>              | <b>6,101</b>           | <b>1,549</b>   | <b>2,069</b>             | <b>67</b>    | <b>9,786</b>   |

| AMOUNTS IN EUR '000                  | RIGHT-OF-USE<br>ASSETS | EQUIPMENT    | FIXTURES AND<br>FITTINGS | FURNITURE   | TOTAL          |
|--------------------------------------|------------------------|--------------|--------------------------|-------------|----------------|
| <b>Cost</b>                          |                        |              |                          |             |                |
| Balance at 1 April 2019              | 7,778                  | 1,764        | 5,562                    | 319         | 15,423         |
| Additions                            | 95                     | 1,030        | 350                      | 7           | 1,482          |
| Disposals                            | –                      | (632)        | (1,966)                  | (218)       | (2,816)        |
| Reclassification                     | –                      | 4            | (5)                      | –           | (1)            |
| Effect of movement in exchange rates | 19                     | –            | –                        | –           | 19             |
| <b>Balance at 31 March 2020</b>      | <b>7,892</b>           | <b>2,166</b> | <b>3,941</b>             | <b>108</b>  | <b>14,107</b>  |
| <b>Accumulated depreciation</b>      |                        |              |                          |             |                |
| Balance at 1 April 2019              | (727)                  | (1,118)      | (2,949)                  | (259)       | (5,053)        |
| Depreciation for the year            | (728)                  | (358)        | (446)                    | (15)        | (1,547)        |
| Disposals                            | –                      | 632          | 1,966                    | 218         | 2,816          |
| Reclassification                     | (13)                   | (5)          | 6                        | 3           | (9)            |
| Effect of movement in exchange rates | (6)                    | –            | –                        | –           | (6)            |
| <b>Balance at 31 March 2020</b>      | <b>(1,474)</b>         | <b>(849)</b> | <b>(1,423)</b>           | <b>(53)</b> | <b>(3,799)</b> |
| <b>Carrying amounts</b>              |                        |              |                          |             |                |
| <b>At 1 April 2019</b>               | <b>7,051</b>           | <b>646</b>   | <b>2,613</b>             | <b>61</b>   | <b>10,371</b>  |
| <b>At 31 March 2020</b>              | <b>6,418</b>           | <b>1,317</b> | <b>2,518</b>             | <b>55</b>   | <b>10,308</b>  |

The carrying value of right-of-use assets mainly consists of buildings and includes an amount of EUR 58 thousand relating to office equipment (31 March 2020: EUR 74 thousand) and EUR 59 thousand relating to lease cars (31 March 2020: EUR 14 thousand). Short-term lease expenses and low-value lease expenses of EUR 64 thousand (31 March 2020: EUR 75 thousand) are included in Other administrative expenses. Refer to note 24 for further details on the lease liability.



## Security

At 31 March 2021 properties with a carrying amount of EUR 3,685 thousand (31 March 2020: EUR 3,890 thousand) were subject to a registered debenture that serves as security for bank loans (see note 21).

## 16. INTANGIBLE ASSETS

| AMOUNTS IN EUR '000             | BRANDS         | GOODWILL      | OTHER      | TOTAL          |
|---------------------------------|----------------|---------------|------------|----------------|
| Balance at 31 March 2019        | 286,634        | 20,202        | –          | 306,836        |
| Additions                       | 41             | –             | 555        | 596            |
| Amortisation                    | (85)           | –             | –          | (85)           |
| <b>Balance at 31 March 2020</b> | <b>286,590</b> | <b>20,202</b> | <b>555</b> | <b>307,347</b> |
| Additions                       | –              | –             | –          | –              |
| Impairment                      | (8,911)        | –             | –          | (8,911)        |
| Amortisation                    | (39)           | –             | (184)      | (223)          |
| <b>Balance at 31 March 2021</b> | <b>277,640</b> | <b>20,202</b> | <b>371</b> | <b>298,213</b> |

## Goodwill

Goodwill was recognised as a result of the acquisition of Pijlsteeg B.V. in September 2013 and of Passoã in December 2016. The difference between the purchase price and the fair value was recognised as goodwill, which is subject to an annual impairment test.

| AMOUNTS IN EUR '000        | 2021          | 2020          |
|----------------------------|---------------|---------------|
| Balance at 1 April         | 20,202        | 20,202        |
| Additions from acquisition | –             | –             |
| <b>Balance at 31 March</b> | <b>20,202</b> | <b>20,202</b> |

## Impairment testing for cash-generating units (CGUs) containing brand value and goodwill

For the purpose of impairment testing the total brand value has been allocated to the Group's CGUs as follows:

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021           | 2020           |
|------------------------------------|----------------|----------------|
| Bols                               | 102,138        | 102,138        |
| Passoã                             | 70,300         | 70,300         |
| Galliano                           | 39,076         | 39,076         |
| Dutch brands                       | 40,922         | 49,833         |
| Other brands                       | 25,204         | 25,243         |
|                                    | <b>277,640</b> | <b>286,590</b> |

All capitalised brands are regarded as having an indefinite useful economic life and are therefore not amortised. Such brands are protected by trademarks, which are renewable indefinitely in all the major markets in which they are sold. The Company is not aware of any legal, regulatory or contractual provisions that limit the useful life of these brands. The nature of the premium drinks industry is that obsolescence is not a common issue, with indefinite brand lives being commonplace.

The recoverable amount of the CGUs was determined based on a value in use analysis and estimated using discounted cash flows as per the end of the financial year. When estimating the recoverable amount based on the value in use, the forecasted cash flows reflect management's best estimate of the economic conditions that will exist over the remaining useful life of the asset.



Key assumptions applied to the impairment test are as follows:

- Cash flows after the first four-year period are extrapolated using an average terminal value growth rate of 1.50 percent. The growth rates are in line with long-term expected growth rates in the markets in which the Group operates, partly driven by demographic developments and expected inflation rates.
- Cash flow projections are based on net contribution margin level of coming financial year's budget and the mid-term business plan for the next three years, both recently approved by senior management and evaluated it in the light of historical performance and – if and where applicable – amended for the expected impact of COVID-19. Cash flow forecasts take into account expected revenue growth based on actual experience, an analysis of volume growth and expected market share developments as well as expected pricing and margin developments. The revenue and volume growth rates and margins used to estimate future performance are based on past performance, our experience of growth rates and margins achievable in the Company's main markets and the expected brand value-enhancing propositions in the markets.
- The discount rate was determined based on external sources:

| PERCENTAGE AS AT 31 MARCH  | 2021        | 2020        |
|----------------------------|-------------|-------------|
| Discount rate              | 6.7         | 7.2         |
| Pre-tax WACC               | 8.29 – 9.31 | 8.67 – 9.49 |
| Terminal value growth rate | 0.00 – 2.00 | 0.00 – 2.00 |

During the year, an impairment loss of EUR 8.9 million was recorded in relation to the CGU Dutch brands, with a carrying amount of EUR 40.9 million (after impairment losses) at 31 March 2021 (31 March 2020: EUR 49.8 million).

The drivers of the impairment were mainly the impact of the COVID-19 pandemic in the markets where these brands are sold, changes in the competitive market environment in the Benelux for jenever/vieux and the continuous decline in consumer consumption of these brands.

Given the Dutch Brands CGU was impaired during the year under review, an adverse change in one or more assumptions applied in calculating the recoverable amount would directly cause the (impaired) carrying amount to exceed the recoverable amount. The key assumptions used for the impairment test of this CGU are: terminal growth rate of 0%, a discount rate of 6.7% and flat net contribution margin.

In addition, management performed a sensitivity analysis on (i) a revenue decrease of 5%, (ii) a discount rate increase of 1% or (iii) if applicable, a terminal growth rate of 0% for each other CGU. The outcome of these individual sensitivity analyses is that no impairment was necessary for any of the other CGUs (all other assumptions remained unchanged).

## 17. EQUITY-ACCOUNTED INVESTEEES

| AMOUNTS IN EUR '000                               | 2021         | 2020         |
|---|--------------|--------------|
| Opening balance                                   | 7,316        | 7,590        |
| Share in profit                                   | 507          | 154          |
| Dividend received                                 | (900)        | (1,100)      |
| Additions to joint ventures                       | 2,376        | –            |
| Investments (divestments) in joint ventures       | (50)         | 50           |
| Actuarial result through OCI                      | (174)        | (5)          |
| Adjustments from currency translation through OCI | –            | (44)         |
| Other adjustments*                                | (51)         | 671          |
| <b>Balance as at 31 March</b>                     | <b>9,024</b> | <b>7,316</b> |

\* Included in Other adjustments in prior for the year ended 31 March 2020 is an amount of EUR 457 thousand relating to the further integration of Coymans Distillery International which was charged through by Avandis to the Company for its respective share in these costs.



| AMOUNTS IN EUR '000                | 2021         | 2020         |
|------------------------------------|--------------|--------------|
| Avandis (CV & BV) (33.3%)          | 8,138        | 5,557        |
| Maxxium Nederland BV (50.0%)       | 586          | 673          |
| BolsKyndal India Pvt. Ltd. (50.0%) | –            | 736          |
| Other                              | 300          | 350          |
| <b>Balance as at 31 March</b>      | <b>9,024</b> | <b>7,316</b> |

### Avandis

Avandis is structured as a separate entity and the Group has a 50 percent interest in the net assets of Avandis. The Group has classified its interest in Avandis as a joint venture. The Avandis joint venture has been contracted for blending and bottling services. Avandis C.V. is a cost joint venture and budgets on a breakeven result, whereas Avandis B.V. is the owner of the Cooymans Distillery International, which is exploited by the two partners jointly.

During the year, in order to bring shareholding more in line with relative share in production volumes, the Group increased its interest in Avandis from 33.33% to 50.00%. The consideration transferred (EUR 850 thousand) was lower than the fair value of the net assets acquired. Consequently, a gain on the bargain purchase of EUR 1,721 thousand was recognized in Share of profit of joint ventures.

The following is a summary of the financial information of Avandis (CV & BV combined), based on its financial statements adjusted for fair value adjustments on acquisition and differences in the Group's accounting policies.

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH | 2021        | 2020       |
|---|-------------|------------|
| Revenue   | 40,902      | 43,964     |
| Profit from continuing operations               | (28)        | 238        |
| Other comprehensive income                      | –           | –          |
| <b>Total comprehensive income</b>               | <b>(28)</b> | <b>238</b> |

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021          | 2020          |
|------------------------------------|---------------|---------------|
| Current assets                     | 16,495        | 16,410        |
| Non-current assets                 | 28,625        | 27,562        |
| Current liabilities                | (14,427)      | (15,241)      |
| Non-current liabilities            | (14,416)      | (12,059)      |
| <b>Net assets (100%)</b>           | <b>16,277</b> | <b>16,672</b> |

| AMOUNTS IN EUR '000 AS AT 31 MARCH   | 2021         | 2020         |
|--|--------------|--------------|
| Group interest in net assets of investee at beginning of year                          | 5,557        | 5,478        |
| Share of total comprehensive income  | (1,516)      | 79           |
| Contributions and changes during the year (including gain from bargain purchase price) | 4,097        | –            |
| <b>Group interest in net assets of investee at year-end</b>                            | <b>8,138</b> | <b>5,557</b> |
| Elimination of unrealised profit on intercompany sales                                 | –            | –            |
| <b>Carrying amount of interest in investee at year-end</b>                             | <b>8,138</b> | <b>5,557</b> |

### Maxxium Nederland B.V.

Maxxium Nederland B.V. is structured as a separate entity and the Group has a 50.0 percent interest in the net assets of Maxxium Nederland B.V. The Group has classified its interest in Maxxium Nederland B.V. as a joint venture. The principal activity of Maxxium Nederland B.V. is the distribution of distilled products.

The following is a summary of the financial information for Maxxium Nederland B.V., based on its financial statements adjusted for fair value adjustments on acquisition and differences in the Group's accounting policies.

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH | 2021         | 2020         |
|---|--------------|--------------|
| Revenue   | 66,178       | 67,128       |
| Profit from continuing operations               | 2,077        | 2,157        |
| Other comprehensive income                      | (347)        | (10)         |
| <b>Total comprehensive income</b>               | <b>1,730</b> | <b>2,147</b> |

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021         | 2020         |
|------------------------------------|--------------|--------------|
| Current assets                     | 18,045       | 20,180       |
| Non-current assets                 | 1,035        | 1,159        |
| Current liabilities                | (16,686)     | (19,167)     |
| Non-current liabilities            | (892)        | (555)        |
| <b>Net assets (100%)</b>           | <b>1,502</b> | <b>1,617</b> |

| AMOUNTS IN EUR '000 AS AT 31 MARCH                            | 2021       | 2020       |
|---|------------|------------|
| Group interest in net assets of investee at beginning of year | 673        | 600        |
| Share of total comprehensive income                           | 865        | 1,074      |
| Dividends received during the year                            | (900)      | (1,100)    |
| <b>Group's interest in net assets of investee at year-end</b> | <b>638</b> | <b>574</b> |
| Elimination of unrealised profit on intercompany sales        | (52)       | 99         |
| <b>Carrying amount of interest in investee at year-end</b>    | <b>586</b> | <b>673</b> |

### BolsKyndal India Pvt. Ltd.

BolsKyndal India Pvt. Ltd. is structured as a separate entity and the Group has a 50.0 percent interest in the net assets of BolsKyndal India Pvt. Ltd. The Group has classified its interest in BolsKyndal India Pvt. Ltd. as a joint venture. The principal activity of BolsKyndal India Pvt. Ltd. is the blending, bottling and distribution of distilled products.

In 2020/21 the Group impaired the carrying value of the joint venture by EUR 736 thousand, reflecting the worsened adverse economic, political and market circumstances in India.

In 2019/20 the Group included an allowance for doubtful debt of EUR 420 thousand relating to the joint venture's outstanding receivables.



## 18. OTHER INVESTMENTS

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021 | 2020 |
|------------------------------------|------|------|
| Loan to Avandis C.V. joint venture | 599  | 599  |
| Other related party loans          | 232  | –    |
|                                    | 831  | 599  |

The loan, with an undefined duration, relates to the payment conditions as agreed with Avandis C.V. The loan bears an interest of 4.0% per annum.

Information about the Group's exposure to credit and market risks and fair value measurement is included in note 25.

## 19. CAPITAL AND RESERVES

At 31 March 2021 the authorised share capital comprised 21.0 million ordinary shares of EUR 0.10 each. A total of 12.48 million of these shares was issued and fully paid at the balance sheet date.

| AMOUNTS IN EUR '000               | 2021            | 2020            |
|-----------------------------------|-----------------|-----------------|
|                                   | ORDINARY SHARES | ORDINARY SHARES |
| In issue at 1 April               | 1,248           | 1,248           |
| In issue at 31 March – fully paid | 1,248           | 1,248           |
| Authorised – par value in EUR     | 0.10            | 0.10            |

### Ordinary shares

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share in the General Meeting of Shareholders of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

| NUMBER OF SHARES IN THOUSANDS | 2021   | 2020   |
|-------------------------------|--------|--------|
| Balance at 1 April            | 12,477 | 12,477 |
| Balance at 31 March           | 12,477 | 12,477 |

### Treasury shares

In 2020/21 and 2019/20 the Group purchased own shares under the Employee Share Purchase Plan (see note 3(e)). All purchased own shares have been delivered to employees.

### Share premium

| AMOUNTS IN EUR '000   | 2021    | 2020    |
|---|---------|---------|
| Balance at 1 April  | 129,695 | 129,695 |
| Changes in estimates of costs related to the issuance of shares | –       | –       |
| Balance at 31 March   | 129,695 | 129,695 |

### Nature and purpose of legal reserves

#### Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation (see note 3(c)).

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value, net of tax, of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (see note 3(c)).

### Other legal reserve

Prior to the acquisition of the remaining shares of Passoã SAS the net profit of Passoã SAS was allocated to other legal reserves as the Company was not allowed to freely distribute these profits under the shareholders' agreement with R my Cointreau Group. On 2 December 2020 the Company executed the call/put option and acquired the remaining shares of Passoã SAS from R my Cointreau Group becoming the sole shareholder of Passoã SAS. French legislation requires the Company to form a legal reserve, amounting to of 10% of the Company's investment in Passoã SAS, for an amount of EUR 7.6 million (31 March 2020: EUR 16.6 million). EUR 9.0 million is reallocated to retained earnings.

### Dividends on common shares

The Management Board, with the approval of the Supervisory Board, has decided to refrain from proposing dividend to be paid in 2021 with respect to the 2020/21 financial year.

The net loss shall be allocated to retained earnings, subject to the approval of Supervisory Board and the Annual General Meeting of Shareholders.

## 20. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders, also taking into account economic conditions and the requirements of the financial covenants. The Group monitors capital using net debt, amongst others.

- Net debt is the net of (i) the sum of bank loans drawn (at face value), the assumed liability regarding the Passoã call/put option and bank overdrafts and (ii) cash and cash equivalents.

The Group's net debt and adjusted equity at 31 March was as follows:

| AMOUNTS IN EUR '000 AS AT 31 MARCH                     | NOTE | 2021          | 2020           |
|--|------|---------------|----------------|
| Bank loans drawn (at face value)                       |      | 98,000        | 50,000         |
| Assumed liability following the Passoã call/put option | 24   | –             | 70,501         |
| <b>Interest-bearing debt</b>                           |      | <b>98,000</b> | <b>120,501</b> |
| Less: cash and cash equivalents                        | 14   | (18,827)      | (33,108)       |
| Plus: bank overdrafts                                  | 14   | 13,203        | 11,925         |
| <b>Net debt</b>  |      | <b>92,376</b> | <b>99,318</b>  |

Lucas Bols' strong cash generation and the availability of significant undrawn committed bank facilities provide for sufficient liquidity to manage the COVID-19 crisis. The Management Board will refrain from proposing a dividend for the 2020/21 financial year, however, given the impact of (and lack of visibility over the duration of) COVID-19 and to preserve the liquidity position.

In addition, the Management Board has decided to waive its entitlement to any variable remuneration for the 2020/21 financial year.



## 21. LOANS AND BORROWINGS

### Non-current liabilities

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021          | 2020          |
|------------------------------------|---------------|---------------|
| Secured bank loans                 | 95,292        | 49,714        |
|                                    | <b>95,292</b> | <b>49,714</b> |

The facility arrangement in place consists of EUR 30 million term loan facilities, EUR 40 million revolving credit facilities and EUR 50 million acquisition facility for the funding of Passoã transaction. The facilities have a maturity of five years. There is no FX impact on the loans.

The Group is obliged to meet the covenants required by the senior credit facilities.

Under the facility agreement, the Group is required to comply with an interest cover ratio covenant and a leverage ratio covenant, calculated as per the definitions included in that agreement. Per each of the half-year testing periods, the interest cover ratio shall be or shall exceed 3.00, whilst the leverage ratio shall not exceed 4.00. In case of an acquisition, the maximum leverage ratio permitted is increased to 4.50 for two consecutive testing periods after that acquisition (the 'acquisition spike').

COVID-19 impacts both the Group's profitability (e.g. EBITDA) and the magnitude by which the Group can reduce net debt. Consequently, the Group agreed temporary amendments to the facility agreement with the lender group to facilitate further execution of the growth strategy whilst complying with covenants (also throughout the COVID-19 crisis).

- In April 2020, when the COVID-19 crisis had just started and expectations were that it would have a severe but short-term only impact, the Group (amongst others) agreed that the interest cover ratio covenant and the leverage ratio covenant would not be tested per 30 September 2020 and 31 March 2021. The following alternative covenants were agreed on instead:
  - A minimum liquidity level covenant, set at EUR 10.0 million (including Passoã net debt); and
  - An EBITDA 'floor' covenant, set at EUR 6.0 million and EUR 2.0 million for the 30 September 2020 and 31 March 2021 testing periods, respectively, both measured on a last twelve months ('LTM' or 'rolling') basis and including EBITDA attributable to Passoã.

Based on the definitions in the facility agreement and the amendments thereto, the actual liquidity level per 31 March 2021 was EUR 27.6 million, whilst EBITDA (per the definition in the facility agreement) for the year ended on that date was EUR 11.1 million.

- In April 2021, when the impact (magnitude and duration) of the unanticipated additional COVID-19 waves became clearer, the Group agreed extended amendments with the lender group.
  - In regard to the testing periods ended 30 September 2021, 31 March 2022 and 30 September 2022, it was agreed that the interest cover ratio covenant and the leverage ratio covenant would not be tested. Instead, a minimum liquidity level covenant (set at EUR 12.5 million on the last day of each month for the periods ending 30 September 2021 and 31 March 2022, and at EUR 15.0 million on the last day of each month for the testing period ended 30 September 2022, respectively) and an EBITDA 'floor' covenant (set at EUR 4.5 million, EUR 8.0 million and EUR 11.0 million for the testing periods ended 30 September 2021, 31 March 2022 and 30 September 2022, respectively) were agreed.
  - In regard to the testing period ended 31 March 2023, it was agreed that the interest cover ratio shall be or shall exceed 2.76, whilst the leverage ratio shall not exceed 4.50.

Information about the Group's exposure to interest rate and liquidity risks is included in note 25.

## Current liabilities

| AMOUNTS IN EUR '000 AS AT 31 MARCH    | 2021          | 2020          |
|---------------------------------------|---------------|---------------|
| Current portion of secured bank loans | 2,500         | –             |
| Bank overdrafts                       | 13,203        | 11,925        |
|                                       | <b>15,703</b> | <b>11,925</b> |

## Movement schedule

| AMOUNTS IN EUR '000        | TERM LOAN     | REVOLVING CREDIT FACILITY | ACQUISITION FACILITY | TOTAL SECURED BANK LOANS (FACE VALUE) | UNAMORTISED REFINANCE FEES | CARRYING AMOUNT | TOTAL REPAYMENT |
|----------------------------|---------------|---------------------------|----------------------|---------------------------------------|----------------------------|-----------------|-----------------|
| As at 31 March 2020        | 30,000        | 20,000                    | –                    | 50,000                                | (286)                      | 49,714          | –               |
| Amortisation               | –             | –                         | –                    | –                                     | 78                         | 78              | –               |
| Proceeds                   | –             | 12,000                    | 50,000               | 62,000                                | –                          | 62,000          | –               |
| Repayments                 | –             | (14,000)                  | –                    | (14,000)                              | –                          | (14,000)        | (14,000)        |
| <b>As at 31 March 2021</b> | <b>30,000</b> | <b>18,000</b>             | <b>50,000</b>        | <b>98,000</b>                         | <b>(208)</b>               | <b>97,792</b>   | <b>(14,000)</b> |

| AMOUNTS IN EUR '000        | TERM LOAN     | REVOLVING CREDIT FACILITY | ACQUISITION FACILITY | TOTAL SECURED BANK LOANS (FACE VALUE) | UNAMORTISED REFINANCE FEES | CARRYING AMOUNT | TOTAL REPAYMENT |
|----------------------------|---------------|---------------------------|----------------------|---------------------------------------|----------------------------|-----------------|-----------------|
| As at 31 March 2019        | 30,000        | 18,000                    | –                    | 48,000                                | (364)                      | 47,636          | –               |
| Amortisation               | –             | –                         | –                    | –                                     | 78                         | 78              | –               |
| Proceeds                   | –             | 2,000                     | –                    | 2,000                                 | –                          | 2,000           | –               |
| Repayments                 | –             | –                         | –                    | –                                     | –                          | –               | –               |
| <b>As at 31 March 2020</b> | <b>30,000</b> | <b>20,000</b>             | <b>–</b>             | <b>50,000</b>                         | <b>(286)</b>               | <b>49,714</b>   | <b>–</b>        |

## Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

| AMOUNTS IN EUR '000 AS AT 31 MARCH            | CURRENCY | NOMINAL INTEREST RATE | YEAR OF MATURITY | UNUSED FACILITY* | FACE VALUE    | CARRYING AMOUNT | FACE VALUE    | CARRYING AMOUNT |
|---|----------|-----------------------|------------------|------------------|---------------|-----------------|---------------|-----------------|
|   |          | % P.A.                |                  | 2021             | 2021          | 2021            | 2020          | 2020            |
| Secured bank loan – Term loan                 | EUR      | Euribor + 2.65 %      | 2023             | –                | 30,000        | 29,936          | 30,000        | 29,828          |
| Secured bank loan – Revolving Credit Facility | EUR      | Euribor + 2.65 %      | 2023             | 12,000           | 18,000        | 17,962          | 20,000        | 19,886          |
| Secured bank loan – Acquisition Facility      | EUR      | Euribor + 2.65 %      | 2023             | –                | 50,000        | 49,894          | –             | –               |
| <b>Total interest-bearing liabilities</b>     |          |                       |                  | <b>12,000</b>    | <b>98,000</b> | <b>97,792</b>   | <b>50,000</b> | <b>49,714</b>   |

\* In addition, the Group had a revolving credit facility of EUR 10.0 million in place, which is mainly used for guarantees. As at 31 March 2021 a total of approximately EUR 8.0 million (31 March 2020: EUR 2.0 million) was used for guarantees, leaving an extra amount of EUR 2.0 million of the facility unused at 31 March 2021 (31 March 2020: EUR 8.0 million).



The repayment schedule of current outstanding loans is as follows:

| AMOUNTS IN EUR '000                           | CURRENCY | YEAR OF MATURITY | FACE VALUE    |                  |                |                 |          |
|---|----------|------------------|---------------|------------------|----------------|-----------------|----------|
|   |          |                  | 31 MARCH 2021 | LESS THAN 1 YEAR | 1 - 2 YEARS    | 2 - 4 YEARS     | 5 YEARS  |
| Secured bank loan – Term loan                 | EUR      | 2023             | 30,000        | –                | –              | (30,000)        | –        |
| Secured bank loan – Revolving Credit Facility | EUR      | 2023             | 18,000        | –                | –              | (18,000)        | –        |
| Secured bank loan – Acquisition Facility      | EUR      | 2023             | 50,000        | (2,500)          | (5,000)        | (42,500)        | –        |
| <b>Total interest-bearing liabilities</b>     |          |                  | <b>98,000</b> | <b>(2,500)</b>   | <b>(5,000)</b> | <b>(90,500)</b> | <b>–</b> |

Floating rates were hedged for a substantial part by means of interest-rate swap agreements. The bank loans are secured for approximately EUR 120 million by a pledge on most non-current assets and material intellectual property of the Group, as well as trade receivables and stock.

## 22. OTHER NON-CURRENT FINANCIAL LIABILITIES

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021         | 2020         |
|------------------------------------|--------------|--------------|
| Lease liabilities                  | 5,618        | 5,876        |
| Fair value of derivatives          | 524          | 870          |
|                                    | <b>6,142</b> | <b>6,746</b> |

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates. The model used under hedge accounting is the cash-flow hedge model.

The movement in the lease liability is as follows:

| AMOUNTS IN EUR '000 AS AT 31 MARCH             | 2021         | 2020         |
|--|--------------|--------------|
| Opening balance                                | 6,635        | 7,190        |
| Additions                                      | 195          | 95           |
| Lease modification                             | 270          | –            |
| Accretion of interest                          | 131          | 136          |
| Payments                                       | (832)        | (786)        |
| Exchange rate results                          | (69)         | –            |
|  | <b>6,330</b> | <b>6,635</b> |
| Current portion of lease liabilities (Note 24) | 712          | 759          |
| Non-current portion of lease liabilities       | <b>5,618</b> | <b>5,876</b> |

Included in Finance costs is an amount of EUR 131 thousand (2019/20: EUR 136 thousand) related to interest expenses on lease liabilities; refer to note 8. A maturity analysis of lease liabilities is included in note 25. The assets related to leases are included in note 15.

## 23. TRADE AND OTHER PAYABLES

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021          | 2020          |
|------------------------------------|---------------|---------------|
| Trade payables                     | 8,947         | 10,642        |
| Accrued expenses                   | 6,818         | 6,312         |
| Accrued interest payable           | 583           | 270           |
| Wage tax payable                   | 222           | 109           |
| Corporate income tax payable       | (113)         | (99)          |
| Other payables                     | -             | 263           |
|                                    | <b>16,457</b> | <b>17,497</b> |

At 31 March 2021 trade payables denominated in currencies other than the functional currency amounted to EUR 2,737 thousand (31 March 2020: EUR 3,944 thousand).

## 24. OTHER CURRENT FINANCIAL LIABILITIES, INCLUDING DERIVATIVES

| AMOUNTS IN EUR '000 AS AT 31 MARCH                     | 2021         | 2020          |
|--|--------------|---------------|
| Lease liabilities                                      | 712          | 759           |
| Fair value of derivatives                              | 843          | 333           |
| Assumed liability following the Passoã call/put option | -            | 70,501        |
|  | <b>1,555</b> | <b>71,593</b> |

Derivative financial instruments recognised in Other current financial liabilities of in total EUR 843 thousand (31 March 2020: EUR 333 thousand) consist of hedged foreign exchange contracts and interest rate swaps, both valued at 31 March 2021. The duration of these foreign exchange contracts and interest contracts is less than one year.

Upon incorporation of Passoã SAS, the jointly owned entity based in France, the Company and Rémy Cointreau Group signed a call/put option agreement, which was executed on 2 December 2020 resulting in the acquisition of the remaining Passoã SAS shares from Rémy Cointreau Group by Lucas Bols. Information about the call/put option is included in note 3.

See note 25 for disclosure on financial instruments. Information about the Group's exposure to currency and liquidity risks is also included in note 25.



## 25. FINANCIAL INSTRUMENTS

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH 2021                  | NOTE | FAIR VALUE<br>HEDGING<br>INSTRUMENTS | LOANS AND<br>RECEIVABLES | OTHER<br>FINANCIAL<br>LIABILITIES | TOTAL     | LEVEL 1 | LEVEL 2   |
|---|------|--------------------------------------|--------------------------|-----------------------------------|-----------|---------|-----------|
| <b>Financial assets</b>                                     |      |                                      |                          |                                   |           |         |           |
| <b>measured at fair value</b>                               |      |                                      |                          |                                   |           |         |           |
| Forward exchange contracts<br>used for hedging              |      | 47                                   | -                        | -                                 | 47        | -       | 47        |
|   |      | 47                                   | -                        | -                                 | 47        | -       | 47        |
| <b>Financial assets not<br/>measured at fair value</b>      |      |                                      |                          |                                   |           |         |           |
| Loan to joint venture Avandis CV                            | 18   | -                                    | 599                      | -                                 | 599       | -       | 599       |
| Other related party loans                                   | 18   | -                                    | 232                      | -                                 | 232       | -       | 232       |
| Trade and other receivables                                 | 13   | -                                    | 16,341                   | -                                 | 16,341    | -       | 16,341    |
| Cash and cash equivalents                                   | 14   | -                                    | 18,827                   | -                                 | 18,827    | -       | 18,827    |
|   |      | -                                    | 35,999                   | -                                 | 35,999    | -       | 35,999    |
| <b>Financial liabilities</b>                                |      |                                      |                          |                                   |           |         |           |
| <b>measured at fair value</b>                               |      |                                      |                          |                                   |           |         |           |
| Interest rate swaps<br>used for hedging                     |      | (1,045)                              | -                        | -                                 | (1,045)   | -       | (1,045)   |
| Forward exchange contracts<br>used for hedging              |      | (323)                                | -                        | -                                 | (323)     | -       | (323)     |
|   |      | (1,368)                              | -                        | -                                 | (1,368)   | -       | (1,368)   |
| <b>Financial liabilities not<br/>measured at fair value</b> |      |                                      |                          |                                   |           |         |           |
| Secured bank loans  | 21   | -                                    | -                        | (97,792)                          | (97,792)  | -       | (97,792)  |
| Assumed liability Passoã<br>call/put option                 | 22   | -                                    | -                        | -                                 | -         | -       | -         |
| Lease liabilities (non-current)                             | 22   | -                                    | -                        | (5,618)                           | (5,618)   | -       | (5,618)   |
| Lease liabilities (current)                                 | 24   | -                                    | -                        | (712)                             | (712)     | -       | (712)     |
| Bank overdrafts   | 14   | -                                    | -                        | (13,203)                          | (13,203)  | -       | (13,203)  |
| Trade and other payables                                    | 23   | -                                    | -                        | (16,457)                          | (16,457)  | -       | (16,457)  |
|   |      | -                                    | -                        | (133,782)                         | (133,782) | -       | (133,782) |

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH 2020  | NOTE | FAIR VALUE<br>HEDGING<br>INSTRUMENTS | LOANS AND<br>RECEIVABLES | OTHER<br>FINANCIAL<br>LIABILITIES | TOTAL     | LEVEL 1 | LEVEL 2   |
|---|------|--------------------------------------|--------------------------|-----------------------------------|-----------|---------|-----------|
| <b>Financial assets</b>                     |      |                                      |                          |                                   |           |         |           |
| <b>measured at fair value</b>               |      |                                      |                          |                                   |           |         |           |
| <b>Forward exchange contracts</b>           |      |                                      |                          |                                   |           |         |           |
| used for hedging                            |      | 115                                  | –                        | –                                 | 115       | –       | 115       |
|   |      | 115                                  | –                        | –                                 | 115       | –       | 115       |
| <b>Financial assets not</b>                 |      |                                      |                          |                                   |           |         |           |
| <b>measured at fair value</b>               |      |                                      |                          |                                   |           |         |           |
| <b>Loan to joint venture</b>                |      |                                      |                          |                                   |           |         |           |
| Avandis CV                                  | 18   | –                                    | 599                      | –                                 | 599       | –       | 599       |
| Trade and other receivables                 | 13   | –                                    | 24,921                   | –                                 | 24,921    | –       | 24,921    |
| Cash and cash equivalents                   | 14   | –                                    | 33,108                   | –                                 | 33,108    | –       | 33,108    |
|   |      | –                                    | 58,628                   | –                                 | 58,628    | –       | 58,628    |
| <b>Financial liabilities</b>                |      |                                      |                          |                                   |           |         |           |
| <b>measured at fair value</b>               |      |                                      |                          |                                   |           |         |           |
| <b>Interest rate swaps</b>                  |      |                                      |                          |                                   |           |         |           |
| used for hedging                            |      | (1,139)                              | –                        | –                                 | (1,139)   | –       | (1,139)   |
| <b>Forward exchange contracts</b>           |      |                                      |                          |                                   |           |         |           |
| used for hedging                            |      | (62)                                 | –                        | –                                 | (62)      | –       | (62)      |
|   |      | (1,201)                              | –                        | –                                 | (1,201)   | –       | (1,201)   |
| <b>Financial liabilities not</b>            |      |                                      |                          |                                   |           |         |           |
| <b>measured at fair value</b>               |      |                                      |                          |                                   |           |         |           |
| Secured bank loans                          | 21   | –                                    | –                        | (49,714)                          | (49,714)  | –       | (49,714)  |
| Assumed liability Passoa<br>call/put option | 22   | –                                    | –                        | (70,501)                          | (70,501)  | –       | (70,501)  |
| Lease liabilities (non-current)             | 22   | –                                    | –                        | (5,876)                           | (5,876)   | –       | (5,876)   |
| Lease liabilities (current)                 | 24   | –                                    | –                        | (759)                             | (759)     | –       | (759)     |
| Bank overdrafts                             | 14   | –                                    | –                        | (11,925)                          | (11,925)  | –       | (11,925)  |
| Trade and other payables                    | 23   | –                                    | –                        | (17,497)                          | (17,497)  | –       | (17,497)  |
|   |      | –                                    | –                        | (156,272)                         | (156,272) | –       | (156,272) |



## Measurement of fair values

### Valuation techniques and significant unobservable inputs

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

#### Financial instruments measured at fair value

| TYPE   | VALUATION TECHNIQUE   | SIGNIFICANT UNOBSERVABLE INPUTS | INTERRELATIONSHIP BETWEEN SIGNIFICANT UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT |
|--|---|---------------------------------|--|
| Forward exchange contracts and 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 | n/a                             | n/a  |

#### Financial instruments not measured at fair value

| TYPE                  | VALUATION TECHNIQUE   | SIGNIFICANT UNOBSERVABLE INPUTS |
|-----------------------|-----------------------|---------------------------------|
| Financial assets      | Discounted cash flows | n/a                             |
| Financial liabilities | Discounted cash flows | n/a                             |

Financial assets include trade and other receivables, loans provided and cash and cash equivalents. Other financial liabilities include bank loans, short-term financial liabilities, trade and other payables and the assumed liability regarding the call/put option. The book values of the secured bank loans are the best approximation of their fair value. For all other financial instruments the fair value is consistent with the book value.

## Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

### Risk management framework

There are inherent risks related to Lucas Bols' business activities and organisation. Sound risk management is an integral element of good business practice and effective operations, so the Management Board promotes a transparent, company-wide approach to risk management and internal controls. This approach focuses on finding the right balance between maximising business opportunities and managing risks involved. The Management Board considers this to be one of its most important tasks.

The risk management framework is the foundation for the identification and mitigation of corporate business risks and has been developed to provide reasonable assurance that the risks we face are properly evaluated and mitigated. It assures that management is provided with the information it needs to make informed and timely decisions. While the framework is designed to manage risks it cannot prevent human error, fraud or infringements of laws and regulations with absolute certainty. Lucas Bols' risk management is not static: the way we manage risks is constantly monitored and adapted to reflect changes in internal and external circumstances if and when necessary.

## Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The concentration of credit risk with respect to receivables is limited, as the Group's customer base and vendor base are large and unrelated. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Almost all the customers have been doing business transactions with the Group for several years, and no significant impairment loss has been recognised against these customers.

The Group closely monitors the economic environment and is taking actions to limit its exposure to customers in countries experiencing specific economic volatility.

At year-end, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | CARRYING<br>AMOUNT 2021 | CARRYING<br>AMOUNT 2020 |
|---------------------------------------|-------------------------|-------------------------|
| Western Europe                        | 4,181                   | 5,713                   |
| Asia-Pacific                          | 3,261                   | 5,525                   |
| North America                         | 3,218                   | 4,931                   |
| Emerging markets                      | 2,083                   | 4,106                   |
|                                       | <b>12,743</b>           | <b>20,275</b>           |

At year-end, the aging of trade receivables is as follows:

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021          | 2020          |
|------------------------------------|---------------|---------------|
| Not past due                       | 11,278        | 15,095        |
| 1 – 30 days past due               | 591           | 3,030         |
| 31 – 90 days past due              | (26)          | 1,056         |
| 90 days and more past due          | 900           | 1,094         |
|                                    | <b>12,743</b> | <b>20,275</b> |

Management believes that the unimpaired amounts that are more than 30 days past due are still collectible in full based on historic payment behaviour and extensive analysis of customer credit risk, including the underlying customers' credit ratings, if available. The management estimates no significant increase in credit risk as a result of COVID-19 outbreak as of 31 March 2021.

No significant impairment loss on trade and other receivables was recognised in 2020/21 (2019/20: nil).



### Cash and cash equivalents

The Group held cash and cash equivalents of EUR 5,624 thousand as at 31 March 2021 (31 March 2020: EUR 21,183 thousand). The cash and cash equivalents are held with bank and financial institution counterparties which are at least A-rated based on ratings assigned by rating agencies.

### Derivatives

Derivatives are entered into with bank and financial institution counterparties which are rated AA- to AA+ based on ratings assigned by rating agencies. The carrying amount of financial assets of EUR 47 thousand represents the maximum credit risk exposure (2019/20: EUR 115 thousand).

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it generally has sufficient cash on demand to meet the expected operational expenses for the next few months, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The Group maintains an additional line of credit in the form of a EUR 10 million revolving credit facility. This facility is mainly used for guarantees. Two guarantees have been issued:

- A guarantee in relation to the financing of the BolsKyndal joint venture in India (EUR 1.5 million); and
- A guarantee for one of our lessors (EUR 0.1 million).

Although the Group impaired the carrying value of the BolsKyndal joint venture during the year under review in response to the worsened adverse economic, political and market circumstances in India (refer note 17 for further information), the expected credit loss is considered not significant as a default to the guarantees is not expected. Consequently, the financial guarantees issued by the Group are not recognised.

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments:

| AMOUNTS IN EUR '000                         |                  | CONTRACTUAL CASH FLOWS |                  |                |                 |                   |
|---|------------------|------------------------|------------------|----------------|-----------------|-------------------|
| 31 MARCH 2021                               |                  |                        |                  |                |                 |                   |
|   | CARRYING AMOUNT  | TOTAL                  | LESS THAN 1 YEAR | 1 - 2 YEARS    | 2 - 4 YEARS     | MORE THAN 4 YEARS |
| <b>Derivative financial liabilities</b>     |                  |                        |                  |                |                 |                   |
| Interest rate swap contracts                | (1,045)          | (320)                  | (167)            | (152)          | (1)             | –                 |
| Forward exchange contracts                  | (323)            | (323)                  | (323)            | –              | –               | –                 |
| <b>Non-derivative financial liabilities</b> |                  |                        |                  |                |                 |                   |
| Secured bank loans                          | (97,792)         | (98,000)               | (2,500)          | (5,000)        | (90,500)        | –                 |
| Interest related to secured bank loans      | –                | (5,793)                | (2,196)          | (2,196)        | (1,402)         | –                 |
| Assumed liability Passoa call/put option    | –                | –                      | –                | –              | –               | –                 |
| Lease liabilities                           | (6,330)          | (6,498)                | (730)            | (684)          | (999)           | (4,084)           |
| Bank overdrafts                             | (13,203)         | (13,203)               | (13,203)         | –              | –               | –                 |
| Trade payables                              | (16,457)         | (16,457)               | (16,457)         | –              | –               | –                 |
|   | <b>(135,150)</b> | <b>(140,594)</b>       | <b>(35,577)</b>  | <b>(8,032)</b> | <b>(92,902)</b> | <b>(4,084)</b>    |

AMOUNTS IN EUR '000  
31 MARCH 2020

## CONTRACTUAL CASH FLOWS

|   | CARRYING<br>AMOUNT | TOTAL            | LESS THAN<br>1 YEAR | 1 - 2 YEARS    | 2 - 4 YEARS     | MORE THAN<br>4 YEARS |
|---|--------------------|------------------|---------------------|----------------|-----------------|----------------------|
| <b>Derivative financial liabilities</b>     |                    |                  |                     |                |                 |                      |
| Interest rate swap contracts                | (1,139)            | (433)            | (113)               | (167)          | (153)           | -                    |
| Forward exchange contracts                  | (62)               | (62)             | (62)                | -              | -               | -                    |
| <b>Non-derivative financial liabilities</b> |                    |                  |                     |                |                 |                      |
| Secured bank loans                          | (49,714)           | (50,000)         | -                   | -              | (50,000)        | -                    |
| Interest related to secured bank loans      | -                  | (3,634)          | (999)               | (999)          | (1,636)         | -                    |
| Assumed liability Passoa call/put option    | -                  | (71,300)         | (71,300)            | -              | -               | -                    |
| Lease liabilities                           | (6,635)            | (7,430)          | (759)               | (746)          | (1,349)         | (4,577)              |
| Bank overdrafts                             | (11,925)           | (11,925)         | (11,925)            | -              | -               | -                    |
| Trade payables                              | (17,497)           | (17,497)         | (17,497)            | -              | -               | -                    |
|   | <b>(86,972)</b>    | <b>(162,281)</b> | <b>(102,656)</b>    | <b>(1,911)</b> | <b>(53,138)</b> | <b>(4,577)</b>       |

The Group has a secured bank loan that contains a loan covenant. A breach of this covenant may require the Group to repay the loan earlier than indicated in the above table. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or be significantly different amounts. See note 21 for disclosure on covenants.

### Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by management. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

### Currency risk

The Group is exposed to currency risk, mainly on sales that are denominated in a currency other than the euro. The currencies in which these transactions are primarily denominated are JPY, USD, AUD and GBP.

At the start of the financial year the Group hedges 60 to 80% of its estimated foreign currency exposure in respect of forecast sales for that year. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

The Group's investment in its US subsidiary and its joint venture in India are not hedged.



### Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to management is as follows:

#### Trade and other receivables

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021          | 2020          |
|------------------------------------|---------------|---------------|
| EUR                                | 7,766         | 8,390         |
| USD                                | 3,465         | 6,899         |
| JPY                                | 612           | 3,218         |
| AUD                                | 2,137         | 1,047         |
| GBP                                | 630           | 249           |
| Other currencies                   | 1,731         | 5,118         |
|                                    | <b>16,341</b> | <b>24,921</b> |

#### Trade and other payables

| AMOUNTS IN EUR '000 AS AT 31 MARCH | 2021          | 2020          |
|------------------------------------|---------------|---------------|
| EUR                                | 13,720        | 13,553        |
| USD                                | 2,463         | 2,695         |
| JPY                                | 30            | 250           |
| AUD                                | 56            | 14            |
| GBP                                | 362           | 122           |
| Other currencies                   | (174)         | 863           |
|                                    | <b>16,457</b> | <b>17,497</b> |

In accordance with external market sources, not taking into account the hedge rates, the following significant exchange rates were applied during the year:

| FOR THE YEAR ENDED 31 MARCH | AVERAGE RATE AGAINST EURO |        | YEAR END SPOT RATE AGAINST EURO |        |
|-----------------------------|---------------------------|--------|---------------------------------|--------|
|                             | 2021                      | 2020   | 2021                            | 2020   |
| USD                         | 1.1675                    | 1.1113 | 1.1725                          | 1.0956 |
| JPY                         | 123.75                    | 120.77 | 129.91                          | 118.90 |
| AUD                         | 1.6254                    | 1.6320 | 1.5412                          | 1.7967 |
| GBP                         | 0.8927                    | 0.8752 | 0.8521                          | 0.8864 |

### Sensitivity analysis

A strengthening of the JPY, USD, AUD and GBP against the euro at 31 March 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. A weakening would have the same, but opposite effect. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Currencies other than JPY, USD, AUD and GBP are considered not material.

AMOUNTS IN EUR '000

PROFIT OR LOSS, NET OF TAX IMPACT

**31 March 2021**

|                   |    |
|-------------------|----|
| JPY (1% movement) | 10 |
| USD (1% movement) | 34 |
| AUD (1% movement) | 41 |
| GBP (1% movement) | 30 |

**31 March 2020**

|                   |    |
|-------------------|----|
| JPY (1% movement) | 50 |
| USD (1% movement) | 55 |
| AUD (1% movement) | 32 |
| GBP (1% movement) | 26 |

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group adopts a policy of ensuring that at least 80% of its interest rate risk exposure is at a fixed rate. To achieve this the Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

**Cash flow sensitivity analysis for variable rate instruments**

As a result of the Group's hedging policy for changes in interest rates, the impact of a change of 100 basis points in interest rates would be limited.

**26. LIST OF SUBSIDIARIES**

A list of material subsidiaries of the Group is set out below.

| AS AT 31 MARCH                           | PLACE AND COUNTRY OF INCORPORATION | OWNERSHIP INTEREST |      |
|--|------------------------------------|--------------------|------|
|  |                                    | 2021               | 2020 |
| Lucas Bols Amsterdam B.V.*               | Amsterdam, The Netherlands         | 100%               | 100% |
| DELB B.V.*                               | Amsterdam, The Netherlands         | 100%               | 100% |
| Galliano B.V.*                           | Amsterdam, The Netherlands         | 100%               | 100% |
| Vaccari B.V.*                            | Amsterdam, The Netherlands         | 100%               | 100% |
| Pisang Ambon B.V.*                       | Amsterdam, The Netherlands         | 100%               | 100% |
| Bokma Distillateurs B.V.*                | Amsterdam, The Netherlands         | 100%               | 100% |
| Beleggingsmaatschappij Honthorst II B.V. | Amsterdam, The Netherlands         | 100%               | 100% |
| Pijlsteeg B.V.*                          | Amsterdam, The Netherlands         | 100%               | 100% |
| Lucas Bols USA Inc.                      | Wilmington, U.S.A.                 | 100%               | 100% |
| Passoã SAS**                             | Paris, France                      | 100%               | 7%   |

\* For these subsidiaries the Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code.

\*\* Passoã SAS is an entity that the Company controls and has the right to 100% of the results, with no non-controlling interests in the consolidated financial statements



## 27. COMMITMENTS AND CONTINGENCIES

### Commitments

#### Nuvo

In December 2017, Lucas Bols and London Group entered into strategic partnership regarding liqueur brand Nuvo. Under that partnership Lucas Bols obtains the global distribution rights for Nuvo and will work with London Group to further build and distribute the brand. Lucas Bols will be responsible for buying, sourcing and commercial activities, as well as defining the appropriate distribution channels for the brand. London Group, controlled by spirit entrepreneur Mr. Raphael Yakoby, will be responsible for strategic marketing, including social media and product development.

The transaction fits Lucas Bols' asset light business model, as it strengthens the company's existing distribution platform with limited additional investments required.

As part of the transaction, Lucas Bols made an upfront payment of USD 0.5 million and shall pay London Group yearly royalties. The upfront payment is capitalised in intangible assets and is amortised over 6.5 years. The agreement also includes a put and call option structure that enables Lucas Bols to acquire the brand in full in the mid-term. The put and call option has an exercise price based on the brand's financial performance of the Group's financial year ended immediately prior to the exercise.

#### Contingencies

The credit facility of Lucas Bols incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of the company's issued share capital or voting rights, the company is subject to a repayment commitment.

The Company forms part of a Dutch fiscal unit with its consolidated subsidiaries in respect of corporate income tax and value added tax. Consequently, the Company is jointly and severally liable for all debt arising from the fiscal unit. The Company is fully liable for all obligations in relation to bank loans of its subsidiaries. The Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code for its subsidiary Lucas Bols Amsterdam B.V. and for the subsidiaries of Lucas Bols Amsterdam B.V., namely Bokma Distillateurs B.V., Galliano B.V., Vaccari B.V., Pisang Ambon B.V., DELB B.V. and Pijlsteeg B.V. respectively.

## 28. RELATED PARTIES

### Transactions with key management personnel

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to the remuneration report in the annual report. The Management Board and the Supervisory Board member's compensation (including the pension obligations as referred to in Section 2:383(b) of the Netherlands Civil Code) that was charged to the Company and Group companies in 2020/21 is as follows:

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | HUBB J. M. P.<br>VAN DOORNE |            | FRANK J.<br>COCK |          | JOOST K.<br>DE VRIES |            | TOTAL MANAGEMENT<br>BOARD |            |
|--|-----------------------------|------------|------------------|----------|----------------------|------------|---------------------------|------------|
|  | 2021                        | 2020       | 2021             | 2020     | 2021                 | 2020       | 2021                      | 2020       |
| Salary   | 482                         | 479        | 290              | -        | 55                   | 326        | 827                       | 805        |
| Variable remuneration                              | -                           | -          | -                | -        | -                    | -          | -                         | -          |
| Pension  | -                           | -          | 29               | -        | 6                    | 33         | 35                        | 33         |
| Other  | 95                          | 95         | 20               | -        | 23                   | 21         | 138                       | 116        |
| <b>Total</b>                                       | <b>577</b>                  | <b>574</b> | <b>339</b>       | <b>-</b> | <b>84</b>            | <b>380</b> | <b>1,000</b>              | <b>954</b> |

#### Compensation of the Management Board

|                       |            |            |            |          |           |            |              |            |
|-----------------------|------------|------------|------------|----------|-----------|------------|--------------|------------|
| Salary                | 482        | 479        | 290        | -        | 55        | 326        | 827          | 805        |
| Variable remuneration | -          | -          | -          | -        | -         | -          | -            | -          |
| Pension               | -          | -          | 29         | -        | 6         | 33         | 35           | 33         |
| Other                 | 95         | 95         | 20         | -        | 23        | 21         | 138          | 116        |
| <b>Total</b>          | <b>577</b> | <b>574</b> | <b>339</b> | <b>-</b> | <b>84</b> | <b>380</b> | <b>1,000</b> | <b>954</b> |



The total compensation of the Management Board in 2020/21 amounted to EUR 1.0 million (2019/20: EUR 954 thousand).

Huub L.M.P. van Doorne has no separate pension agreement with the Company. Frank J. Cocx has a defined benefit and defined contribution pension agreement and Joost K. de Vries had a defined contribution pension agreement.

The Management Board of the Company controls 6.14% of the voting shares of the Company.

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH | 2021       | 2020       |
|---|------------|------------|
| <b>Compensation of the Supervisory Board</b>    |            |            |
| Derk Doijer*                                    | 11         | 45         |
| Ralph Wisbrun                                   | 40         | 40         |
| Marina Wyatt                                    | 35         | 35         |
| Alexandra Oldroyd                               | 35         | 35         |
| René Hoofst Graafland**                         | 43         | 26         |
| <b>Total</b>                                    | <b>164</b> | <b>181</b> |

\* Derk Doijer stepped down as chairman of the Supervisory Board at the Annual General Meeting of Shareholders held on 9 July 2020

\*\* René Hoofst Graafland has been appointed as chairman of the Supervisory Board at the Annual General Meeting of Shareholders held on 10 July 2019.

### Other related party transactions

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH         | TRANSACTION VALUES FOR<br>THE YEAR ENDED |          | BALANCE<br>OUTSTANDING AS AT |         |
|---|--|----------|------------------------------|---------|
|   | 2021                                     | 2020     | 2021                         | 2020    |
| <b>Sale of goods and services</b>             |  |          |                              |         |
| Joint ventures                                | 13,373                                   | 12,767   | 976                          | 955     |
| <b>Purchase of goods, services and brands</b> |  |          |                              |         |
| Joint ventures                                | (23,356)                                 | (20,601) | (3,784)                      | (1,543) |
| <b>Others</b>                                 |  |          |                              |         |
| Joint ventures dividends received             | 900                                      | 1,100    | -                            | -       |
| Joint ventures capital contribution           | 2,598                                    | 50       | -                            | -       |
| Joint ventures loan and related interest      | 24                                       | 24       | 599                          | 599     |
| Other related party loans                     | -  | -        | 232                          | -       |

Balances are expected to be settled in cash within two months of the end of the reporting period, except for the long-term loan receivable from Avandis C.V. (undefined duration).

None of the balances is secured. No expense was recognised in the current year or prior years for doubtful debts in respect of amounts owed by related parties. In relation to the financing of the joint venture in India a guarantee has been issued for an amount of EUR 1.5 million (INR 132 million).

## 29. SUBSEQUENT EVENTS

There were no material events after 31 March 2021.

# COMPANY FINANCIAL STATEMENTS 2020/21

## COMPANY BALANCE SHEET OF LUCAS BOLS N.V.

Before profit appropriation

| AMOUNTS IN EUR '000 AS AT 31 MARCH   | NOTE | 2021           | 2020           |
|--------------------------------------|------|----------------|----------------|
| <b>Assets</b>                        |      |                |                |
| Investments in subsidiaries          | 3    | 130,953        | 139,852        |
| Deferred tax assets                  | 4    | 2,670          | 2,670          |
| <b>Total non-current assets</b>      |      | <b>133,623</b> | <b>142,522</b> |
| Receivables from group companies     | 5    | 51,179         | 51,179         |
| Cash and cash equivalents            |      | –              | –              |
| <b>Total current assets</b>          |      | <b>51,179</b>  | <b>51,179</b>  |
| <b>Total assets</b>                  |      | <b>184,802</b> | <b>193,701</b> |
| <b>Equity</b>                        |      |                |                |
| Share capital                        |      | 1,248          | 1,248          |
| Share premium                        |      | 129,695        | 129,695        |
| Treasury shares                      |      | –              | –              |
| Currency translation reserve         |      | (237)          | (247)          |
| Hedging reserve                      |      | (990)          | (815)          |
| Other legal reserves                 |      | 7,630          | 16,601         |
| Retained earnings                    |      | 56,014         | 42,835         |
| Result for the year                  |      | (8,558)        | 4,384          |
| <b>Total equity</b>                  | 6    | <b>184,802</b> | <b>193,701</b> |
| <b>Liabilities</b>                   |      |                |                |
| Other non-current liabilities        |      | –              | –              |
| <b>Total non-current liabilities</b> |      | <b>–</b>       | <b>–</b>       |
| Trade and other payables             |      | –              | –              |
| <b>Total current liabilities</b>     |      | <b>–</b>       | <b>–</b>       |
| <b>Total liabilities</b>             |      | <b>–</b>       | <b>–</b>       |
| <b>Total equity and liabilities</b>  |      | <b>184,802</b> | <b>193,701</b> |

## COMPANY PROFIT AND LOSS ACCOUNT OF LUCAS BOLLS N.V.

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH              | NOTE | 2021           | 2020         |
|--|------|----------------|--------------|
| Revenue <sup>*</sup>   |      | 1,164          | 1,135        |
| Cost of sales  |      | -              | -            |
| <b>Gross profit</b>  |      | <b>1,164</b>   | <b>1,135</b> |
| Distribution and administrative expenses <sup>*</sup>        |      | (1,164)        | (1,135)      |
| <b>Operating profit</b>                                      |      | <b>-</b>       | <b>-</b>     |
| Share of profit of participating interests, after income tax | 3    | (8,558)        | 9,205        |
| Finance income   |      | -              | -            |
| Finance costs  |      | -              | -            |
| <b>Net finance costs</b>                                     |      | <b>-</b>       | <b>-</b>     |
| <b>Profit before tax</b>                                     |      | <b>(8,558)</b> | <b>9,205</b> |
| Income tax expense   |      | -              | -            |
| Other profit after income tax                                |      | -              | -            |
| <b>Net profit</b>  |      | <b>(8,558)</b> | <b>9,205</b> |

\* The amounts represent the compensation of the Management Board and Supervisory Board members, recharged to Lucas Bols Amsterdam B.V.



# NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2021 AND 2020

## 1. BASIS OF PREPARATION

The Company's financial statements are prepared in accordance with the provisions of Part 9, Book 2, of the Netherlands Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Netherlands Civil Code to prepare the Company financial statements, using the same accounting policies as those used for the consolidated financial statements. Valuation is based on recognition and measurement requirements of IFRS as adopted by the EU, as explained further in the notes to the consolidated financial statements.

For the principles of valuation of assets and liabilities and for the determination of the result, reference is made to the notes to the consolidated financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Financial fixed assets

Investments in subsidiaries are accounted for in the Company financial statements according to the equity method. They are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Reference is made to the basis of consolidation accounting policy in the consolidated financial statements.

### Profit of participating interests

The share in the result of participating interests consists of the share of the Company in the results of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

### Amounts due from group companies

Amounts due from group companies are stated initially at fair value and subsequently at amortised cost. Amortised cost is determined using the effective interest rate. The company recognise a credit loss for financial assets (such as a loan) based on an expected credit loss (ECL) which will occur in the coming twelve months or – after a significant decrease in credit quality or when the simplified model can be used – based on the entire remaining loan term. For intercompany receivables the ECL would be applicable as well, however this could cause differences between equity in the consolidated and separate financial statements. For this reason, the company elected to eliminate these differences through the respective receivable account in the separate financial statements.

### 3. INVESTMENTS IN SUBSIDIARIES

| AMOUNTS IN EUR '000  | 2021           | 2020           |
|--|----------------|----------------|
| Balance at 1 April   | 139,852        | 138,305        |
| Dividend paid to shareholders  | –              | (7,486)        |
| Effective portion of changes in fair value of cash flow hedges, net of tax     | (175)          | (61)           |
| Currency translation of foreign interests                                      | 10             | (84)           |
| Actuarial gains/(losses) through equity  | (176)          | (27)           |
| Changes in estimates of costs related to the issuance of shares through equity | –              | –              |
| Profit/(loss) of subsidiaries  | (8,558)        | 9,205          |
| <b>Balance at 31 March</b>   | <b>130,953</b> | <b>139,852</b> |

The Company only holds a direct interest in Lucas Bols Amsterdam B.V. A list of other (indirect) participating interests is disclosed in note 26 of the consolidated financial statements.

### 4. DEFERRED TAX ASSET

Deferred tax assets in regard to carry-forward tax losses that have been recognised are expected to be utilised in the next two years.

### 5. RECEIVABLES FROM GROUP COMPANIES

The balance is a receivable from a Group company. The receivable is classified as current if it is expected to be recovered within twelve months. The amount is not due yet, nor is there any impairment risk.

### 6. EQUITY

For a specification of shareholders' equity, see note 19 of the consolidated financial statements. The retained earnings at 31 March 2021 amount to EUR 56.0 million (31 March 2020: EUR 42.8 million). Prior to the acquisition of the remaining shares of Passoã SAS the net profit of Passoã SAS was allocated to other legal reserves as the Company was not allowed to freely distribute these profits under the shareholders' agreement with Rémy Cointreau Group. On 2 December 2020 the Company executed the call/put option and acquired the remaining shares of Passoã SAS from Rémy Cointreau Group becoming the sole shareholder of Passoã SAS. French legislation requires the Company to form a legal reserve, amounting to of 10% of the Company's investment in Passoã SAS, for an amount of EUR 7.6 million (31 March 2020: EUR 16.6 million). EUR 9.0 million is allocated back to retained earnings.

The Management Board, with the approval of the Supervisory Board, have decided to refrain from proposing a final dividend to be paid in 2021 with respect to 2020/21 financial year.

The net loss shall be allocated to retained earnings, subject to the approval of Supervisory Board and the Annual General Meeting of Shareholders.

### 7. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to note 28 of the consolidated financial statements.



## 8. FEES FOR AUDIT AND OTHER SERVICES

In accordance with article 382.a of Part 9, Book 2, of the Netherlands Civil Code, the total audit cost can be specified as follows:

| AMOUNTS IN EUR '000<br>EINDE JAAR ENDEIN DE MAART                    | ERNST & YOUNG<br>ACCOUNTANTS LLP |            | OTHER EY FIRMS |           | TOTAL      |            |
|--|----------------------------------|------------|----------------|-----------|------------|------------|
|  | 2021                             | 2020       | 2021           | 2020      | 2021       | 2020       |
| <b>Fees for audit of financial statements<br/>and other services</b> |                                  |            |                |           |            |            |
| Audit of financial statements  | 258                              | 225        | 27             | 27        | 285        | 252        |
| Other assurance services   | 28                               | 8          | –              | –         | 28         | 8          |
| <b>Total</b>   | <b>286</b>                       | <b>233</b> | <b>27</b>      | <b>27</b> | <b>313</b> | <b>260</b> |

Audit fees of Ernst & Young Accountants LLP amount to EUR 258 thousand (2019/20: EUR 225 thousand) for Lucas Bols N.V. and the fees for other assurance services of Ernst & Young Accountants LLP amount to EUR 28 thousand (2019/20: EUR 8 thousand). No other non-audit services were rendered by Ernst & Young Accountants LLP (2019/20: nil).

## 9. CONTINGENT LIABILITIES

The Company forms part of a Dutch fiscal unit with its consolidated subsidiaries in respect of corporate income tax and value added tax. Consequently, the Company is jointly and severally liable for all debt arising from the fiscal unit. The Company is fully liable for all obligations in relation to bank loans of its subsidiaries. The Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code for its subsidiary Lucas Bols Amsterdam B.V. and for the subsidiaries of Lucas Bols Amsterdam B.V., namely Bokma Distillateurs B.V., Galliano B.V., Vaccari B.V., Pisang Ambon B.V., DELB B.V. and Pijlsteeg B.V. respectively.

## 10. SUBSEQUENT EVENTS

There were no material events after 31 March 2021.

Amsterdam, 26 May 2021

### Management Board

Huub L.M.P. van Doorne (CEO)  
Frank J. Cocx (CFO)

### Supervisory Board

D. René Hooft Graafland (Chair)  
Ralph Wisbrun  
Marina M. Wyatt  
Alexandra L. Oldroyd

Address: Lucas Bols N.V.  
Paulus Potterstraat 14  
1071 CZ Amsterdam  
The Netherlands

Trade register Amsterdam: 34242707



# OTHER INFORMATION

## STATUTORY PROVISION WITH RESPECT TO APPROPRIATION OF RESULT

### APPROPRIATION OF PROFITS ACCORDING TO THE PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to article 31 of the Articles of Association, the Management Board may, subject to the prior approval of the Supervisory Board, determine which part of the profits shall be reserved. The General Meeting may resolve to distribute any part of the profits remaining after reservation in accordance with the above. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved.

The Management Board may, subject to the prior approval of the Supervisory Board, resolve to distribute interim dividend on Shares.

Any distributions on Shares shall be made in such a way that on each Share an equal amount or value will be distributed.



## NON-GAAP MEASURES

Certain discussions and analyses set out in this Annual Report include measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. We believe this information, along with comparable GAAP measurements, is useful to investors and other stakeholders because it provides a basis for measuring our operating performance, and our ability to reduce net debt and invest in new business opportunities. Management also uses these measures, along with the most directly comparable GAAP financial measures, in evaluating operating performance.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures.

### Earnings before interest and taxes (EBIT)

EBIT is net profit before net finance costs and the income tax expense. Thus, EBIT is defined as operating profit plus share of profit of joint ventures. We believe this measure provides valuable additional information because it includes our share in profit of joint ventures, and we are of the view that our joint ventures are an integral part of Lucas Bols' operations. In addition, EBIT is a key measure used internally.

The reconciliation of EBIT to net profit is as follows:

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH | 2021       | 2020          |
|---|------------|---------------|
| Net profit/(loss)                               | (8,558)    | 9,205         |
| Add back:                                       |            |               |
| • Income tax expense                            | 5,270      | 5,182         |
| • Net finance costs                             | 3,449      | 3,344         |
| <b>EBIT</b>                                     | <b>161</b> | <b>17,732</b> |

### Earnings before interest, taxes, depreciation and amortisation (EBITDA)

EBITDA is net profit before net finance costs, the income tax expense, depreciation and amortisation. Thus, EBITDA is defined as EBIT (refer above) excluding depreciation and amortisation. We believe this measure provides valuable additional information because it allows investors and other stakeholders to analyse the profitability between companies and industries by eliminating the effects of non-operating decisions like interest expenses, tax rates and non-cash items like depreciation and amortisation, hence facilitating focus on operating performance. In addition, EBITDA is a key measure used internally.

The reconciliation of EBITDA to net profit is as follows:

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH | 2021          | 2020          |
|---|---------------|---------------|
| Net profit/(loss)                               | (8,558)       | 9,205         |
| Add back:                                       |               |               |
| • Income tax expense                            | 5,270         | 5,182         |
| • Net finance costs                             | 3,449         | 3,344         |
| • Depreciation                                  | 1,694         | 1,547         |
| • Amortisation                                  | 223           | 85            |
| • Impairment                                    | 8,911         | –             |
| <b>EBITDA</b>                                   | <b>10,989</b> | <b>19,364</b> |



### Free operating cash flow (FOCF)

FOCF is net cash from operating activities minus cash used for the acquisition of property, plant and equipment and intangible assets. FOCF reflects an additional way of viewing our liquidity that we believe is useful to investors and other stakeholders because it represents cash flows that could be used for distribution of dividends, repayment of debt or to fund our strategic initiatives, including acquisitions, if any.

The reconciliation of FOCF to net cash from operating activities is as follows:

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH  | 2021          | 2020          |
|--|---------------|---------------|
| Net cash from operating activities               | 12,081        | 17,764        |
| -/- Acquisition of property, plant and equipment | (705)         | (1,387)       |
| -/- Acquisition of intangible assets             | –             | (596)         |
| <b>Free operating cash flow</b>                  | <b>11,376</b> | <b>15,781</b> |

### Cash conversion ratio

Cash conversion ratio is defined as (i) FOCF divided by (ii) operating profit excluding depreciation, amortisation and impairment expenses. We believe this measure is an important financial health indicator, providing valuable information on the actual liquidity of Lucas Bols, and more specifically on its ability to convert operating profits (excluding depreciation, amortisation and impairment expenses) into cash. It helps investors and other stakeholders to assess the quality of Lucas Bols' earnings.

- 2020/21: EUR 11,376 thousand / (-/- EUR 346 thousand + EUR 10,828 thousand) = 108.5%; and
- 2019/20: EUR 15,781 thousand / (EUR 17,578 thousand + EUR 1,632 thousand) = 82.2%.

### Net debt

Net debt is the net of (i) the sum of bank loans drawn (at face value), the assumed liability regarding the Passoa call/put option and bank overdrafts and (ii) cash and cash equivalents. Net debt is a measure that provides valuable additional information on the Group's net debt position and leverage, and is a measure in common use elsewhere. Moreover, it is a key measure to banks, investors and analysts, amongst others.

Net debt is calculated as follows:

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH | 2021          | 2020          |
|---|---------------|---------------|
| Bank loans drawn (at face value)                | 98,000        | 50,000        |
| Assumed liability Passoa call/put option        | –             | 70,501        |
| Bank overdrafts                                 | 13,203        | 11,925        |
| Less: cash and cash equivalents                 | (18,827)      | (33,108)      |
| <b>Net debt</b>                                 | <b>92,376</b> | <b>99,318</b> |



## Working capital

In the consolidated statement of cash flows, reference is made to net changes in working capital. Working capital is defined as inventories plus trade and other receivables minus trade and other payables, excluding accrued interest payable.

| AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH | 2021          | 2020          |
|---|---------------|---------------|
| Inventories                                     | 13,295        | 10,559        |
| Trade and other receivables                     | 16,341        | 24,920        |
| Trade and other payables                        | (16,457)      | (17,497)      |
| Less: accrued interest payable                  | 583           | 270           |
| <b>Working capital</b>                          | <b>13,762</b> | <b>18,252</b> |

Net changes in working capital in the consolidated statement of cash flows is the movement in working capital from the table aforementioned adjusted for trade and other payables and trade and other receivables that do not relate to operating activities. The adjustments for 2020/21 amount to EUR 2,045 thousand negative (2019/20: EUR 420 thousand).

## Measures at constant currency

Certain measures, both GAAP and non-GAAP measures (including but not limited to revenue, gross profit and EBIT), are also stated, compared and/or analysed at constant currency. This means that the impact of fluctuations in foreign currency exchange rates is excluded. We calculate constant currency values by translating both the current and the prior period local currency amounts using same exchange rate. Lucas Bols' management believes measures in constant currencies provide additional insights into the underlying operating performance of the Company. This approach is in common use elsewhere.

Refer to note 25 of the consolidated financial statement for further information on primary foreign currencies and significant exchange rates applied during the year.

## One-off items / Normalisations

Several non-GAAP measures are adjusted to exclude items defined as one-off due to their nature and/or frequency of occurrence. Adjusting a measure for such one-off items results in a normalised measure. We believe normalised measures provide valuable additional information on underlying performance, which allows investors and other stakeholders to better analyse performance between companies and industries by eliminating non-recurring effects (both gains and losses). Normalised measures are also used for internal decision making.

2020/21 one-offs are:

- Impairment of EUR 8,911 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 16;
- 'Bargain buy' gain on increased shareholding Avandis of EUR 1,721 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 17;
- Impairment of the BolsKyndal joint venture in India of EUR 736 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 17; and
- Income tax expense following the remeasurement of deferred tax liabilities as a consequence of a change in the future Netherlands tax rate of EUR 3,937 thousand (in income tax expense, hence affecting net profit and (net) earnings per share). Refer to note 11.

All 2020/21 one-offs are non-cash items.



2019/20 one-offs are:

- Restructuring provision for Avandis of EUR 457 thousand excluding a tax effect of EUR 114 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 17;
- Write-down of doubtful debtors in the BolsKyndal joint venture in India of EUR 420 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 17; and
- Income tax expense following the remeasurement of deferred tax liabilities as a consequence of a change in the future Netherlands tax rate of EUR 1,304 thousand (in income tax expense, hence affecting net profit and (net) earnings per share). Refer to note 11.

All 2019/20 one-offs are non-cash items.

### Organic change percentages for measures

For certain measures, both GAAP and non-GAAP measures (including but not limited to revenue, gross profit and EBIT), an organic change percentage is provided and/or analyses. Organic change percentages compare measures at constant currencies (refer above) and exclusive of one-off items (refer above).



## FIVE-YEAR OVERVIEW

| IN € MILLION UNLESS OTHERWISE STATED FOR THE YEAR ENDED 31 MARCH | 2021       | 2020       | 2019       | 2018       | 2017       |
|--|------------|------------|------------|------------|------------|
| <b>Results</b>   |            |            |            |            |            |
| Revenue  | 57.3       | 84.0       | 87.0       | 92.2       | 80.5       |
| Gross profit   | 30.1       | 47.7       | 49.3       | 57.1       | 48.4       |
| Gross margin   | 52.5%      | 56.7%      | 56.6%      | 62.0%      | 60.1%      |
| Normalised operating profit                                      | 8.6        | 17.6       | 19.9       | 22.6       | 18.0       |
| Normalised operating profit margin                               | 14.9%      | 20.9%      | 22.8%      | 24.6%      | 22.4%      |
| Normalised EBIT  | 8.1        | 18.6       | 20.8       | 23.6       | 18.2       |
| Normalised net profit / (loss)                                   | 3.3        | 11.3       | 12.8       | 14.7       | 12.3       |
| Net profit / (loss)  | (8.6)      | 9.2        | 16.5       | 20.4       | 15.1       |
| <b>Cash flow</b>   |            |            |            |            |            |
| Free operating cash flow   | 11.4       | 15.8       | 11.8       | 18.7       | 17.5       |
| Cash conversion ratio  | 108.5%     | 82.2%      | 58.9%      | 81.0%      | 106.2%     |
| <b>Balance sheet</b>   |            |            |            |            |            |
| Working capital  | 13.8       | 18.3       | 18.8       | 14.4       | 12.7       |
| Total equity   | 184.8      | 193.7      | 192.2      | 183.6      | 170.8      |
| Net debt   | 92.4       | 99.3       | 103.6      | 104.2      | 112.1      |
| <b>Shares</b>  |            |            |            |            |            |
| # of shares issued at 31 March                                   | 12,477,298 | 12,477,298 | 12,477,298 | 12,477,298 | 12,477,298 |
| Weighted average # of shares                                     | 12,477,298 | 12,477,298 | 12,477,298 | 12,477,298 | 12,477,298 |
| Normalised earnings per share                                    | 0.26       | 0.90       | 1.02       | 1.18       | 0.98       |
| Net earnings per share   | (0.69)     | 0.74       | 1.32       | 1.64       | 1.21       |
| Total dividend per share   | –          | 0.35       | 0.60       | 0.60       | 0.57       |
| <b>Employees</b>   |            |            |            |            |            |
| Number of FTEs   | 62         | 71         | 74         | 73         | 70         |

Excluding one-offs. For further information about the one-offs, please refer to our commentary on non-GAAP measures as of page 136.

These items are non-GAAP measures. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 136.

## INDEPENDENT AUDITOR'S REPORT

To: the shareholders and supervisory board of Lucas Bols N.V.

### Report on the audit of the financial statements 2020/21 included in the annual report

#### Our opinion

We have audited the financial statements for the year ended 31 March 2021 of Lucas Bols N.V. based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 March 2021
- The following statements for the year ended 31 March 2021: the consolidated statements of profit and loss, other comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 March 2021
- The company profit and loss account for the year ended 31 March 2021
- The notes comprising a summary of the accounting policies and other explanatory information

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Lucas Bols N.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Our audit approach

##### Our understanding of the business

Lucas Bols N.V. is a listed company based in Amsterdam and through its subsidiaries and joint ventures, primarily involved in managing the product development, bottling, distribution, sales and marketing of liqueurs and spirits worldwide. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In 2020/21 we performed our procedures to a greater extent remotely due to the COVID-19 measures. This limits our observation and increases the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. In performing our audit procedures we maintained our professional skepticism and remained alert for any possible impact of the COVID-19 pandemic on the financial statements.

### Materiality

|                   |  |
|-------------------|--|
| Materiality       | € 700,000 (2019/20: € 720,000)   |
| Benchmark applied | 5 % of normalized profit before tax over the last five years   |
| Explanation       | Based on our professional judgement we consider earnings-based measures as the most appropriate basis to determine materiality. The users of the financial statements of profit-oriented listed entities tend to focus on profit before tax (PBT). We believe that PBT is an important metric for the financial performance of the company. Due to the significant impact of COVID-19 on Lucas Bols N.V., our materiality is based on normalized PBT over the past five years that excludes the brand impairment loss in the 2020/21 result. |

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 35,000 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Scope of the group audit

Lucas Bols N.V is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Lucas Bols N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. In establishing the overall approach to the audit, we determined the audit procedures required to be performed by us, as group auditors or by Ernst & Young Global member firms and other audit firms, both operating under our instructions.

We have performed full scope audit procedures at the entities in the Netherlands, France and United States of America. We used the work of other EY auditors when auditing the non-consolidated joint ventures Avandis B.V., Avandis C.V. and Passoa S.A.S. for specific accounts. Furthermore we used the work of non-EY auditors when auditing Maxxium Nederland B.V. In total these procedures cover 99% of the group's total assets and 97% of revenue.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.



### Teaming, use of specialists and internal audit

We ensured that the audit teams both at group and at entity levels included the appropriate skills and competences which are needed for the audit of a listed client in the consumer products industry. We included specialists in the areas of IT audit, accounting, valuations, pensions and income taxes.

### Our focus on fraud and non-compliance with laws and regulations

#### Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

#### Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors (including legal, compliance, human resources and regional directors) and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. In our risk assessment we considered the potential impact of performance-based bonus schemes which the company has in place for individuals.

In our process of identifying fraud risks, we considered whether the COVID-19 pandemic gives rise to specific fraud risk factors resulting from a possible dilution in the effectiveness of controls as a result of the general disruption associated with remote working and illness.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 (e) to the financial statements. We have also used data analysis to identify and address high-risk journal entries.

Our audit procedures to address the assessed fraud risks did not result in a specific key audit matter. However, we describe the audit procedures responsive to the assessed fraud risk related to possible bias in judgements and decisions made by the management board relating to the valuation of intangible fixed assets and the presumed fraud risk related to revenue recognition in the description of our audit approach for the key audit matters 'Valuation of intangible fixed assets (brands and related goodwill)' and 'Revenue recognition'.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

#### Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board and the supervisory board, reading minutes, inspection of reports on internal control and performing substantive tests of details of classes of transactions, account balances or disclosures.



We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

### Going concern

We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of the management board's use of the going concern basis of accounting.

The management board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the assessment with the management board exercising professional judgment and maintaining professional skepticism, and specifically focusing on the process followed by the management board to make the assessment, management bias that could represent a risk, the impact of current events and conditions have on the company's operations and forecasted cash flows, with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due, taking into account the temporarily amended bank covenants as disclosed in note 21.

We consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

### General audit procedures

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, our key audit matters did not change.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



| RISK   | OUR AUDIT APPROACH  | KEY OBSERVATIONS  |
|--|---|---|
| <p><b>COVID-19 pandemic</b><br/>The COVID-19 pandemic has a profound impact on people, society and on the economy. This impacts operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The impact continues to evolve, causing complexity and inherent uncertainty.</p> <p>Lucas Bols N.V. continues to be confronted with the uncertainty, of the COVID-19 pandemic impact. The developments in response to the COVID-19 pandemic and the potential lack of available information for evaluating the reasonableness of significant assumptions used during the pandemic, increase the estimation uncertainty associated with the expected credit losses on trade and other receivables (note 13); valuation of intangible fixed assets (note 16); modifications or remeasurements of leases (notes 15 and 22); liquidity forecasts in loans and borrowings (note 21) and the measurement of fair values (note 25).</p> <p>During the year Lucas Bols N.V. received government grants (NOW subsidy) as compensation for wages. This is disclosed in notes 3 (f) and 7 to the financial statements.</p> | <p>We discussed and evaluated the impact of the COVID-19 pandemic on the financial statements of Lucas Bols N.V. and focused on the accounts mentioned above, with assumptions and estimation uncertainty or fair value measurement that have either an increased or significant risk to result in a material adjustment and on the possible impact on the going concern assumption for the company as a whole.</p> <p>Amongst other procedures we:</p> <ul style="list-style-type: none"> <li>• audited and challenged the management board's assessment of the impact on the application of accounting policies, going concern and liquidity and the valuation of several accounts in the financial statements.</li> </ul> <p>Our audit approach and the impact of the COVID-19 pandemic related to the valuation of intangible fixed assets and on revenue recognition is discussed in the below key audit matters.</p> <ul style="list-style-type: none"> <li>• performed specific audit procedures and were assisted by our EY valuation experts. In performing our audit procedures we maintained our professional skepticism and remained alert for any possible impact of the COVID-19 pandemic on the financial statements.</li> <li>• performed audit procedures to verify the correct recognition of government grants in the year.</li> </ul> <p>Finally, we evaluated the overall view of the financial statements, including the disclosures, related to the impact of the COVID-19 pandemic.</p> | <p>Based on our procedures performed, we concluded that the impact of the COVID-19 pandemic was measured and disclosed throughout the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.</p> |



| RISK   | OUR AUDIT APPROACH   | KEY OBSERVATIONS  |
|--|--|---|
| <p><b>Valuation of intangible fixed assets (brands and related goodwill)</b></p> <p>As at 31 March 2021 brands and related goodwill amount to € 298 million or 82% of the total assets. As disclosed in note 3 (j) and 16, the majority of the brands and related goodwill are not amortized, since the management board assumes an indefinite useful life of their brands and therefore are at least annually tested for impairment.</p> <p>The management board performed their annual impairment test at the cash generating unit level, which include individually larger brands and buckets of smaller brands. The management board uses assumptions in respect of growth rates in the markets in which the company operates and economic conditions such as economic growth, expected inflation rates, expected tax rate, discount rate, demographic developments, expected market share, revenue and margin development, including expected effects of the COVID-19 pandemic.</p> <p>The increased uncertainty in the forecasted cash-flows due to COVID-19 and expected decline of consumer consumption on the brands are an important input for the assessment of the recoverability, as disclosed in note 16.</p> <p>These impairment tests are significant to our audit because this process is complex and requires significant management judgments, such as of future market and economic conditions.</p> <p>Impairment charges of € 8.9 million were recognized in the profit and loss account for 2020/2021.</p> | <p>Our audit procedures included, amongst others, evaluating the appropriateness of the impairment methodology applied by Lucas Bols N.V. related to the valuation of intangible fixed assets in accordance with IAS 36 'Impairment of Assets'. We focused on the non-current assets with an indefinite useful life related to the brands and related goodwill.</p> <p>We obtained an understanding of the impairment assessment process and evaluated the design of key controls over the data and assumptions used in this area relevant to our audit. With the assistance of our EY valuation specialists, our focus included evaluating the procedures of the management specialists used to determine the discount rate, evaluation of the appropriateness and consistency of the valuation method, evaluating and testing key assumptions used in the valuation including projected future income and earnings, retrospective review, and testing the allocation of the assets, liabilities, revenues and expenses to each of the cash-generating units.</p> <p>Finally, we performed independent calculations to validate the sensitivity analysis as referred to in Note 16 of the consolidated financial statements and evaluated the disclosure.</p> | <p>We consider the management board's assessment of impairment indicators as appropriate and the key assumptions and estimates used in the impairment tests to be within an acceptable range.</p> <p>We agree with the management board's conclusion on the recorded impairment amount and the adequacy of the related disclosures in the financial statements.</p> |



| RISK  | OUR AUDIT APPROACH  | KEY OBSERVATIONS   |
|---|---|--|
| <p><b>Revenue recognition</b></p> <p>Lucas Bols N.V. records revenue when control transfers to customers according to the terms of sale, the sales price is agreed or determinable and receipt of payment can be assumed. Related disclosures and accounting policies of the consolidated financial statements are included in Note 3 (b) and Note 5.</p> <p>Sales transactions are often concluded based upon common shipping terms that can vary by region in which the control transfers to the buyer prior to actual delivery of the product. Revenue recognition for these transactions is susceptible to an increase in risk related to differences in shipping cut-off at the financial reporting date.</p> <p>This item was significant to our audit because the recognition process requires proper cut-off of sales transactions.</p> | <p>We designed our audit procedures to be responsive to the revenue recognition risk. We obtained an understanding of the processes related to revenue recognition. We performed substantive audit procedures to address the risk through tests of details of samples of sales transactions, cut-off testing, data-analytics and analytical procedures. We also ensured that assumptions included in the sales adjustments analyses are properly supported.</p> | <p>Based on the procedures performed, we did not identify any evidence of material misstatement in the revenue recognized in the year ended 31 March 2021 in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.</p> |



## Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report of the management board
- Report of the supervisory board, including the composition of the supervisory board
- Remuneration report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 and Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the report of the management board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The management board and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements

### Engagement

We were engaged by the supervisory board as auditor of Lucas Bols N.V. on 3 September 2015, as of the audit for the year 2015/16 and have operated as statutory auditor ever since that date.

### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

## Description of responsibilities for the financial statements

### Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.



### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The *Our audit approach* section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

#### Communication

We communicate with the [supervisory board] regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 26 May 2021

Ernst & Young Accountants LLP

Signed by F.J. Blenderman

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**Annual account Lucas Bols N.V. 2021-2022**

ANNUAL REPORT

# LUCAS BOLS



2021 — 2022



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The Lucas Bols Company is a leading global cocktail and spirits player with a strong position in the worldwide cocktail market. Our mission is to create great cocktail experiences around the globe.

At the Lucas Bols Company it is all about creating great cocktail experiences around the globe. As Masters of Taste we combine over four centuries of craftsmanship and heritage with our creative spirit of Amsterdam to discover new flavours and cocktails. This allows us to build leading cocktail and spirit brands. Our key assets are our three premium Global Cocktail Brands (Bols, the World's First Cocktail Brand, Passoò and Galliano) and our portfolio of regional liqueurs and spirits brands.

The Lucas Bols Company is active in over 110 countries worldwide. The Bols brand includes the number one liqueur range globally (not including the US). We are also the world's largest player in the genever segment, and our portfolio of brands includes the number-one passion fruit liqueur Passoò and the ultra-premium Tequila Perdida brand.

Our flexible and asset-light business model enables us to focus fully on innovation and strategic marketing to build the Lucas Bols brands. At the Lucas Bols distillery we create new flavours and adopt old recipes in line with today's cocktail trends. We enthusiastically operate the Lucas Bols experiences such as the House of Bols, the Bols Bartending Academy, the Bols Around the World competition and the Wynand Fockink tasting tavern, which play a leading role in developing the cocktail market.

**Lucas Bols. Masters of Taste**



Our heritage and craftsmanship dates back over four centuries to 1676 in Amsterdam. Since then, we have been mastering the art of mixing and blending, creating beautiful flavours for our genevers and liqueurs. We invite you to open your senses and experience the past, present and future of the Lucas Bols Company.

1575

The first distillation of genever in Amsterdam, the Netherlands.

1700

First distillation of genever in the Netherlands.

20th century

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.

2006

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.

2008

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.

2016

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.

2020

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.



2022

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.

1664

The first distillation of genever in Amsterdam, the Netherlands.

1816

The first distillation of genever in the Netherlands.

2004

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.

2007

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.

2015

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.

2019

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.

2021

Lucas Bols introduces the first liqueur, the Dutch gin and tonic.



## Financial Highlights

Revenue  
(in Cdn\$)

**92.0**

2020 (2-30)

Operating Profit  
(in % of Revenue)

**55.9**

2020 (2-30)

Adjusted Earnings  
(in Cdn\$)

**20.6**

2020 (2-30)

Free operating cash flow  
(in Cdn\$)

**15.6**

2020 (2-30)

Adjusted EBITDA  
(in Cdn\$)

**14.7**

2020 (2-30)

Dividend per share  
(in C)

**—**

2020 (2-30)

Company  
Highlights



Masters  
of Taste  
since 1575



447 years of  
craftsmanship



More than  
25 brands



Sold in over  
110 countries  
worldwide



# Brand Highlights



World's No.1  
liqueurs range



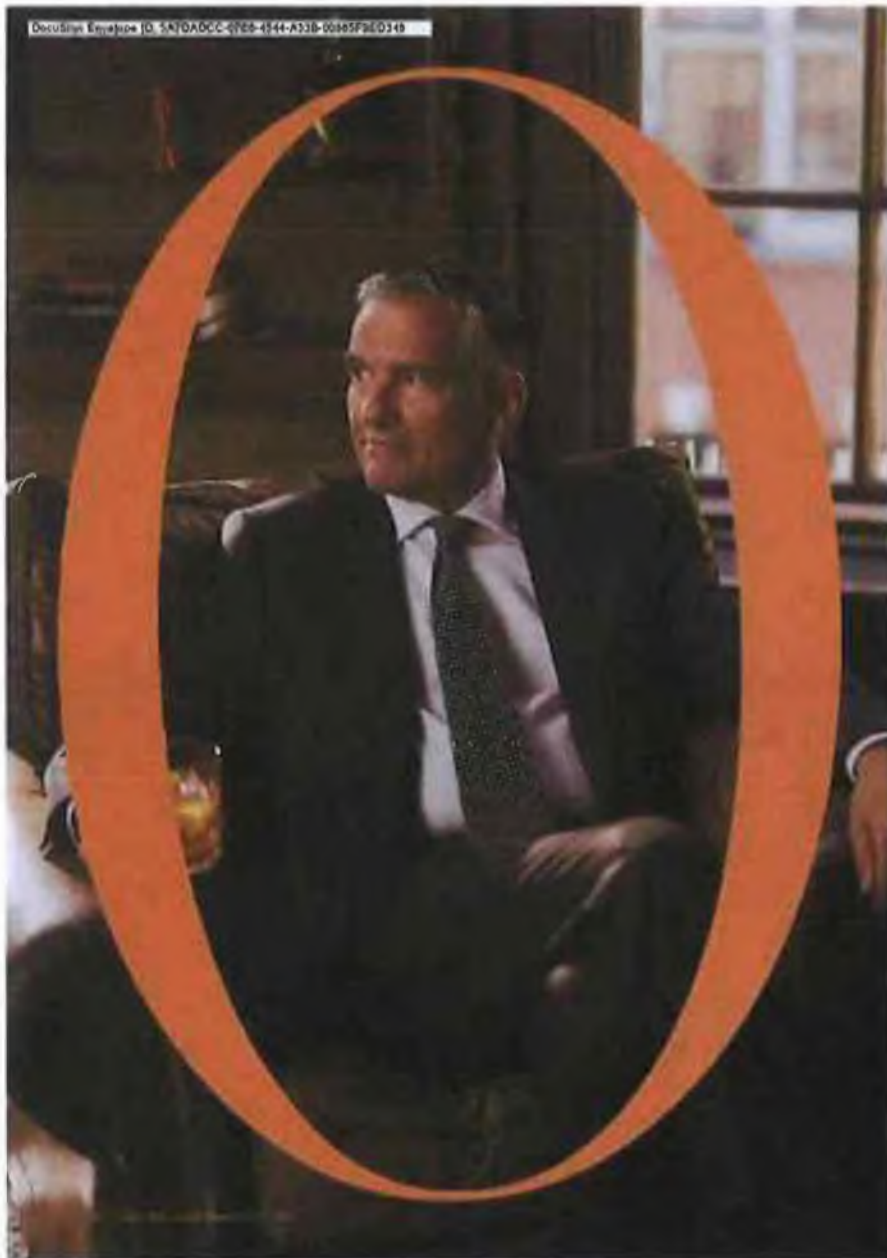
World's No.1  
genever



One of the world's  
highest rated Tequila  
brands



The No.1  
Passion Fruit  
liqueur Passoa



## Interview with the Management Board

### How do you look back on the past year?

"Above all with pride," started off CEO Huub van Doorne. "Not only have we delivered strong results in continued challenging conditions, we have also made tremendous progress in the execution of our strategy with our 'Fit for Growth' programme."

"We quickly recovered from COVID-19, as shown by a year-on-year revenue growth rate of 61%, said CFO Frank Cox, adding "The resilience of our brands and the agility of our operations also enabled us to realise growth of 10% versus pre-COVID 2019/20 levels, despite some key markets, such as Japan, not being close to pre-COVID-19 levels yet."

"It goes without saying that we are very proud of and grateful for the flexibility and unwavering dedication of the whole Lucas Bols team this past year," Huub van Doorne concluded.

### What does Fit for Growth entail?

"Our strategy in itself is unchanged; we focus on cocktails, a globally growing niche market, and we do this by building great brands and excelling in innovation," Frank Cox explained. "We genuinely stand out as Masters of Taste, having already created flavours for almost 450 years. We build upon this great

legacy, while at the same time continuous innovation is key to staying at the forefront of our industry. Our highly scalable asset-light business model allows us to seamlessly add brands and leverage their full potential."

"Fit for Growth is all about focus, which enables us to accelerate and improve the execution of our strategy with the ultimate aim of stepping up growth," Huub van Doorne elaborated. "Our focus on cocktails is at the centre of everything we do. We have become much more brand-driven in the way we manage our organisation and how we allocate our team efforts and our brand investments. In addition, when clustering markets to develop our brands in the most effective way, we now look at which markets that are similar in cocktail culture maturity. Each cluster requires a customised marketing, sales and distribution approach. We believe this is a more effective way to drive organic growth than the geographical approach we used before."

"Another shift in execution is that we now work with fully integrated brand teams," Frank Cox continued. "We believe that by having all disciplines working together, we optimise agility and efficiency, ensuring a swift and decisive execution of our global strategy. This has led to an even more compact organisation, significant overhead savings and improved operational leverage."

Obviously 2021/22 was once again largely dominated by COVID-19. What was the impact on the Lucas Bols Company throughout the year?

"At the beginning of the year COVID-19 still had a significant impact," Huub van Doorne said. "But we saw a rapid recovery in key markets once the on-trade reopened, starting in the US in March 2021. In many key markets we bounced back to pre-COVID levels and in some, including the US, UK and Australia, even surpassed these. On the other hand, we saw that Japan and our travel- and tourism related business, including Southeast Asia and travel retail, were still adversely impacted by COVID-19 during the year under review. We would expect results in these markets to improve as well once COVID-19 measures are lifted. We have incorporated the lessons learned from the COVID-19 crisis in our ongoing operating model," Frank Cox noted, "For example, we have maintained our stringent focus on overhead costs and cash generation and the further involvement of our direct-to-consumer approach and retail focus. The flexibility in our business model allows us to respond quickly and to adapt precisely to the most effective level of A&P spending."

What markets and/or brands really stood out last year?

"With revenue growth accelerating to 51%, the US was clearly the winning market," highlighted Huub van Doorne with great enthusiasm. "The upward trend of spirits and cocktails continued with the re-opening of the on-trade and we are benefiting from the ongoing premiumisation trend."

"I am convinced that our approach of continuing to invest in our commercial presence during the lockdown periods has been very helpful. We were therefore able to benefit right away once the markets opened up," said Frank Cox, adding "Our Lucas Bols USA platform proved its success and – more importantly – really showed its potential."

"In terms of brands, Passoa performed excellently, with double-digit revenue growth, driven by the continued success of the brand's cocktail positioning," said Huub van Doorne. "2021/22 was a year in which the

"We genuinely stand out as Masters of Taste."

Bols Cocktails brand showed a significant recovery based on the re-opening of the on-trade in various key markets. In addition the launch of Bols Ready-to-Enjoy Cocktails in the second half of the year, which positions Bols Cocktails well with major retail chains, has been a success in both the US and the Netherlands. The innovative packaging in Bols Cocktails Tubes contributes to the in-home cocktail experience. The targeted digital and billboard campaigns around the launch also increased consumer awareness of the Bols Cocktails brand in general – a true spin-off-effect," he continued enthusiastically "This is very promising for the years ahead, when our Bols Cocktails Tubes and multi-serve bottles will be launched in various other markets."

Have there been any changes in the route to market?

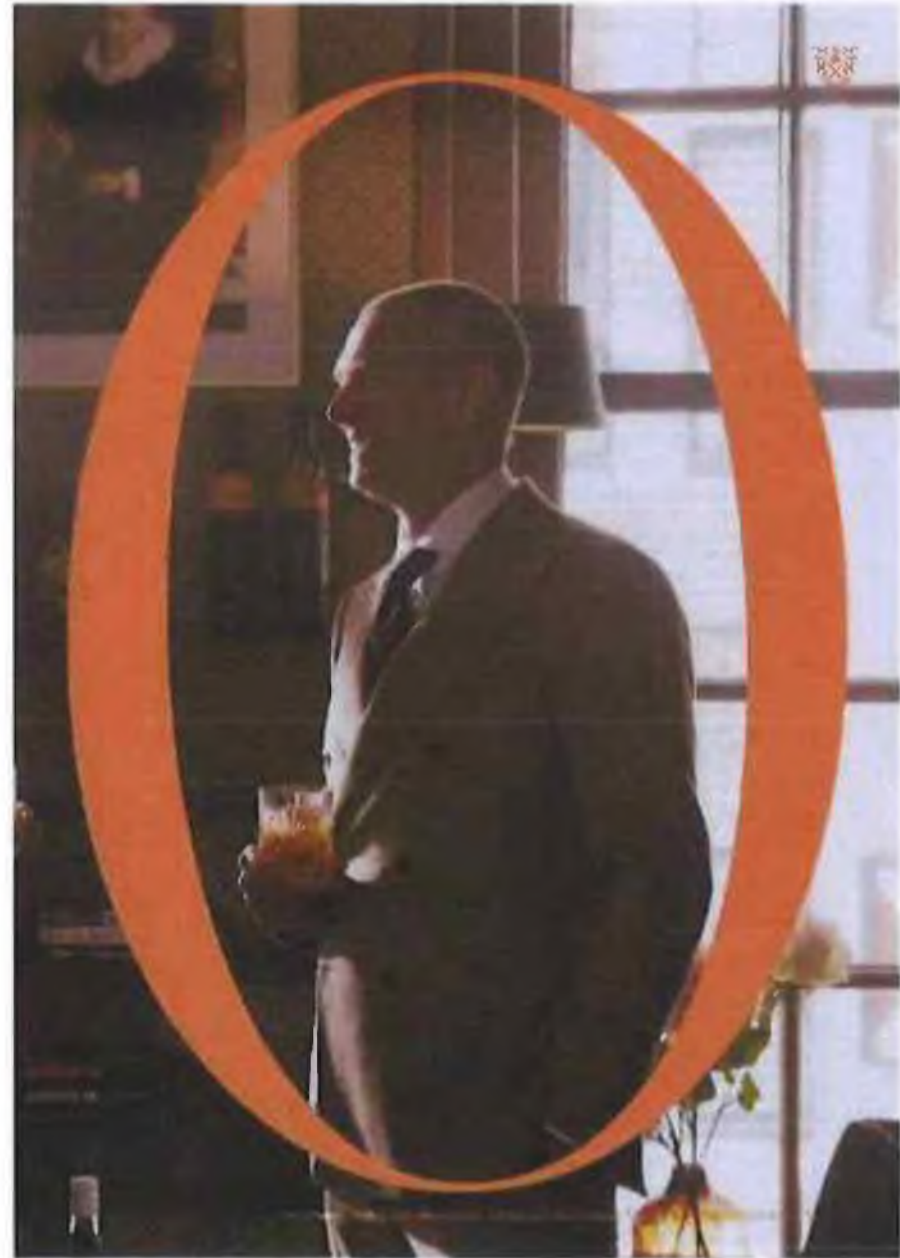
"In 2021/22 we strengthened our control over the route to market," Frank Cox stated firmly. "With the creation of Maxxum BeLux, a 50-50 distribution joint venture with Edrington for Belgium and Luxembourg, we now control the distribution of approximately 40% of our revenue. In the UK, one of our key cocktail markets, we appointed a new distributor to take on the Bols Cocktails, Gelliano and Prseng Ambon brands. Furthermore we extended quite a few distribution contracts in the past year, including in Japan, Australia and New Zealand, China, Scandinavia and Germany as well as Passoa in the UK."

"We are happy with these changes and extensions and believe we have now successfully secured the majority of our route to market for the next two to three years," Huub van Doorne concluded.

What are you most proud of?

"A few things stand out," Huub van Doorne started. "First, recovering from the pandemic in the way we did is no easy job. I believe that the resilience we have shown is the result of many years of true brand building and perseverance, and of being there for our partners, customers and consumers throughout the crisis."

"But I guess I am most proud of the launch and execution of our Fit for Growth programme, and related





to this, our more ambitious revenue growth targets for the Global Cocktail Brands," he continued. "Adding brands to our portfolio is also one of the building blocks of Fit for Growth. This brings me to another major highlight of the past year: the acquisition of Tequila Partida, one of the world's highest rated ultra-premium tequila brands founded by Gary Shansby in 2005. We are excited to bring this fantastic brand to its full potential, and have seen a great start in the US around the Cinco de Mayo celebrations."

"And I would like to highlight the achievements of our supply chain team and partners," Frank Cox added. "They absolutely deserve recognition for how they successfully addressed and mitigated the immense challenges posed to the company by global supply chain disruptions."

**And what were the biggest challenges in the past year?**  
"Apart from COVID-19 that would be these global supply chain disruptions that we expect to continue in 2022/23, affecting both the availability and pricing of raw materials and logistics," Huub van Doorne said. "For example both input prices, including alcohol, sugar, grain and glass, and logistical costs have increased significantly."

"We were able to largely pass on this effect through higher sales prices in most markets and have applied even stricter cost controls to mitigate these effects without jeopardising the investments in our brands," Frank Cox indicated. "To counter the longer lead times as a consequence of the limited availability of certain raw materials and shipping containers we deliberately invested in our inventory levels. This is one of the reasons we have not seen any substantial out-of-stock situations," he continued, adding: "The powerful relationship with our business partners throughout the chain also proved to be instrumental in addressing the supply chain challenges, as did our agility and entrepreneurial spirit."

**You have added a tequila brand to your portfolio. Was that something you have always been keen to do? What are your plans for the brand?**

"We are absolutely delighted to welcome the wonderful Tequila Partida brand to our portfolio," Huub van Doorne stated passionately. "Tequila Partida gives us the opportunity to tap into one of the most popular and fastest-growing segments in spirits in the US as well as being the key ingredient of the leading cocktail there: the margarita."

"The transition to Lucas Bols USA went smoothly, also thanks to the experienced and dedicated Tequila Partida team in Mexico," according to Frank Cox. "For the years ahead, we see plenty of opportunities to grow Tequila Partida. We will focus on growing depictions by leveraging our US distribution position and portfolio of brands. Moreover we will make considerable A&P investments in the brand to drive further premiumisation," he explained.

**How did you finance this acquisition?**

"In December 2021 we launched an offering of new shares, successfully raising € 29 million in equity. Besides funding the Tequila Partida acquisition we will use the proceeds to complete the Nuvo acquisition in June 2023. And although our strong cash-generative business model is our main route to de-leveraging, part of the proceeds are also being used to reduce debt," Frank Cox said. "When COVID-19 started we had around € 100 million in net debt. Through the crisis we reduced this to € 61 million as at 31 March 2022, allowing us to grow the company with a healthy balance sheet," he emphasised.

**What do you foresee for 2022/23?**

"The geopolitical environment is increasingly unstable at the moment and it is difficult to assess the impact on both the short and the longer term," Huub van Doorne said. "We foresee continued and increasing headwinds on input and logistical costs and we will continue our efforts to mitigate these effects. Supported by our positive performance in 2021/22 we are optimistic about the future, however. We expect to continue the growth in the US and anticipate further recovery of the on-trade in Western Europe. We also expect the Japanese market and all travel-related markets to stage a gradual recovery in 2022/23."

"We are committed to significantly stepping up the investments in our brands in 2022/23, focusing in particular on our Global Cocktail Brands," Frank Cox added. "We will continue to expand the Bols Cocktails brand, in which the roll-out of Bols Ready-to-Enjoy Cocktails will play an important role. We expect that Posso will continue to make an important contribution to the growth, and that Olleno will further grow its position in the three core markets Australia, Scandinavia and the US."

"Of course the organisation is excited about bringing Tequila Partida to its full potential, initially focusing on the US and Mexico and other markets to follow in due course," Huub van Doorne concluded.

## Key figures

|                                    | 2022       | 2021       |
|------------------------------------|------------|------------|
| <b>Results</b>                     |            |            |
| Revenue                            | 82.0       | 57.3       |
| Gross profit                       | 51.4       | 30.1       |
| Gross margin                       | 65.9%      | 52.6%      |
| Normalised operating profit        | 20.6       | 8.6        |
| Normalised operating profit margin | 22.4%      | 14.9%      |
| Normalised EBIT                    | 22.8       | 8.1        |
| Normalised net profit / (loss)     | 14.7       | 3.3        |
| Net profit / (loss)                | 11.8       | (8.6)      |
| <b>Cash flow</b>                   |            |            |
| Free operating cash flow           | 15.6       | 11.4       |
| Cash conversion ratio              | 70.1%      | 108.5%     |
| <b>Balance sheet</b>               |            |            |
| Working capital                    | 19.1       | 13.8       |
| Total equity                       | 225.5      | 184.8      |
| Net debt                           | 60.7       | 92.4       |
| <b>Results</b>                     |            |            |
| # of shares Issued at 31 March     | 14,972,756 | 12,477,298 |
| Weighted average # of shares       | 13,328,276 | 12,477,298 |
| Normalised earnings per share      | 1.11       | 0.26       |
| Net earnings per share             | 0.89       | (0.66)     |
| Total dividend per share           | -          | -          |
| <b>Employees</b>                   |            |            |
| Number of FTEs                     | 66         | 62         |

- \* Excluding one-offs. For further information about the one-offs, please refer to our commentary on non-GAAP measures as of page 158.
- \*\* These items are non-GAAP measures. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 168.



# Shareholder information

## Share listing

The shares of Lucas Bols N.V. have been listed on the Euronext Amsterdam stock exchange since 4 February 2015. Lucas Bols shares are traded under the symbol BOL5, ISIN code NL0010998878

## The Lucas Bols share

|   | 2021/22       | 2020/21       |
|---|---------------|---------------|
| Number of outstanding ordinary shares at 31 March | 14,972,766    | 12,477,288    |
| Share price low                                   | € 9.00        | € 6.92        |
| Share price high                                  | € 12.26       | € 11.80       |
| Closing share price on 31 March                   | € 10.74       | € 11.00       |
| Proposed total dividend per share                 | –             | –             |
| Market capitalisation at 31 March                 | € 160,807,389 | € 137,260,027 |

## Share capital

All of the issued shares of Lucas Bols are ordinary shares with a nominal value of € 0.10 each. At 31 March 2022 the share capital of Lucas Bols consisted of 14,972,766 ordinary shares which have been fully paid-up. In December 2021 Lucas Bols raised € 28.9 million through an accelerated backbuild offering of 2,495,458 new shares. The proceeds (€ 28.3 million net of transaction costs and taxes) were used to fund the acquisition of Tequila Partida, with the remainder available for the completion payment of the acquisition of Nuvo and for de-leveraging.

## Major shareholders

Pursuant to the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) shareholders are obliged to give notice of interests exceeding or falling below certain thresholds, starting with 3%, to the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten (AFM)). AFM was notified of the following statements of interests of 3% and over in Lucas Bols up to 31 March 2022:

| SHAREHOLDER   | SHARES HELD, 31/03/2022 |
|---|-------------------------|
| Dreemspirit B.V. (controlled by Mr. H.L.M.P. van Doorn) | 5.22%                   |
| Edelweiss Holdings plc                                  | 3.17%                   |
| Enx NV  | 15.01%                  |
| John and Marina van Vlietingen Foundation               | 5.01%                   |
| Lazard Frères Gestion SAS                               | 5.01%                   |
| Nolet Holding B.V.                                      | 25.00%                  |

## Dividend policy

Lucas Bols' dividend policy and practices take account of both the interests of the shareholders and the expected further development of the company.

The dividend policy is to pay a ratio of at least 50% of the Company's full-year net profits. Lucas Bols intends to pay dividends in two semi-annual instalments: an interim dividend in the third quarter of each fiscal year (after the publication of the results over the 6-months period ended 30 September) and a final dividend in the second quarter of the following fiscal year (after approval of Lucas Bols' annual accounts at the General Meeting).

There can be no assurances that a dividend will be proposed or declared in any given year.

As a result of the impact of (and ongoing uncertainties related to) the COVID-19 pandemic Lucas Bols has not paid out a final or interim dividend in the calendar year 2021. Although business recovery has been substantial during the year under review, and growth was even achieved in important markets, the macro-economic and geo-political situation remains highly volatile and unpredictable. Therefore, and because the Company raised capital in December 2021 through an accelerated back build (to fund the acquisition of Tequila Partida, amongst others), Lucas Bols decided to also refrain from proposing to pay a final dividend over the 2021/22 financial year.

In addition, the Management and Supervisory Board have performed a detailed assessment of the Company's future growth strategy, which is aimed at maximising total shareholder value creation and returns. Central themes in that strategy are using the Company's strong cash generation to invest in the (global cocktail) brands substantially, be able to also pursue acquisitive growth and to further improve the balance sheet whilst paying an attractive dividend. Despite COVID-19, the Company has demonstrated to be able to create value by investing in its existing brands and adding new brands to the portfolio.

Consequently, the Company has decided to partly amend its dividend policy. The dividend pay ratio will depend on the Company's recent financial performance and financial position, organic and acquisitive growth opportunities and macro-circumstances.

Under the amended policy, the intention is to pay a ratio of 40% to 50% of full-year net profit. Dividends will continue to be paid in cash in two semi-annual instalments. The intention is to pay an interim dividend in the third quarter of each fiscal year equal to 40% of net profit over the first half year of that respective fiscal year.

## Financial calendar

7 July 2022 Annual General Meeting of Shareholders  
17 November 2022 Publication half-year results 2022/23

## Prevention of insider trading

In consequence of its listing on Euronext Amsterdam Lucas Bols is obliged to have regulation in place to prevent the use of insider knowledge by its managers, employees or other 'insiders'.

The compliance officer sees to it that the legislation relating to insider knowledge is adhered to and other compliance risks are observed. Lucas Bols has an employee share participation plan (see page 77). Frank Coex (CFO) is the Company's compliance officer.

## Investor relations

Lucas Bols attaches great importance to maintaining an active dialogue with its shareholders and other stakeholders. The aim is to give existing and potential shareholders, analysts and the financial press a broader insight into the Company and the sector we operate in. We do this by providing relevant financial and other information in a timely manner and to the best of our ability. To this end, Lucas Bols ensures that relevant information is provided equally and simultaneously to all interested parties.

Analyst presentations regarding the half-year and full-year results publications are webcast to provide broad and easy access. From time to time Lucas Bols engages in bilateral contacts with existing and potential shareholders and analysts. These contacts can have the form of investor conferences, company visits and one-on-ones. The purpose of these contacts is to explain the strategy and performance of Lucas Bols and thus ensure that correct and adequate information is disseminated about the Company.





Our Global Cocktail Brands portfolio consists of three premium brands, each holding a leading position in the spirits industry: Bols, Passoa and Galliano.





**Bols. The world's first cocktail brand.**  
 Based in Amsterdam since 1575, Bols' high-quality products blend over four centuries of craftsmanship and experience. Bols has been part of global cocktail culture since the first wave in 1862 and still actively engages with the international bartender community to create new drinks and experiences for their customers. Bols also inspires consumers to make and drink cocktails at home with its wide variety of products and flavours.

**Bols Liqueurs**

Bols Liqueurs comprises more than forty unique premium liqueurs, widely used by bartenders to create cocktails and also consumed in mixed drinks and cocktails at home. Crafted with natural botanicals such as herbs, spices and fruits. The key markets for the Bols Liqueurs range are the US, Japan, China, Germany, the Netherlands, the UK, Scandinavia and Argentina.

**Bols Genever**

The Bols family first produced genever in 1664. Genever played an important part in the rise of the cocktail in 18th-century America. It is the rich content of our unique Bols malt spirit that makes it perfect for mixing and making cocktails. Nowadays Bols Genever is back in cocktail bars in over thirty countries around the world with the US, the UK and the Netherlands as the most important markets.

**Bols Vodka**

Tapping into our Lucas Bols craftsmanship and distillation expertise, Bols Vodka was developed to create the best mixable vodka. Its natural wheat distillate base and charcoal filters result in an extraordinary high level of purity, making Bols Vodka perfect for mixing and preparing cocktails. The key markets for Bols Vodka are Scandinavia, Argentina, Canada and the Netherlands.



**New! Bols Ready-to-Enjoy Cocktails. Magically simple. The launch of the revolutionary Bols Ready-to-Enjoy Cocktails, marks the new journey of Bols as a consumer brand. With an industry that is shifting towards quality in-home entertainment, Bols brings home the magic of cocktails with these Ready-to-Enjoy Cocktails in three steps: Chill, Pour & Garnish. Each of the five Bols Ready-to-Enjoy Cocktails feature an expertly-crafted blend of premium Bols spirits and liqueurs, with 100% natural flavours and no preservatives. Bols Ready-to-Enjoy Cocktails were launched in the US and the Netherlands in the second half of 2021/22, with other markets to follow.**

### **Bols Cocktails Tubes**

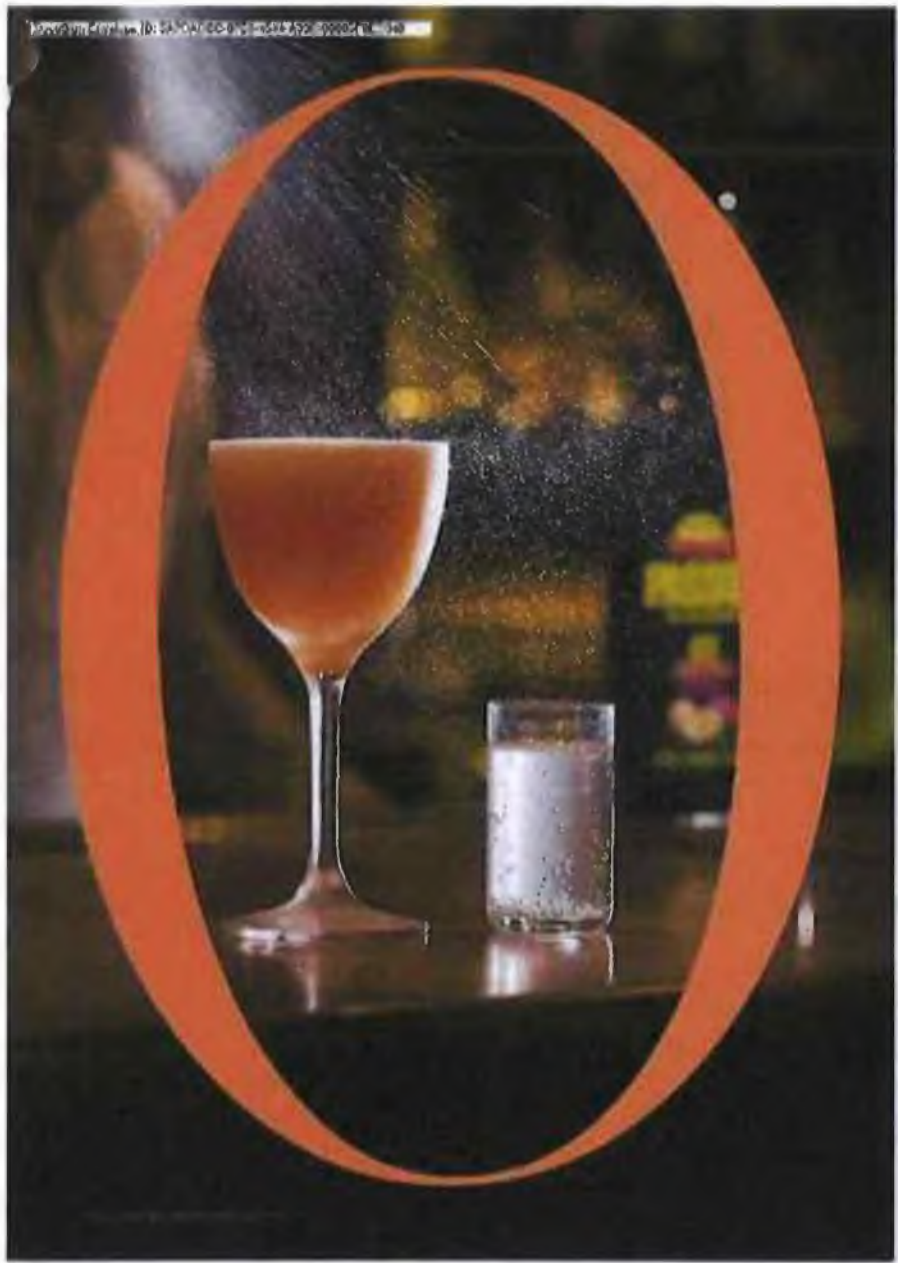
The Bols Ready-to-Enjoy Cocktails Tubes are truly innovative, serving one to two cocktails. The 200ml tubes are sustainable, designed to preserve exceptional taste and quality. They boast a premium black design and create a new, premium segment within the fast-growing category of ready-to-serve cocktails, where they stand out between the many cans. The Bols Cocktails Tubes are sold in retail stores and online, and are a great solution for (boutique) hotels and small bars.



### **Bols Cocktails Multi Serve Bottle**

The Ready-to-Enjoy Cocktails are also available in 700ml multi-serve bottles and allow for five to seven cocktails to be poured directly out of the chilled bottle into the glass. Restaurants and bars are struggling to recruit and retain bar staff and mixologists. This helps them to continue their high-quality cocktail service without compromising guest experience. In the US we also sell a 375ml size, geared towards consumers for three to five cocktail serves, mainly sold out of the cold box in retail and convenience stores.





**Passoã. The Passion Drink.**

Created in 1985 and now the world's number one passion fruit liqueur, Passoã is perfect for making easy mixes and professional cocktails such as the original Pornstar Martini. The natural and refreshing flavours of Passoã's unique Brazilian passion fruits shine through in any mix and cocktail and are right on-trend. Passoã is known for its attractive red colour and iconic black bottle with a recognisable sunset logo and fresh passion fruit visuals. The key markets for Passoã are the UK, France, the Netherlands, the US, Puerto Rico and Belux.

**Passoã & Tonic**

Passoã & Tonic is a refreshing low-alcohol cocktail with great colour that is easy to make anytime, anywhere: a fresh, fruity, light alternative to Gin & Tonic. For a low-sugar alternative, tonic can be replaced with soda water. Passoã & Tonic is also available in a can for on-the-go consumption. Another easy and fresh example is the Passoã Rosé Sangria, a modern exotic spin on the most shareable cocktail.

**Passoã Pornstar Martini**

Originally created with Passoã, the Pornstar Martini is the number one cocktail in the UK, the fastest growing cocktail around the world and the most searched cocktail online. Often the best-selling cocktail of the bar, this fancy flavoured new classic is a shaken cocktail traditionally served with a shot of champagne. Passoã has become a premium brand for both the professional bartender and consumers with this unique, signature cocktail.



### Galliano. Spirito Italiano.

Galliano traces its roots back to 1896, when Arturo Vaccari first made the iconic liqueur in Tuscany, Italy. It's the true Italian spirit with the iconic tall, slender shaped bottle with many tapered flat sides, inspired by the columns of the ancient temples of Rome. Galliano offers the finest 'Italian' flavours and lifestyle, to be celebrated with friends and family. The range consists of Galliano L'Autentico, Vanilla, Espresso, L'Aperitivo, Amaretto and Sambuca white & black. With its unique selection of best-in-class ingredients, all flavours have received the highest quality rating in the Difford's Guide. Galliano is largely consumed in cocktails after dinner and its key markets are the US, Canada, Australia, New Zealand, Scandinavia, Germany and the UK.

### Galliano Hot Shot

A surprisingly delicious and great looking (after dinner) treat to impress your guests. It's a simple drink to make with three equal parts of Galliano Vanilla or L'Autentico, hot coffee and cream. Fast pour Galliano into the glass. Using the backside of a spoon, carefully pour hot brewed coffee on top of the Galliano and top the coffee off with whipped cream. Started in Scandinavia, but now gaining traction around the world.



### Galliano Espresso Martini

A well-known classic cocktail of three equal parts of coffee liqueur, vodka and espresso, growing rapidly in popularity. It is currently the no. 3 in Difford's Guide's "the world's top 100 cocktails". If you are looking for the most extravagant Espresso Martini, use Galliano Espresso. It is the only 'espresso' liqueur in the market, with a full-flavoured palate similar to a real espresso. Galliano Espresso is a perfect blend of dark-roasted Arabica and Robusta beans to give this cocktail the length and intensity it deserves. For those who love coffee.





Our Regional Liqueurs & Spirits brands portfolio consist of more than 20 brands such as Pisang Ambon, Tequila Partida, Nuvo, Henkes, Bols, Bokma, Coebergh and Hartevelt. These brands are potential new Global Cocktail Brands and important cash generators. They are categorised into International Liqueurs & Spirits and Domestic Liqueurs & Spirits.

**International Liqueurs & Spirits brands.**  
The international portfolio includes well-known brands such as Pisang Ambon, Tequila Partida, Nuvo, Henkes, Vaccari and Damrak, amongst others. Most brands are “local heroes” and have a strong position in specific markets. Investments are made to drive regional brand development, with the objective for certain brands to become a Global Cocktail Brand.

### **Pisang Ambon** Banana Liqueur

Founded in 1948 based on an original Indonesian recipe, Pisang Ambon is the banana liqueur. It has an emerald-green colour and comes in a legendary square bottle. The brand is a tribute to its Indonesian roots (Ambon island near Bali) and ‘pisang’ (Indonesian for banana). In 2021 Pisang Ambon was re-vamped with a 100% natural and even smoother banana flavour and a new eye-catching, premium packaging. The brand is loved by thirty-somethings for its ease in mixing, out-of-the-ordinary taste and low ABV (17%). Pisang Ambon's key markets are the Benelux, France and Scandinavia. Pisang Ambon: Breaks down from the ordinary!



### **Nuvo** Rose Vodke Spritzer

Nuvo Sparkling Liqueur defines luxury and is the ultimate accessory when celebrating life. It is crafted with ultra-premium French vodka, a touch of sparkling white wine and infused with a proprietary blend of fruit nectars. Nuvo's ultra-premium bottle stands out on any table, is the perfect gift and can be enjoyed over ice or in a mix with tequila, vodka or champagne. In 2022 Nuvo Rose Vodka Spritzer was launched, a premium canned cocktail to extend the brand's presence in the growing RTD category. The brand is sold in the US and in selected markets in Latin America and Europe.

Go on. Experience the Nuvo.





### Henkes Gin & Whiskey

Henkes is a brand with a fascinating and proud history dating back to 1824. The brand was first exported in the mid-19th century, which led to global recognition and notable awards. Henkes Gin is a juniper berry gin with sweet and citrus notes and is best served with tonic. Henkes Whisky is surprisingly smooth and tasty, both in a mix and when consumed neat. Henkes has been successfully positioned as a value-for-money brand since high-quality spirits at an affordable price. This makes the brand very accessible in its current markets (mainly Africa and the Netherlands) with several opportunities to grow the brand in new markets. When it's time to toast, it's time for Henkes.

### Damrak Gin

Made in our distillery near Damrak square (in the heart of Amsterdam), Damrak Gin combines seventeen botanicals (including juniper berry, Valencia orange peel and coriander) and is distilled five times to provide an exquisite smooth taste. In 2020, Damrak was the world's first gin brand to launch a 0.0 gin as a non-alcohol alternative: Damrak Virgin 0.0. Although at 0% alcohol, the spirit contains 100% of the recognisable Damrak Gin botanicals flavour. Exceptionally smooth with a twist of orange, Damrak Gin and Virgin 0.0 are widely appreciated and easily mixed to create a sophisticated drink – with or without alcohol. The US and the Netherlands are currently the most important markets. Damrak: The Best Distillation.



### New! Tequila Partida.

Tequila Partida (founded in 2005) is inspired by its namesake, Enrique Partida, a third-generation agave farmer and considered a master in his community. Tequila Partida is made from only blue agave grown in the Tequila Valley, near a dormant volcano. After more than five years in the fields the agave is hand harvested by the jimadors, and cooked fresh within 24 hours. After fermentation the liquid is distilled twice in traditional pot stills, producing a clear tequila that retains the fresh, natural characteristics of the agave. Tequila Partida is one of the world's highest rated tequila brands, being the ultimate ingredient to the US no. 1 cocktail the Margarita but also perfectly addressing the trends towards premium tequilas being drunk neat.

### Tequila Partida La Familia

Considered by experts as simply 'the last line of Tequila's money can buy' and is widely used to create great tasting cocktails such as the Margarita. Part of the La Familia product range is aged in ex-bourbon, American white oak casks to enhance the fresh natural agave flavour and colour.



### Tequila Partida Roble Fino

The Roble Fino product range is considered 'the single malt of tequila'. These unique tequilas are first aged in ex-bourbon casks and additionally spend time in the finest ex-single malt, sherry-casked casks. This releases unique flavours, making the Roble Fino's best savoured neat in a tequila sipping glass.





**Domestic Liqueurs & Spirits.**  
 Our domestic brands have a strong sense of heritage and are important cash generators. They include premium Dutch genever brands and the exclusive Bols KLM Delft Blue miniature houses. Other Domestic brands such as Coebergh, Zwarte Kip Advocaat and Wynand Fockink with its range of artisanal genevers and liqueurs, demonstrate our entrepreneurial spirit and leading market position.

**Bols & Bokma**  
 Dutch Genever  
 & Vieux

Genever is the centuries-old local Dutch spirit, and one of the largest spirit categories in the Netherlands. The Lucas Bols Company is the market leader in genever and has a range of iconic brands such as Bols, Bokma, Hertevelt, Hopps, Florijn and Legner. The premium Bols and Bokma genevers have distinctive packaging and a rich heritage, each with a wide range of products varying from traditional young and old unaged genevers to specialty and aged genevers such as Oak cask blends, Bourbon cask and Rye genever.

Vierkant gultur botma

**Coebergh**  
 Wild Berries

Founded in 1877, Coebergh is a traditional flavoured genever brand with black berries. The Coebergh portfolio consists of Coebergh Classic (20% ABV), a fruity liqueur with red fruits and black berries as a base and Coebergh Red Fruit liqueur which has additional cranberries and is lower in ABV (14.5%), making it suitable for supermarket sales in the Netherlands. In 2021 Coebergh 0.0% was launched, which contains no alcohol and has a soft and fresh taste. Coebergh is traditionally enjoyed with orange juice, but also tastes great on the rocks, with sparkling wine and/or soda water. De traditiele wilde besenlqueur





### Mission & strategy

Our Mission at the Lucas Bols Company is to create great cocktail experiences around the globe. We combine over four centuries of craftsmanship with the creative spirit of Amsterdam to discover new flavours and cocktails. Every day. This allows us to build leading cocktail and spirits brands for today's bartenders and consumers. This is how we create long-term value at the Lucas Bols Company. Lucas Bols. Masters of Taste.



## Our four strategic pillars

Our strategic objective as Masters of Taste, is to grow and develop the cocktail market and our cocktail brands. To accomplish this, we focus on the following key strategic pillars:



### Lead the development of the cocktail market

As market leader it is important for the Luces Bols Company to drive cocktail innovation and trends in order to grow the cocktail market around the globe. We have an active innovation programme, continuously updating and launching new flavours and packaging as well as introducing new-to-market concepts, which allow for great new cocktail experiences. We closely engage with the global bartending community, creating new trends in the cocktail market together. We work with retailers and engage directly with influencers and consumers to support and inspire cocktail consumption at home. Initiatives – increasingly online – such as the Bols Bartending Academy and the Bols Around the World global competition capture the interest of the bartending community and consumers alike – we are proud to train new Masters of Taste!



### Worldwide growth of our cocktail brands

To grow the equity of our Global Cocktail Brands (Bols Cocktails, Passoè and Galliano) we focus on growing the global and local cocktail markets. We aim to increase our market share in current cocktail markets by increasing distribution penetration, investing in brand awareness and opening up (digital) direct-to-consumer sales. Besides building our existing cocktail markets we also enter into (and expand) our Global Cocktail Brands in Emerging Cocktail Markets.



### Develop our Regional Liqueurs & Spirits

Within our portfolio of Regional Liqueurs & Spirits brands we drive regional brand growth for our local heroes. We develop clear roles and strategies for the various brands, especially within our domestic genever portfolio. This helps increase competitiveness and protect the contribution of these brands. We also optimise profitability throughout the chain by constantly challenging pricing and costs. The ultimate objective for this portfolio is to develop existing brands into new global cocktail brands by investing in brand-strategy development and awareness.



### Leverage operational excellence

Our asset-light business model with a mix of in-house and outsourced activities provides optimum flexibility and creates a strong platform for brand development. We successfully further leverage this platform by adding selected brands through distribution agreements (e.g. regarding our scalable distribution platform in the US), through strategic partnerships with brand owners or by acquiring new brands such as Tequila Partida in the year under review. At the foundation of our asset-light business model are the long-term partnerships with distributors, production and supply chain partners.



# Value creation model Creating great cocktail experiences around the globe



## Input

- Expert / Professional talent
- Brand identity / Heritage / recipes and craftsmanship / R&D
- Human Capital
- Employees / skills / entrepreneurship
- Infrastructure
- Partnerships in production, logistics and local marketing & distribution
- Bartrade / community
- Best raw materials
- Equity / debt

## Output

- Brand awareness / relevance / loyalty / innovation
- Employee motivation / satisfaction / brand ambassador
- Preferred, best distributor / retail brand / optimal route to market / brand ambassador network
- Great drinks and cocktails
- Profitable growth / dividend



Creating value  
Value Creation at the  
Lucas Bols Company  
is attained through three  
unique and strong assets:  
craftsmanship, brand building  
and long-term partnerships.



We build value through our brands using our rich heritage and strong brand identity. We use our extensive experience of extracting and devising flavours to create great recipes. In our distillery (and in close cooperation with our blending and bottling partners) we use the best raw materials to make the high-quality products for which the Lucas Bols Company is renowned. Our global distribution partnerships are essential in making sure our drinks are available around the world. Together with our employees and brand ambassadors we work hard every day to fulfil our mission – to create great cocktail experiences around the globe.

## 🔨 Craftsmanship

At the Lucas Bols Company we are Masters of Taste. Extracting and creating flavours and spirits is what our company is all about. Building on our heritage dating back to 1575, the Lucas Bols Company has mastered the art of distilling, mixing and blending natural ingredients into a wide range of exciting flavours and cocktails.

### Best in class quality

Our motto, *semper idem* (always the same high quality), is upheld by the Lucas Bols Head Distiller and her team. The team combines the art of selecting the right ingredients with their expertise and curiosity to create hundreds of recipes suited to modern-day consumers and bartenders. The art of mixing and blending has been passed down through generations of master distillers and continues to be an internally trained craft. At our Lucas Bols distillery in the center of Amsterdam, our team of distillers produces the essential flavour distillates for the various Bols Genevers, Bols Liqueurs, Damrak Gin and other brands.

### Innovation

Innovation has been key to the success of the Lucas Bols Company over the past four centuries. This is a continuous process at Lucas Bols, meaning that the pipeline is always filled with new flavours, spirits, cocktails and products to be launched at the appropriate time and in relevant markets. This creative spirit is embodied throughout the Lucas Bols Company and is guided by our experienced Research & Development team. The agile team acts quickly with relevant innovations, tapping into the needs of bartenders and consumers. Our latest innovations include Bols Ready-to-Enjoy Cocktails, premium cocktails in multi-serve bottles as well as innovative single-serve recycled PET tubes. This product range

has truly set a new standard in the rapidly growing ready-to-drink cocktail segment with its unique single-serve packaging and best-in-class quality cocktails.

## 🏢 Brand building

Our strong and well-known Global Cocktail Brands are number one brands for bartenders and consumers alike. Our unique brand marketing is key to achieving this, through a mix of inspiration, education and experiences and new consumer campaigns.

### Experiences & consumer campaigns

The House of Bols in Amsterdam plays a key role in marketing the Bols Cocktails brand and helps create Bols Cocktails fans and brand ambassadors all over the world. The House of Bols provides a journey into the history of the Lucas Bols Company and its brands and initiates visitors into the world of cocktails and the Dutch spirit of genever. During the year we successfully launched digital and influencer campaigns to also promote Bols Cocktails as a consumer brand, focusing on millennials building on the Bols Ready-to-Enjoy Cocktails. Passoa and Galliano have been active on social media too, with content about their well-loved key drinks: the Pornatai Martini for Passoa and the Galliano Hot Shot and Espresso Martini for Galliano. The brands also actively promote their drinks in bars and at events.

### Education & inspiration

Bartenders globally are trained at our Bols Bartending Academy in Amsterdam and by our Bols Global Brand Ambassadors on tour around the world to make the best cocktails and create the best cocktail experiences. These programmes reinforce Bols Cocktails as the world's first cocktail brand. During the pandemic we continued to reach out to our bartender audiences all over the world, providing them with information on new products and innovative drink recipes, via live online seminars. Many Bols Bartending courses were held online, using a newly developed e-learning tool; attendance and course ratings have been overwhelming. Once travel restrictions are lifted and travel is considered safe again, we will continue our well-known Bols Around the World international bartender competition. In addition, it is our ambition to inspire consumers to become bartenders at home with programmes such as the 'Add flavour to your margarita' promotions with Bols Liqueurs in retail stores across the US.

## 🤝 Long-term partnerships Stakeholder dialogue

The Lucas Bols Company operates an asset-light business model. Under this operating model, the only activities performed in-house are those which are unique to Lucas Bols or those which must be undertaken in-house. As such, a crucial role is assigned to long-term partnerships. Distillation, innovation and product development, strategic marketing, brand development and distribution in the US are considered core in-house activities. There are three areas where partnerships are particularly essential to achieve our business objectives: the blending and bottling of our products, logistics and the in-market distribution of our brands globally.

### Blending and bottling partners

The creation of new products and recipes as well as the selection and extraction of ingredients are the responsibility of the Lucas Bols distillery under the leadership of our Master Distiller. The final blending and bottling of our products is outsourced to strategic partners in various countries around the globe, including the US, Argentina, South Africa, Canada, and France. The vast majority of our products are blended and bottled at our 50-50 joint venture Avandis in the Netherlands. The blending and bottling process takes place under the auspices of, and is subject to, quality control by the Lucas Bols Master Distiller and the product development and quality teams.

### Logistics

The Lucas Bols Company works with long-term partnerships to ensure efficient and reliable logistical services globally. Most notably the Company has an active relationship with Nedcorgo, our key logistics provider for warehousing and transportation.

### Distribution partners

The Lucas Bols Company has a distribution model tailored to the specific needs of each market where the Company is present. In the Netherlands, Belgium and Luxembourg the distribution of our brands is handled by our 50-50 joint venture with Edington (Maxilum), while the Lucas Bols brands in our key US market are distributed through our wholly owned subsidiary Lucas Bols USA, Inc. In other markets we have strong, longstanding relationships with distribution partners to ensure the route-to-market for our products, including local sales and marketing. Such distributors are carefully selected and evaluated on a market-by-market and brand-by-brand basis.

Our Company has a global reach, which means that we impact people around the world. As part of our asset-light business model we also have numerous strategic partnerships in various areas, and we consider these to be important stakeholders. Engaging with our stakeholders is therefore essential to build and maintain trust, develop an understanding of our business challenges, establish goal alignment and develop solutions jointly. An open and constructive dialogue with these stakeholders is crucial to improving our ability to create value. Such dialogue helps us recognise important trends and developments in society and our markets at an early stage, in order for us to take this information into account when making decisions. Embracing open dialogue makes it possible to identify opportunities and risks early on and it ensures that the Lucas Bols Company remains responsive to the wants and needs of its various stakeholders.

The stakeholder matrix on the following page lists our most important stakeholders and why they are relevant to us. It also describes what their expectations are, the intended outcome of dialogue and how we engage with them.

The Company frequently interacts with all key stakeholders, both periodically and ad hoc. The Management Board is often involved in these interactions. The relevance and type of dialogue differs per stakeholder. Sometimes direct one-on-one contact is most appropriate (for example with employees and business partners), while indirect communications might be more effective where other stakeholders are involved (for example consumers). On other occasions a combination is preferred, we interact with many bartenders and bar owners around the world both through our distribution partners and our own Bols Bartending Academy.

# Stakeholder matrix

|   | Reference to the Lucas Bols Strategic Plan   | Reference to stakeholder's important objectives   | Reference to stakeholder's interests   | Reference to communication  |
|---|--|---|--|---|
| <b>Employees</b>                                | Bring the Lucas Bols brands to life, really make the difference and add to the Company's value creation  | Inspiring and safe working environment  | Motivated and dedicated people that are true ambassadors for our brands and the Company  | One-on-ones, team sessions, Management Drive, ways-of-working cycle, Code of Conduct  |
| <b>Consumers</b>                                | Buy and enjoy our product responsibly. Follow and appreciate trends that are relevant to us  | High quality products and cocktail inspiration in any at special moments  | Loyal consumers who are part of our community, both through on-trade and in-home cocktail consumption  | Campaigns and brand activation programmes online and offline, messaging on the package  |
| <b>Barenders and bar owners</b>                 | Work with our products to create and serve drinks and cocktails. Promote our products. Co-creation of new products and initiation and detection of trends.                         | High quality products that deliver bartender and customer satisfaction and are a source of education and inspiration  | Loyal customers and brand ambassadors and sources of inspiration to develop new drinks and products  | Social media, marketing tools and the Bols Rising Star Academy (physically and virtually) through Bols Around the World and our distributors                                    |
| <b>Retailers and wholesalers</b>                | Promote our products and make them available to consumers and outlets  | Provide their customers with unique and high-quality products at a fair price   | Product positioning in line with brand strategies, a clear commercial strategy   | Marketing, business contacts mainly through distributors online (including social media)  |
| <b>Blending and bottling partners/suppliers</b> | Blend and bottle our products according to Lucas Bols' recipe to make them available throughout the world. Reliable and consistent quality. Timely delivery of finished products   | Loyal partners that operate in a long-term setting based on fair business principles. Products and services that our employees and stakeholders are proud to work with            | Value-based, long-term reliable and transparent partnerships contributing to delivering high quality products on-time                        | Monthly and/or quarterly reviews, periodic reporting and information supply, business contracts, quality standards projects, Code of Conduct                                    |
| <b>Partners in logistics</b>                    | Store and deliver our products according to Lucas Bols' demand & supply planning, i.e. the correct volume in the right place of quality, at the right time and at the right place  | Loyal partners that operate in a long-term setting based on fair business principles. Products and services that help the partners in logistics grow their business strategically | Value-based, long-term reliable and transparent partnerships contributing to delivering high quality products on-time and at the right place | Monthly and/or quarterly reviews, periodic reporting and information supply, business contracts, quality standards, projects, Code of Conduct                                   |
| <b>Distribution partners</b>                    | Make our brands available and promote them according to Lucas Bols' centrally defined strategies. Tailor-make local in-market sales and marketing approach                         | Loyal partners that operate in a long-term setting providing customers with unique and high quality products that complement their portfolio at a fair price                      | Value-based, long-term reliable and transparent partnerships contributing to the development of our brands in global markets                 | Monthly and/or quarterly reviews, periodic reporting and information supply, business contracts, quality standards, projects, brand, sales and marketing plans, Code of Conduct |
| <b>Shareholders</b>                             | Provide the trust and capital we need to maximize returns and to develop our Company and brands in the long term   | Receive a long-term return on investment, in a transparent setting  | Maintain confidence and long-term commitment   | Corporate website, press releases, financial reporting, investor presentations and gatherings, AGMs, roadshows, cocktail market days  |
| <b>Banks</b>                                    | Provide the trust and funding we need to develop our Company and brands in the long term   | Creditworthy company with a balanced and consistent risk/reward profile   | Long-term relationship and fair terms, consistent with our risk profile  | Corporate website, periodic meetings and reporting, press releases, financial reporting   |
| <b>Government bodies</b>                        | Responsible for setting the laws and regulations relating to excise duties, responsible consumption of alcohol (including drinking age regulation), import restrictions, etc       | Trade and income from excise duties, partner in programmes regarding responsible consumption of alcohol   | Fair and balanced laws and regulations, effective programmes regarding responsible consumption of alcohol                                    | Contact is primarily driven by our local distributors   |
| <b>NDCs</b>                                     | Responsible for giving input into laws and regulations relating to excise duties, responsible consumption of alcohol (including drinking age regulation), import restrictions, etc | Trade and income from excise duties, partner in programmes regarding responsible consumption of alcohol   | Fair and balanced laws and regulations, effective programmes regarding responsible consumption of alcohol                                    | Overall contact is coordinated centrally with most of detailed contact driven by our local distributors   |





# Composition of the Management Board

**Chief Executive Officer (CEO)**  
**Mr. H.L.M.P. (Huub) van Doorne**

*Current term expires in 2023*

Huub van Doorne (1958) initiated a buyout of Liqueur Bols in 2005, as a result of which the Liqueur Bols Company became independent and remained in the Netherlands in April 2006.

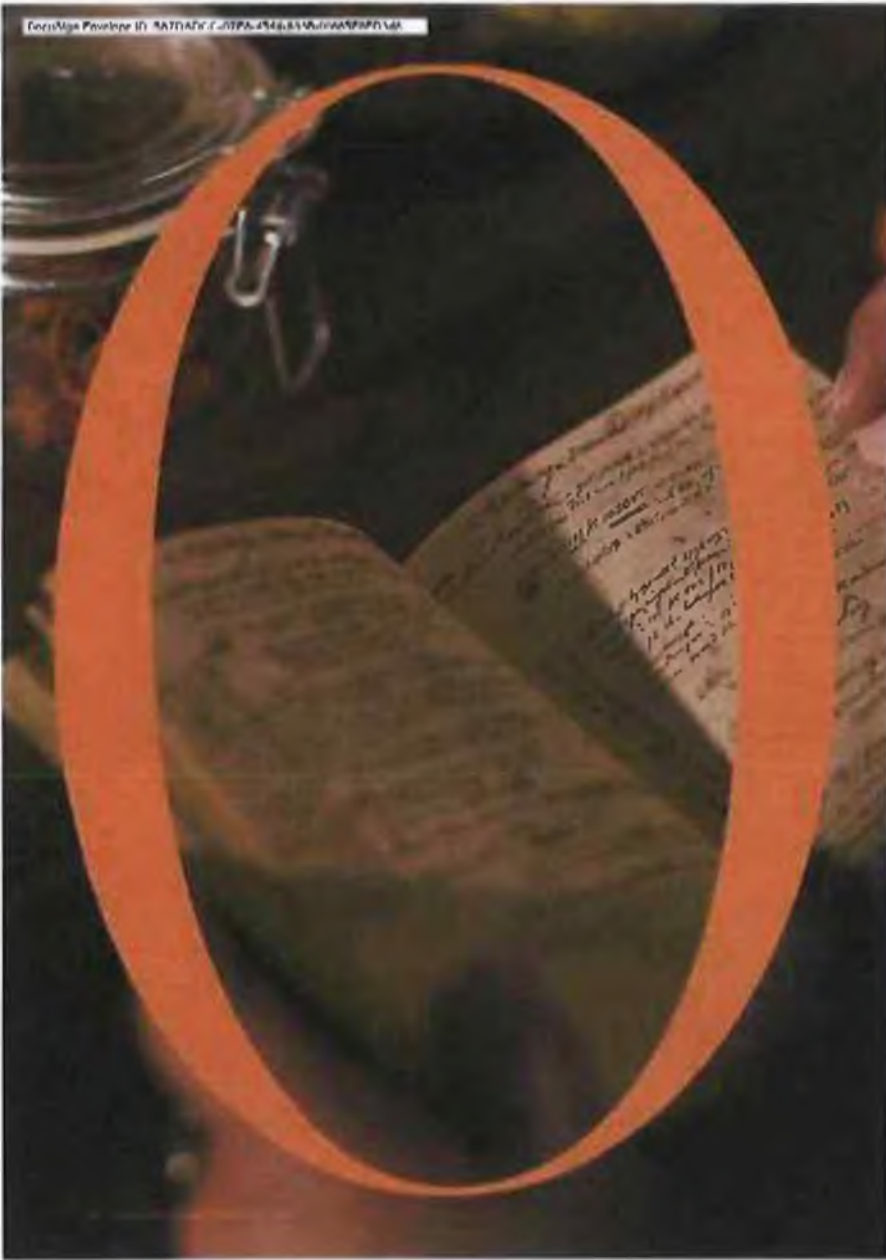
Huub is the chairman of Spirits NL, the Dutch spirits industry organization and was Board member of SIVA, the Dutch foundation for responsible alcohol consumption until 7 December 2021. Huub also held Board positions with the Liqueur Bols joint venture, was chairman of the Supervisory Board of Maxium Wapen and member of the Supervisory Board of Maxium Belfer, member of the Supervisory Board of Avantis and member of the Board of BolsKornd. Furthermore, Huub is member of the Supervisory Board of Fort Aquilonis NV.

**Chief Financial Officer (CFO)**  
**Mr. F.J. (Frank) Cocx**

*Current term expires in 2023*

Frank Cocx (1981) joined the Liqueur Bols Company on 1 April 2020 and teamed up with Huub to navigate the Liqueur Bols Company through the COVID-19 pandemic whilst implementing and executing the 5x-5x Growth operation model.

Frank is member of the Supervisory Board of Maxium Nederland, member of the Supervisory Board of Maxium Belfer, member of the Supervisory Board of Avantis and member of the Board of BolsKornd. In addition, Frank is member of the Supervisory Board of Stichting IndigoLogis.



## Report of the Management Board

The Lucas Bols Company delivered a strong set of results in the 2021/22 financial year, with performance well ahead of pre-pandemic levels and important strategic and financial changes implemented. Revenue grew significantly, up 61% vs. last year and up 10% compared to pre-pandemic FY 2019/20 levels. This growth was mainly driven by solid depletions in many key markets, organic growth of the core brands and the gradual re-opening of the on-trade. Most markets saw a robust recovery with some key markets, including the US, the UK and Australia, even posting excellent growth vs. the 2019/20 financial year. In other markets, including Japan and travel/tourism-related markets, restrictive COVID-19 measures continued to negatively impact performance. Passed posted double-digit revenue growth for the second consecutive year whilst Bols Cocktails achieved a substantial recovery following the expansion of distribution outlets in the US (to over 60,000 accounts) and the gradual reopening of the on-trade in many markets.

The revenue growth compared to FY 2019/2020, together with overhead cost savings of € 1.7 million (or -12%), also resulted in improved operating profit, which came in € 2.9 million (or 16%) higher than pre-pandemic levels. This growth in operating profit was realised in spite of intensified global supply chain disruptions, which affected both the availability and pricing of raw materials and logistics. This situation deteriorated following the recent increase in macro-economic and geo-political instability. In the year under review it impacted both our profitability (due to increased input costs and higher logistics costs) and our cash generation (due to investing in additional safety stock levels and contingency plans). To minimise the impact, decisive measures were put (or kept) in place, for example customer price increases, measures to cut overhead costs and strict working capital and cash management practices.



The 2021/22 financial year also marked the implementation of the Fit for Growth operating model, enabling the Lucas Bols Company to further accelerate the execution of its strategy focused on cocktails, brands innovation with the ultimate objective of stepping up growth. Consequently the revenue growth target for the Global Cocktail Brands was increased to 4-5% per annum. Another strategic milestone was the acquisition of Tequila Parida, the world's highest-rated ultra-premium tequila brand. Tequila Parida is a perfect fit with the global cocktail strategy and will further strengthen the brand portfolio and leverage the Lucas Bols' distribution platform. The equity raise to fund the transaction (successfully executed in December 2021) combined with the Company's organic operating cash flow substantially strengthened the balance sheet: net debt was reduced to € 60.7 million (vs. € 92.4 million a year ago) and the leverage ratio at 31 March 2022 was 2.7x (31 March 2021: 8.3x).

## Business review

### Supply chain

Global disruptions in the supply chain have impacted the 2021/22 financial year. Shortages of raw materials (such as glass and aluminium) imposed serious challenges in terms of material requirements and production planning as well as product availability. Since the outbreak of the COVID-19 pandemic input costs have also increased, mainly of alcohol, aluminium, glass, sugar and paper, putting pressure on our margins and profit. In addition, headwinds on logistics costs intensified during the year as a consequence of the global container shortage, increased rates and a more expensive shipments mix (mainly driven by the substantial growth in the US and Australia). The war in Ukraine intensified the supply disruptions described, but because the war started at the end of February 2022 these effects did not materially impact performance in 2021/22.

We took decisive action to mitigate the impact. We expanded our contingency options (in relation to sourcing, production and logistics), invested in planning capabilities (both at the Lucas Bols Company and

Avandia), planned and allowed for extended lead times (raw material purchasing, production and shipping), built safety stock levels if and when deemed necessary and agreed price increases with our customers.

Thanks to these measures and our strong and flexible supply chain partnerships we experienced no significant raw material shortages, production disruptions or logistical issues. As a result we were able to deliver our products to markets around the world without facing notable out-of-stock situations, even under these challenging circumstances. From a cost perspective our 2021/22 result did suffer from these circumstances: increased input costs put pressure on our profit margins whilst the logistics headwinds substantially increased our logistical costs.

### Route to market

During the year, we implemented two key changes in our route to market.

First, the Lucas Bols Company strengthened its existing successful partnership with Edrington in Maxxium the Netherlands with the creation of Maxxium BeLux, the 50/50 joint venture between the Lucas Bols Company and Edrington. The new joint venture will distribute

the Lucas Bols' and Edrington's portfolios of brands in Belgium and Luxembourg. Maxxium BeLux fits Lucas Bols' asset-light business model as it strengthens its distribution platform with limited additional financial investments. It will also enable the Company to meet the demands of key customers across the Benelux region through a single-distributor solution. This mirrors recent consolidation developments in the Benelux market, as evidenced for example by an increasing presence of Dutch retail and cash-and-carry customers in Belgium. Maxxium BeLux began operating on 1 October 2021 with the Lucas Bols portfolio of brands adding the Edrington portfolio in January 2022.

In the first quarter of the year under review, the Company signed an agreement with Maverick Drinks of the United Kingdom appointing Maverick Drinks as the Company's exclusive distributor of the Bols and

Galliano brands in the UK market. These brands are a perfect fit for the Maverick Drinks portfolio given its strong heritage, focus on craftsmanship and quality, and ambition to grow its brands significantly amongst both discerning bartenders and home bar enthusiasts. Maverick Drinks' unique capabilities in building brands online also aligns well with Bols Cocktails' plans to promote the cocktail culture to a new generation. The agreement came into effect in May 2021, and plans for 2022/23 (which include the Pisang Ambon brand) are currently being implemented. Furthermore we extended some important distribution contracts including in Japan, Australia and New Zealand, China, Scandinavia and Germany as well as for Passoa in the UK.

### Commercial Initiatives

In the year under review COVID-19 continued to pose challenges in terms of effectively developing and implementing commercial initiatives. For example, we were unable to meet most of our distributors in person and had to work from home for most of the year. Nevertheless 2021/22 also brought many promising initiatives including inspiring efforts to fuel the enthusiasm of our business partners and brand ambassadors, and we continued to engage virtually with bartenders around the world. The Bols Bartending Academy is supported by an e-learning platform and we were able to organise a successful in-person Bols Bartender Competition in Dubai. Looking at business opportunities, great efforts were made to accelerate our focus on retail, enhance our online communication and sales strategy and develop ready-to-serve propositions and do-it-yourself cocktail packs. The increased in-home consumption of cocktails in many markets is an important driver of our retail and direct-to-consumer strategy. Brand-specific initiatives are discussed below.

## Brands Global Cocktail Brands

### The Bols Cocktails brand

The Bols Cocktails brand is truly about cocktails, and is positioned accordingly through the Bols Liqueurs, Bols Vodka and Bols Genever ranges as well as our latest innovation, the Bols Ready-to-Enjoy Cocktails range. With the brand predominantly positioned in the on-trade channel, depletions were heavily impacted by COVID-19 measures. During the last year we successfully gained listings in the off-trade across key markets. We also witnessed a strong recovery in many markets, predominantly in the US and throughout

Western Europe due to the re-opening of the on-trade and the easing of measures.

The introduction of the Bols Ready-to-Enjoy Cocktails range in the US and the Netherlands emphasizes our increased focus on the consumer and sales to the off-trade and is fully in line with our long-term cocktail strategy. For the first time a Bols Cocktails consumer communication campaign was launched to support the introduction of Bols Ready-to-Enjoy Cocktails. The campaign is based on a 'digital first' touchpoint strategy to ensure we connect with our target consumers through their preferred media channels. The initial results of the campaign are very promising and the product is well received by both the on-trade and consumers.

Bols Liqueurs saw a strong recovery in depletions in the US from February 2021 onwards and a clear sequential improvement in depletion trends in many other markets due to the gradual reopening of the on-trade. The growth is supported by the new packaging, making a clear impact in retail markets where it was introduced on-shelf over the last year, with other markets to follow in 2022/23.

The global performance of the Bols Cocktails brand is far ahead of the previous year and nearly fully back to pre-pandemic levels. Recovery in Western Europe has been strong. In the US the focus was on continued engagement with our distributors and driving expansion of distribution points to well beyond 50,000 accounts, gaining many new listings with our liqueur range, benefiting from the re-launch

in the Emerging Cocktail Markets. China continued to show growth in depletions. We also observed solid growth numbers in Eastern European markets, resulting in depletion levels ahead of 2019/20 (pre COVID-19). One of our key Developed Cocktail Markets is Japan. This market continued to suffer from heavy COVID-19 restrictions, significantly affecting our Bols Liqueurs range depletions. In the second half of the year under review performance started to improve, however it is not yet back at pre COVID-19 levels.

Key drivers for growth are the new packaging design for Bols Liqueurs with natural botanicals and a clear signature drinks strategy for each market. Markets can select which cocktails are most likely to appeal to local consumers and local communication primarily on these drinks.



**Passoã**

The past year has again been very strong for Passoã with double-digit revenue growth, as it benefited from the reopening of the on-trade and a consolidation of in-home consumption.

All top markets except Japan perform better than pre-COVID-19. The UK, the US, Puerto Rico and the Netherlands were the main growth drivers, while positive and promising momentum was also seen in most mature European countries. In the UK the Passoã brand grew across all trade channels. Passoã performed significantly hotter than the liqueurs category, supported by the confirmed popularity of the Pornelari Martini cocktail and our increased investments in brand building.

Passoã's momentum was also outstanding in the US, driven by both on- and off-trade channels. The brand added points of distribution and saw consumer demand grow thanks to successful initiatives such as a sampling programme of miniatures to help recruit new Passoã consumers combined with a targeted social media campaign. The strong growth recovery in the Netherlands, a more historical and mature market, shows the success of the strategic shift made by the brand a few years ago, and underlines the brand's perfect fit with current consumer trends.

**Galliano**  
In the year under review Galliano clearly outperformed both the previous year and the pre-COVID-19 year 2019/20, showing strong growth in our key markets. In Australia and New Zealand Galliano's solid performance was driven by retail sales as consumers socialised at home with Galliano Sambuca.

The Galliano brand achieved good results in Scandinavia leveraging the original 'Galliano Hot Shot' signature serving ritual. Before the pandemic the Galliano Hot Shot was mainly focused on the on-trade, but now the retail share in total volumes has doubled and this momentum has continued since the lockdown measures were lifted. We successfully drove in-home consumption via newly created online videos to

increase awareness and consideration with consumers (after-dinner at home) and boost sell-out particularly in Sweden. The on-trade channel is also getting back on track with strong initiatives like the first edition of 'National Hot Shot Day', with over 35 bars in Stockholm taking part and a total of two million consumers reached via an online campaign.

In the US, the Galliano brand saw double digit growth compared to the year before, supported by an increase in the number of points of distribution for Galliano L'Autentico and a significant step-up in rotation for Galliano Ristretto. In particular the commercial boost programme in selected states is speeding up the transition from Galliano Ristretto towards the more attractive Galliano Espresso name through its signature serve, the Galliano Espresso Martini.

From a global perspective, Galliano launched a new mobile-friendly digital platform ([www.galliano.com](http://www.galliano.com)), increasing awareness and consideration of the key drinking moments for the Galliano brand. The platform has a clear focus on the after-dinner coffee moment. Our key signature serves such as the Galliano Hot Shot, the Galliano Espresso Martini and iced-coffee cocktails

are presented and promoted with 'how-to-make' videos. The platform also offers a simple and convenient way to purchase Galliano; the transaction is directed to local retailers in our markets in the Pacific region, Scandinavia, the US and the Netherlands.

**Regional Liqueurs & Spirits brands**

The Regional Liqueurs & Spirits portfolio aggregates our traditional Dutch Genever & Vieux brands, the International Liqueurs & Spirits, the emerging markets opportunities, the business-to-business concentrate offering as well as the House of Bols and the exclusive Bols KLM Delft Blue miniature houses. A separate and dedicated team is set up to serve this business

"The past year has again been very strong for Passoã with double-digit revenue growth."

Performance within Regional Liqueurs & Spirits in the year under review was mixed. More retail-oriented brands such as Pisang Ambon and Nuvo performed well, as did Vectors. The Dutch Genever & Vieux portfolio, a category which has been in decline for several years, remained under pressure also due to the July 2021 implementation of the National Prevention Agreement, which limits promotional discounts to 25%.

One of the focus points for the regional brands is to protect and, where possible, increase profitability. In 2021/22 steps were taken to increase the gross margin, including the implementation of price increases.

**Pisang Ambon**

The overall performance of the Pisang Ambon brand in 2021/22 was positive, leveraging its strong retail position in key markets Belgium and France.

The trend towards increased in-home consumption was also observed for this brand. Early in 2021 Pisang Ambon was relaunched, including an improved liquid and an upgrade in packaging design, positioning the brand as the world's leading banana liqueur. The positive impact of the brand relaunch will continue in 2022/23 with a roll-out in other markets and a communication plan via social media in the key markets. The new positioning, including a new drinks strategy, was enthusiastically received in the markets.

**Genever & Vieux**

In the financial year 2021/22 we started to strategically differentiate the various sub-categories (young, old, aged/specialties and vieux) and brands of our Dutch Genever & Vieux portfolio to minimise the domestic volume decline whilst maintaining our overall competitiveness and profitability. While the National Prevention Agreement reduced the price competitiveness of our brands in the short term, we expect there to be opportunities for higher-equity brands such as ours in the medium term. This could for example lead to acting as category captain (following the duty-free experience) to strengthen our position in a very competitive landscape. Hoppe Vieux showed strong brand performance becoming the market leader in the vieux category in the Netherlands.

**Vectors**

Vectors was primarily an on-trade brand before the COVID-19 crisis. Despite this, and thanks to solid brand awareness, Vectors started to perform well in retail. With the on-trade gradually re-opening it was a strong year for the brand. New social media

campaigns in Mexico and a focused on-trade plan in Ireland will further strengthen the brand and its trade performance.

**Nuvo**

Nuvo is a retail-oriented brand and performed well in the past year. The US business showed notable growth due to both an expansion in the number of points of distribution and improved rotation. E-commerce and direct-to-consumer activation programmes also supported Nuvo retail sales across various key US states. Latin America noted significant growth for Nuvo driven by an increase in consumer demand in countries such as Chile and Mexico. In addition, the launch of the brand in new markets such as Argentina contributed to Nuvo's overall growth.

**Damrak Gin**

Damrak Gin is a predominantly on-trade-driven brand. As the on-trade re-opened gradually, the brand was able to show growth vs. last year. The launch of Damrak Virgin 0.0 has been well received in the US and the Netherlands, both in the on-trade and retail. Focus was to increase Damrak brand awareness with the unique 'power of two' combination: Damrak Gin & Damrak Vagin.

**Henkes**

The Henkes brand continued show the strength of its brand equity by doing very well in West Africa, results were ahead of the previous year. The footprint of the brand benefited from improving performance in South Africa combined with the launch in Latin America. A new communication campaign combined with innovation is scheduled to further build the brand in 2022/23.

**Other**

Despite limited tourism and on-trade measures in the Netherlands Wynand Fockink had a strong year, leveraging its prominent e-commerce proposition. All travel- and tourism-related business, including travel retail, the Bols KLM Delft Blue miniature houses and the House of Bols, was still heavily impacted due to a lack of international travel and tourism. Towards the end of the year under the review we started to enjoy a strong visitor increase at the House of Bols.



## Market clusters

### Sophisticated Cocktail Markets (US, Canada and Puerto Rico)

In North America the strong recovery and subsequent growth continued throughout the year on the back of the reopening of the on-trade and increasingly buoyant consumer demand. The Lucas Bols USA distribution platform significantly expanded the number of outlets, and – more importantly – really showed its growth potential. Depletions were up 36% compared to the prior financial year and up 38% compared to 2019/20. Revenue was up 147% (+53% compared to 2019/20).

Bols Cocktails in particular benefited from the reopening of the on-trade and saw a significant increase in the number of outlets and menu listings. The launch of Bols Ready-to-Enjoy Cocktails also supported the growth momentum of the Bols brand, increasing brand recognition amongst direct consumers. Passoó is clearly a powerful contributor to the growth in the US market, driven by various Passoó cocktails including the Passoó Sangria. The popular Espresso Martini cocktail boosted sales of Galliano while Nuvo and Palmi also contributed to the growth in the US. The premiumisation of our brand portfolio continued: reported revenue per case grew 28% versus 2019/20.

The in-home cocktail consumption trend that accelerated during the COVID-19 lockdowns continued despite the reopening of the on-trade. Furthermore, Puerto Rico showed an excellent performance, driven by the Passoó brand.

### Developed Cocktail Markets (Western Europe, Japan and Australia/New Zealand)

Revenue in the Developed Cocktail Markets grew 34% compared to 2020/21, held back significantly by ongoing COVID-19 measures affecting Japan and Travel Retail. Other markets were able to deliver a solid performance, such as Australia and New Zealand where we were able to maintain last year's high-performance levels. A number of key markets in Western Europe (including the UK) performed really well, supported by continued strong growth of Passoó and the recovery of Bols Cocktails. The full portfolio of brands posted growth in the home market of the Netherlands. Recovery in the Southern European markets really set in as of the summer of 2021.

### Emerging Cocktail Markets (Eastern Europe, Asia (excl. Japan), Latin America and Africa/Middle East)

The Emerging Cocktail Markets achieved significant revenue growth compared to 2020/21 (+79%). Eastern Europe, particularly Poland and the Baltics, performed really well and depletions also showed good growth in China, even ahead of pre-pandemic levels. Southeast Asia was still impacted by lockdown measures and the related lack of tourism. Revenue in Latin America and Africa/Middle East grew double digit, also compared to pre-pandemic levels. The Henkes brand continued its growth trajectory in Western Africa, Mexico is showing clear signs of returning to underlying growth on the back of Vacciari and the expansion of Nuvo in Latin America contributed to the growth of the brand. Although business with Russia was ceased directly after the start of the war in Ukraine (end of February 2022), it did not materially impact 2021/22 performance given the size of that business and the shipments undertaken before the war started.

## Other

### Tequila Partida acquisition

The acquisition of Tequila Partida, one of the world's highest rated tequila brands, was announced in December 2021. The acquisition was funded by a successful equity issue (December 2021) and finalised in February 2022. Tequila Partida strengthens Lucas Bols' brand portfolio and was seamlessly integrated into the Lucas Bols USA distribution platform by the end of March 2022. Tequila is one of the fastest-growing spirits categories in the United States and a key ingredient in the leading Margarita cocktail.

As the business transition only completed towards the end of 2021/22, Tequila Partida had limited financial impact on the year under review.

| KEY FIGURES                    | 2022                            |       |         | 2021  |        |          |
|--------------------------------|---------------------------------|-------|---------|-------|--------|----------|
|                                | 2022                            | 2021  | CHANGE  | 2021  | 2020   | CHANGE   |
|                                | <b>EXCLUDING ONE-OFF ITEMS*</b> |       |         |       |        |          |
|                                | <b>REPORTED</b>                 |       |         |       |        |          |
| Revenue                        | 82.0                            | 57.3  | 59%     | 82.0  | 57.3   | 61%      |
| Gross margin                   | 55.9%                           | 62.6% | 200 bps | 55.9% | 52.5%  | 340 bps  |
| Operating profit/(loss)        | 20.6                            | 8.6   | 130%    | 20.4  | (0.3)  | 6005%    |
| Operating profit/(loss) margin | 22.4%                           | 14.9% | 670 bps | 22.2% | (0.6)% | 2280 bps |
| EBIT†                          | 22.8                            | 8.1   | 171%    | 22.6  | 0.2    | 13968%   |
| Net profit/(loss)              | 14.7                            | 3.3   | 319%    | 11.8  | (8.6)  | 238%     |
| Earnings per share (In €)      | 1.11                            | 0.26  | n/a     | 0.89  | (0.69) | n/a      |
| Free operating cash flow‡      | 15.6                            | 11.4  | n/a     | 15.6  | 11.4   | 37%      |
| Net debt                       | 60.7                            | 92.4  | n/a     | 60.7  | 92.4   | (34)%    |

\* EBIT is net profit before net finance costs and income tax expense. EBIT is defined as operating profit plus share of profit of joint ventures.

† Free operating cash flow is net cash from operating activities minus cash used for the acquisition of property, plant and equipment and intangible assets.

## Financial review

### Revenue

Lucas Bols' revenue for the 2021/22 financial year came in at € 92.0 million, an increase of 61% compared to last year (€ 57.3 million) which was supported by the gradual re-opening of the on-trade, targeted on-trade and retail campaigns, positive brand momentum across key markets and the full-year contribution of Pallini. The net effect of currencies on revenue was € 0.9 million positive.

Compared to 2019/20 (pre-pandemic), revenue for the year was up 10%, reflecting the sound resilience of our brands as soon as restrictions were lifted. This growth beyond pre-pandemic levels was achieved despite the ongoing impact of the pandemic (mainly in Japan, Southeast Asia and Travel Retail) and significant global supply chain disruptions.

The Global Cocktail Brands benefited in particular from the re-opening of the on-trade and posted a 65% rise in revenue compared to 2020/21 (to € 66.2 million) while the Regional Liqueurs & Spirits reported a 50% increase (to € 25.8 million).

Although all market clusters contributed to the year-on-year growth, the Sophisticated and Developed Cocktail Markets were the main driver, largely on the back of the solid performance in the US, the UK, the Netherlands and Scandinavia.

### Gross profit

Gross profit for the full year 2021/22 increased to € 51.4 million (2020/21: € 30.1 million), reflecting the substantial increase in revenue and a higher gross margin. The gross margin came in at 55.9% compared to 57.5% in the previous year, a 340bps improvement as price increases and a more favourable mix more than offset a strong increase in input costs. Currencies had a positive impact of € 0.8 million on gross profit.

The gross margin of the Global Cocktail Brands increased by 420bps to 60.2%, driven by accelerated growth of Passoó, mainly in Western Europe, an improved shipment mix in the USA as well as lower investment on commercial A&P. Reported gross profit of the Global Cocktail Brands increased by 78% to € 39.9 million. The gross margin of our Regional Liqueurs & Spirits portfolio increased by 30bps (despite the addition of Pallini which has lower margins given the distribution nature of the contract), amongst others as a result of the growth of Nuvo (both in the US and Latin America) and Vacciari.

2021/22 gross profit was € 3.8 million (8%) higher than pre COVID-19 levels. The 80bps lower gross margin (driven by the addition of Pallini and a significant increase in input costs) was more than offset by higher sales.



#### Operating profit

Operating profit (excluding one-off items) came in at € 20.6 million for 2021/22 compared to € 8.6 million in 2020/21. Currencies had a positive impact of € 0.8 million. Advertising & Promotion (A&P), including commercial A&P, was up a significant 44% to € 13.0 million, leveraging the excellent brand momentum of our Global Cocktail Brands and demonstrating the substantial investments we continue to make in our key brands. Logistic costs increased substantially (up 78%) due to higher volumes, a different shipment mix and global developments, including the scarcity and associated higher pricing of containers. Commissions paid increased too, reflecting the improved performance of Nuvo, in the US (where commissions are paid to distributors in certain states) and specific Emerging Cocktail Markets.

Normalised overhead costs (excluding commissions paid and depreciation & amortisation) for the year came in at € 12.6 million compared to € 10.4 million in 2020/21. If both years are also adjusted for COVID-19 government grants received in each of the respective years, the year-on-year increase is only € 0.7 million. Measured on the same basis, a € 1.4 million saving in overhead costs was realised vs. pre-pandemic 2019/20, well ahead of our intentions when we announced structural cost savings last year.

The operating profit margin (excluding one-off items) came in at 22.4% in 2021/22 compared to 14.0% a year earlier.

The reported operating profit was negatively impacted by several one-off items as detailed below and came in at € 20.4 million (2020/21: an operating loss of € 0.3 million).

Versus 2020/21, normalised operating profit improved by € 12.0 million (or 140%). The adverse impact of higher logistical costs, more commissions paid and increased depreciation (resulting from the 2020 ERP implementation) were more than offset by higher sales and substantial cost savings.

Compared to pre-pandemic 2019/20 normalised operating profit grew by 17%, from € 17.6 million to € 20.6 million; higher revenue and cost savings (mainly overhead costs) more than offset a slightly lower gross margin and increased logistic costs.

#### Share of profit of joint ventures

The share of profit of joint ventures came in at € 2.2 million in 2021/22 (2020/21: € 0.5 million). In 2021/22 Avandis contributed a € 0.5 million gain (2020/21: € 1.5 million loss) as production volumes were geared up and operating improvements were implemented. Maxxium (the Netherlands) net profit continued to grow, making up the remainder of our share of the profit of joint ventures in the year under review.

#### EBIT

Excluding one-off items EBIT came in at € 22.8 million compared to € 8.1 million last year. Reported EBIT for 2021/22 was € 22.6 million (2020/21: € 0.2 million).

The table below provides an overview of EBIT (excluding one-off items) for our Global Cocktail Brands and Regional Liqueurs & Spirits.

|  | 2022  |       | 2021  |       |
|--|-------|-------|-------|-------|
| (in € million unless otherwise stated for the year ended 31 March) | 2022  | 2021  | 2022  | 2021  |
| Revenue  | 66.2  | 40.1  | 25.8  | 17.2  |
| Gross profit   | 39.9  | 22.4  | 11.6  | 7.7   |
| Gross margin   | 60.2% | 56.0% | 44.7% | 44.4% |
| EBIT*  | 27.7  | 15.2  | 9.3   | 6.2   |
| EBIT margin*   | 41.8% | 37.9% | 35.8% | 36.1% |

\*excluding one-off items

#### Net finance costs

Reported net finance costs came in at € 5.2 million in 2021/22, versus last year (€ 3.4 million). Excluding the BolsKyndal one-off (refer below) net finance costs are in line with 2020/21.

#### Income tax expenses

Normalised income tax expenses amounted to € 4.8 million in 2021/22, compared to € 1.3 million in the previous financial year. The increase is mainly driven by a higher net profit.

Reported income tax expenses amounted to € 5.7 million for the year, compared to € 5.3 million in 2020/21. One-off income tax expenses were recorded in both financial years. Changes in the future Dutch income tax rate were announced in both the 2020/21 and 2021/22 financial years, resulting in a non-cash one-off income tax expense of € 3.0 million in 2020/21 and € 0.9 million in 2021/22.

The 2021/22 normalised effective tax rate was approximately 24.6% (2020/21: 28.7%). This rate is lower than the Dutch nominal tax rate because the share of profit in joint ventures (€ 2.2 million) is not subject to corporate income tax under the 'participation exemption'.

#### Net profit (loss)

Net profit excluding the one-off items explained below came in at € 14.7 million in 2021/22 compared to € 3.3 million in 2020/21. The reported net result in 2021/22 was € 11.7 million (2020/21: € 8.6 million loss).

#### Net earnings per share

Net earnings per share excluding one-off items came in at € 1.11 for 2021/22 (2020/21: € 0.28, 2019/20: € 0.90). Reported net earnings per share amounted to € 0.89 in 2021/22 compared to a loss of € 0.69 in 2020/21 (2019/20: € 0.74).

#### One-off items

The 2021/22 one-off items referred to above have a net impact on net profit of € 3.0 million (an expense) and consist of:

- advisory, legal and other expenses relating to the acquisition of Tequila Partida and the establishment of Maxxium BotLux as well as limited restructuring costs relating to the implementation of the Fit for Growth operating model, totalling € 0.6 million (included in distribution and administrative expenses).
- the curtailment of our defined benefit pension plan due to changes in our pension arrangements

amounting to a gain of € 0.5 million (included in distribution and administrative expenses),

- € 1.8 million of expenses relating to the financing of the BolsKyndal joint venture in India (included as net finance costs). The local bank in India providing part of BolsKyndal's financing will cease business. Consequently, and to prevent a significant interest cash drain in case of re-financing, the joint-venture partners agreed in principle to settle all outstanding loans pro rata and account for a corresponding loan to the partners in BolsKyndal's local accounts. Because COVID-19 recovery is taking place too slowly whilst complexity, costs and unpredictability of doing business in India have increased further, the loan (€ 1.6 million) and interest pre-paid on behalf of BolsKyndal of (€ 0.3 million) are not considered recoverable and hence expensed; and
- a non-cash income tax expense of € 0.9 million as specified above.

The 2021/22 one-offs relating to the curtailment of our defined benefit pension plan, the BolsKyndal pre-paid interest and the remeasurement of deferred tax liabilities are non-cash items. The 2021/22 one-off relating to the BolsKyndal loan is a non-cash item for 2021/22, but the corresponding financial liability is expected to lead to a cash outflow thereafter.

In 2020/21 one-off items had a net impact on net profit of € 11.9 million (an expense) and included an impairment of € 8.9 million relating to the Dutch brands, a gain of € 1.7 million on Lucos Bols' shareholding in Avandis, a € 0.7 million impairment on the BolsKyndal joint venture and a one-off income tax expense of € 3.9 million.

In 2019/20 one-off items had a net impact on net profit of € 2.1 million (an expense) and included restructuring costs of € 0.5 million at Avandis, € 0.4 million relating to a write-down of doubtful debts at BolsKyndal and a one-off income tax expense of € 1.2 million.

#### Cash flow

The free operating cash flow came in at € 15.6 million (2020/21: € 11.4 million), mainly due to the significant increase in operating profit and continued cash and working capital management measures. This was partly offset by higher working capital in support of the business recovery and growth as well as to prepare for expected continued turmoil in the global supply chain. For example, additional safety stock levels were built and are likely to remain in place until supply chain issues recede.

### Equity

In December 2021 Lucas Bols launched an accelerated bookbuild offering of new shares and successfully raised € 29 million in equity. Next to funding the Tequila Partida acquisition, the proceeds will be used for the completion of the Nuvo acquisition in June 2023, with the remainder available for deleveraging and general corporate purposes. Equity increased by € 40.8 million to € 226.5 million, mainly due to the recorded net result and the proceeds of the equity issue.

### Net debt

Our highly cash-generative business model was sustained throughout the pandemic. Combined with an intensified focus on cash and working capital and the capital raised in December 2021, this resulted in a € 31.7 million year-on-year reduction in net debt to € 60.7 million as at the end of the financial year (31 March 2021: € 92.4 million), establishing a leverage ratio of 2.74x.

Lucas Bols fully complied with the amended bank covenants as at 31 March 2022 our EBITDA (as per the bank definition) of € 22.2 million exceeded the minimum EBITDA level requirement of € 8.0 million, whilst € 56.8 million headroom was in place on the € 12.5 million minimum liquidity level requirement.

### Dividend in 2021/22

At the Annual General Meeting of Shareholders on 7 July 2022 Lucas Bols will refrain from proposing a dividend for the 2021/22 financial year. The company intends to return to dividend distribution as from the 2022/23 financial year.

## The war in Ukraine

Although growing, the combined Russia and Ukraine contribution to total revenue is limited to around 1%. As such, the direct business impact to Lucas Bols is relatively limited.

Indirect risks because of the war in Ukraine could affect Lucas Bols more substantially after 2021/22. Prices of important raw materials and logistics are anticipated to increase further directly (e.g. grain and alcohol) and indirectly, mainly through higher and more volatile energy prices (impacting the price of glass and logistics, amongst others) and scarcity.

## Outlook

With growing geopolitical instability, amongst others driven by the Ukraine war, we foresee further increase on input and logistical costs and other inflationary pressures. We will continue our efforts to mitigate the impact, focusing on maximising supply certainty and predictability, and limiting volatility in pricing. Further price increases will be agreed with customers where applicable and possible and disciplined cost management remains in place. Our relatively high inventory levels, agile supply chain management and strong partnerships throughout the chain will help minimising potential availability issues.

However, supported by our positive performance in the 2021/22 financial year we are optimistic about the future. We expect growth in the US to continue and anticipate further recovery of the on-trade in Western Europe. The Japanese market and all travel-related markets are expected to recover gradually in the coming months. We intend to step up our A&P investments in the brands in 2022/23 continue achieving the 4-5% annual revenue growth target for the growth of our Global Cocktail Brands. We expect the growth momentum of our brands to continue and therefore foresee revenue growth in the 2022/23 financial year, particularly for Bols Cocktails and Passoã. Furthermore, the integration of Tequila Partida will be a positive factor in the development of Lucas Bols.

In line with our policy we have hedged more than 60% of our expected 2022/23 net cashflows in foreign currencies to minimise the impact of foreign currency developments.





Corporate Social Responsibility (CSR) is fully integrated into the Lucas Bols Company strategy. Being socially responsible is critical to creating long-term value, particularly for a company operating in the spirits industry. We take our role in society seriously and have a policy in place that reflects this.

The Lucas Bols Company focuses its CSR efforts on the following areas:

- the promotion of responsible alcohol consumption, a cornerstone of our business,
- sustainable supply chain management, by actively encouraging all suppliers and third-party contract partners in the chain to operate in a sustainable manner;
- people management, by creating a stimulating and dynamic working environment that enables people to make a difference at the Lucas Bols Company, and
- contributing to society through social engagement and volunteering initiatives

The Lucas Bols Management Board holds ultimate responsibility for the CSR strategy, while the implementation and execution of the strategy is a company-wide responsibility

We believe that by conducting our business in the way we do, the Lucas Bols Company can contribute to a number of important Sustainable Development Goals (SDGs) defined in the context of the UN's 2030 Agenda for Sustainable Development. The respective goals and how we believe we can contribute can be found hereafter. We selected these particular SDGs based on the expected impact of our contribution.

Now that the world is slowly recovering from the pandemic and an increasing number of promising sustainability initiatives are underway, the Management Board intends to transform its CSR strategy into a more comprehensive Environmental, Social & Governance (ESG) strategy during the 2022/23 financial year. Although the detailed Corporate Sustainability Reporting Directive (CSRD) of the European Financial Reporting Advisory Group (EFRAG) has not been issued yet, it is expected that any ESG reporting requirements relevant to Lucas Bols will become effective in the 2025/26 financial year. However, Lucas Bols takes the view that the ESG strategy should go beyond simply seeking to comply with reporting requirements, we believe it substantially contributes to value creation, brand equity and risk management.

## Sustainable development goals

### How the Lucas Bols Company contributes

- Promote responsible alcohol consumption
- Actively offer low and no-alcohol alternatives, for example with Damrak Virgin 0.0 and Coesbergh 0.0 and low-alcohol cocktail offerings based on our Bols Liqueurs
- Promote a healthy lifestyle (both to our employees and as part of our bartending courses)
- Promote health and safety to our own employees and those of our partners



- Invest in technologies to reduce run-off and utilizing grey water at our Avandis joint venture



- Reduce energy consumption at both our own premises and our partners' premises (for example at our Avandis joint venture)
- Increase the use of renewable energy, including at our Avandis joint venture and our logistics provider Nedcargo
- Generate energy from waste



- Reduce our environmental footprint year-on-year, in cooperation with our partners in the supply chain
- Reduce waste and energy consumption at our Avandis joint venture
- Reduce CO<sub>2</sub> emissions at our logistics provider Nedcargo
- Reduced footprint of the Lucas Bols headquarters (for example by installing LED lighting, going paperless and light sensitive blinds)



## Responsible drinking

Responsible drinking, i.e. ensuring that alcohol plays a positive role in society, is an essential element in our strategy to create long-term value. That is why we advocate responsible alcohol consumption and encourage socially responsible communication about this.

### Drink less but better

Lucas Bols' growth strategy is entirely geared towards people drinking better, not more. We promote responsible drinking by educating consumers on the need for moderation and advocating policies that reduce alcohol misuse. Most people who choose to enjoy alcohol do so in a moderate and responsible way. We aim to help create a positive role for alcohol in society by promoting moderation and preventing misuse. Important themes include preventing drink-driving and addressing underage drinking.

We try to achieve this with and through our local distribution partners, selected because they share our vision to promote responsible alcohol consumption all around the world. Adhering to the marketing code to ensure that campaigns are only targeted at adults above the legal drinking age is a key aspect of this.

Contributing to the prevention of alcohol misuse is another element and we work on this in partnership with governments and industry organisations. The spirits industry is highly regulated and as a minimum requirement we comply with all laws and regulations wherever we operate.

### Promote low and no alcohol drinks

At the Lucas Bols Company we encourage the strengthening trend towards more healthy options, such as low and no alcohol drinks. We are fully dedicated to promoting lower-alcohol drinks, for example with our Bols Liqueurs range. We showcase how to make cocktails which are tasty and refreshing, yet low in alcohol content by replacing a strong spirit with one of our liqueurs (which are lower in strength) combined with a soda. Various flavours in our Bols Liqueurs range can serve as a perfect base for a light alcoholic drink. For instance, our Bols Cucumber Liqueur is excellent mixed with tonic to create a refreshing low-alcohol cocktail whilst Bols Ginger with soda water creates a low-alcohol and low-sugar cocktail with a rich and tasty flavour. Another example is the easy cocktail Pisang Fizz, a contemporary take on a classic serve, with equal parts of Pisang Ambon, orange juice and tonic.

We are actively promoting these drink concepts in our low-alcohol cocktail campaigns aimed at offering consumers new and exciting alternatives.

Damrak Gin was the world's first gin brand to launch a non-alcoholic gin when the brand was expanded with Damrak Virgin 0.0 in 2020. First launched in the Netherlands and the US, this non-alcoholic spirit provides a tasteful gin cocktail alternative for anyone, anytime. Next to the classic Virgin & Tonic, Damrak inspires consumers with more mindful cocktails in the Damrak Virgin Cocktail Booklet. Curated by our master bartender, classic cocktails transformed into delicious non-alcoholic alternatives, such as the Virgin Mule, No Ginlet and Breakfast Martini.

### STIVA

In the Netherlands the Lucas Bols Company hold a key position in Stichting Verantwoorde Alcoholconsumptie (STIVA), the Dutch industry organisation responsible for setting guidelines for socially responsible communication on and marketing of alcoholic beverages in the 2021/22 financial year. Lucas Bols' CEO Huub van Doorne has resigned from the board of STIVA in December 2021 after having contributed to the successful development of the organisation for more than 15 years.

STIVA focuses on responsible marketing, responsible alcohol consumption and clear communication. This includes the anti-drink-driving campaign BOB ('Bewust Onbeschooten Bestuurder' which translates into 'consciously sober driver'), a joint initiative of the Dutch Ministry of Infrastructure and Water Management, STIVA and the Dutch traffic safety association Vereniging Verkeer Nederland (VVN). The BOB concept encourages people to appoint a designated driver and to urge people not to drive while under the influence of alcohol. Underage drinking is another important theme in the campaigns.

STIVA and VVN attend relevant events to engage with people face-to-face about sober driving. While there were hardly any festivals or large-scale events during the year under review due to COVID-19 the BOB campaign was part of the '2021 Summer Tour' during several police checks and during Military Boekelo-Enschede, an equestrian event attracting 60,000 spectators.

The Kikid Booze project initiated by STIVA continued in 2021 with presentations in secondary schools in the Netherlands on themes such as peer pressure regarding alcohol consumption. In 2021 67 performances took place which reached almost 2,500 students. There were also 186 online Kikid Booze presentations, with a total



reach of 4,000 students. In addition to the physical and online K&GD Booze performances, a digital campaign is running via Snapchat, Instagram and for the first time in 2021 TikTok. In total, more than 5.5 million views were achieved in 2021.

In 2021 STIVA actively focused on social media and influencers. It is very important to familiarise this target group with the applicable regulations. To this end, STIVA had various interactions with (large) influencer management agencies. A pilot for online monitoring of content created by influencers was started together with the Stichting Reclame Code (the Dutch Advertising Code Authority).

STIVA also started updating the (Dutch) Advertising Code for Alcoholic Beverages (RVA) in 2021 in addition to drafting the Advertising Code for Non-Alcoholic and Low-Alcohol Variants of Alcoholic Beverages (RvAVA). Both codes are expected to come into effect in 2022.

**International**

Outside the Netherlands our local distribution partners adhere to local legislation and marketing codes. Together with our partners around the world we continue to improve the consumer information provided on our packaging, for example displaying the 'Pregnant? Don't drink' logo on our products.

**Training bartenders**

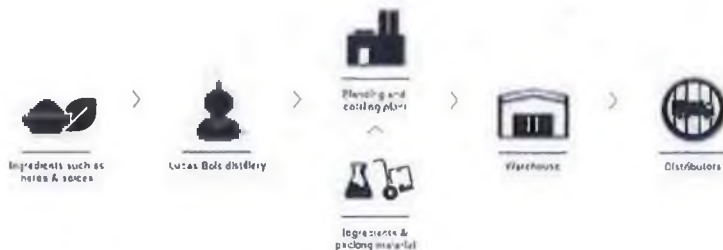
Responsible alcohol consumption is a key topic at the Bols Bartending Academy, our bartending school where we train and teach bartenders. We educate bartenders on the principles of responsible drinking and responsible serving and how to promote such behaviour. During our training courses – which we have mainly offered online in the past two years due to the lockdown measures – we also promote healthy living for bartenders, teaching them how they can enjoy a responsible lifestyle.

**☉ Sustainable supply chain**

The Lucas Bols Company focuses on its entire supply chain in its pursuit to be a driving force behind a more sustainable environment. The Company supervises the supply chain from raw materials to distributors but has outsourced the execution of most activities. This includes the management of suppliers of raw materials and packaging materials by our Avandis joint venture in cooperation with its purchasing group Columbus, and logistics service provider Nedcargo managing its warehousing and transportation operations. In the context of our strategy for long-term value creation we invite our suppliers to be our partners in providing responsibly-sourced materials and services which have a positive impact on the communities and environment in which we operate.

**Suppliers of raw materials and packaging materials**  
We monitor our suppliers' annual progress in terms of sustainability and environmental impact. In our supply chain Avandis is responsible for all sourcing and procurement of product-related raw materials (the ingredients), while purchasing group Columbus is our buyer of support goods such as packaging materials. Sustainability is embedded in our procurement, for example because suppliers are asked to commit to the Columbus Supplier code which includes a declaration regarding environmental and social impact. All suppliers have signed the declaration and agreed to commit to it.

As far as the logistics footprint is concerned, the majority of our ingredients is sourced in the Netherlands and other Western European countries. To the extent possible transport is optimised in full truckloads. Enlarged trucks are used preferably to lower the CO<sub>2</sub> footprint.



**Ingredients**

Our ingredients include grains, herbs and spices, sugar and alcohol. All our suppliers have sustainability high on their agenda. Our sugar supplier was awarded the platinum status by EcoVadis sustainability ratings for global sustainable procurement.

**Packaging**

The main components of our packaging materials are glass and paper-based materials. Importantly, glass is a natural product that is infinitely and completely recyclable as well as reusable, meaning that all Lucas Bols bottles can be recycled. In close collaboration with our glass suppliers, we strive to minimize the weight of our packaging, significant steps to reduce the weight have already been taken and new criteria are incorporated in our R&D policy.

All our paper-based products are made from a renewable resource and are 100% recyclable. Our supplier is FSC® Chain of Custody certified for its operations.

**Avandis production site**

**Environmental impact and compliance**  
The advanced bottling plant in the Netherlands operated by our joint venture Avandis continues to make progress on environmental initiatives and waste reduction. Residual flows are separated and are reused or processed by our recycling partners with alcoholic residue for example being used as a raw material for bio fermentation. Full certification for soil protection was maintained meaning there were zero liquid-to-earth emissions. Various installations like lightning and cooling units are replaced to lower the electricity consumption. Furthermore all the electricity used in all Avandis premises is comes from green sources.

**Health and safety**

Avandis has made significant strides towards full compliance with the latest industry safety standards. The alcohol storage facility, ensures compliance with these standards and significantly reduces ethanol emissions. New (PGS-15) storage for (flammable) flavouring and ingredients was installed and now ventilation was fitted in the liquids preparation area.

In the year under review occupational health and safety initiatives at Avandis were focused on increasing awareness and improving the (food) safety culture. On-site transport using industrial vehicles such as forklift and other trucks was special point for attention along with the use of personal protective equipment

and contractors at work. Avandis has a well-trained emergency response team to guide the emergency services and provide first aid in case of personal injury. Over the course of the financial year five LTIs (lost time injury) incidents were recorded, none of which resulted in a permanent injury.

**Warehousing and transport**

**Environmental impact**  
The main storage location of Lucas Bols products, adjacent to the production site in the Netherlands, is operated by Nedcargo.

Nedcargo is committed to the Lean & Green Europe carbon emission reduction programme and was awarded second Lean & Green Star. In 2021 for its achievements in further reducing carbon emissions, Nedcargo has teamed up with its fuel partner to enable carbon-neutral driving using carbon credits: for every litre of diesel used, Nedcargo buys carbon credits from its fuel partner. Each carbon credit represents the reduction of one ton of carbon dioxide equivalent (tCO<sub>2</sub>e) from the atmosphere.

**Health and safety**

Safety awareness is part of Nedcargo's daily operations and is visible on the shop floor and discussed in daily stand-up meetings. The Zostermeer warehouse reported one LTA (lost time accident) during the year. The total days without LTAs is 337 days per 31<sup>st</sup> of March 2022. With regards to transport, driving coaches give feedback aimed at driving safely and fuel efficiently.

**Lucas Bols head office**

In 2021 the Lucas Bols office in Amsterdam successfully contributed to a cleaner and healthier world by using the MAC sorting system. Thanks to this waste sorting system and the cooperation of Lucas Bols employees we have managed to recycle 100% of the waste produced by Lucas Bols Amsterdam. A total of 72.82% of the produced waste was recycled directly and the remaining 27.08% was used to generate electricity. By making use of a responsible collect and recycling system different goals like cost reduction and taking care of the environment were reached. The Lucas Bols Company also cooperates with neighbouring companies to identify and implement wider waste- and energy-related improvement initiatives. In general the Lucas Bols' facility team is actively looking to reduce the amount of waste and make improvements for the coming years.



## Being a good employer

At the Lucas Bols Company we believe that strong brands are built by strong, healthy and motivated people. This means that our top priority is to provide a dynamic and inspiring working environment and a culture that is focused on vitality.

### COVID-19

It goes without saying that the past two years were marked by a great deal of uncertainty. This required a lot of flexibility and adaptability from our people, both in relation to the nature of their work and in terms of working from home. With the shutdown of schools and day-care facilities some of our employees had to combine their work with rare duties and home schooling. Face-to-face contact and social interaction between colleagues were greatly missed. We carefully monitored employee well-being while providing support in every way possible. This included:

- providing all means necessary to improve employees' working-from-home facilities, including monitors and desk chairs;
- developing several initiatives to increase communications with and between employees, helping them stay connected. Management hosted regular online meetings for all employees to keep them involved and update them on developments within the Company. Several initiatives were set up to improve social interaction between colleagues, such as virtual lunches, virtual Friday afternoon get-togethers and random lunch meetings with colleagues;
- offering all employees weekly online and (when allowed) outdoor workout sport sessions with a professional trainer, organising a cycling event and encouraging everyone to go outside and walk or cycle with the help of various apps, whenever possible;
- sending care and gift packages to employees' homes as a sign of support and gratitude for their continued commitment to the Company; and
- making the workplace fully accessible and COVID-19 proof for those colleagues who need to work at the office for professional reasons (e.g. lab work) or because their home situation is unsuitable for work by introducing:
  - one-way traffic lanes at the office,
  - sanitary rules and materials at every desk,
  - two meters distance between desks, and
  - an attendance list to regulate the number of employees and facilitate tracing.

In the year under review the average rate of absenteeism among Lucas Bols' employees in the Netherlands was 1.4% (2020/21: 3.2%).

### Our values

We believe that our values and work principles contribute to a culture that is focused on long-term value creation. These values and principles are the essence of our Code of Conduct. This code outlines the way in which we advocate responsible alcohol consumption and encourage socially responsible communication on this. It also sets out our standards in terms of respect for human rights and for one another, outlining for example, discrimination, sexual harassment or other intimidation, aggression, violence and bullying are unacceptable and will not be tolerated. The Lucas Bols Company strives to deal with all of its customers, suppliers and business partners in a straightforward and honest way, and in strict compliance with any and all legal requirements.

### The Lucas Bols 'Way of Working'

One of the tools we work with is 'Management Drives', which helps gain an insight into the drive and motivation of all team members. As such it effectively helps increase mutual understanding and effectiveness of working within the teams. We used Management Drives, and other tools, to develop a 'Way of Working' programme that greatly strengthens team spirit throughout the organisation. As part of the revised operating model introduced under Filter-Growth, certain teams changed in role and/or set-up. Thorough 'Management Drives' and other team sessions were held to ensure effective and pleasurable teamwork from day one.

Our 'Way of Working' is guided by the following key principles.

- We work as one Lucas Bols team, integrating all disciplines,
- We work in an agile and flexible manner,
- We jointly promote an organisation that is inspiring and has a personal touch;
- We value transparency and accessibility,
- We are entrepreneurial and have a healthy level of ambition,
- We promote forward-looking behaviour; and
- We work according to the Lucas Bols core values and use 'Management Drives', regular feedback sessions and other means to support personal and professional development throughout the organisation.

### Personal development and training

Our personal development and performance review cycle is based on the 'Way of Working' programme as described above. Each year we initiate a new cycle with specific focus areas. The programme starts with setting objectives on a range of matters, including knowledge, skills and effective behaviour. Employees are coached to set clear objectives



and translate those into more detailed targets that can be achieved throughout the year. Despite the exceptional circumstances we continued this 'Way of Working' cycle during the COVID-19 pandemic. The results revealed that as the crisis continued, our managers geared up support and set appropriate goals for their teams and individual colleagues.

Talent development and retention is important at the Lucas Bols Company, so employees are encouraged and supported to develop in their career by learning new skills and challenging themselves to grow into new positions. We promote their development, through training focused either on job-specific skills or on personal development and/or coaching. The performance reviews provide strong and useful insights into the personal needs and opportunities of our employees.

**People in numbers**

At the end of the year under review the Lucas Bols Company had a total staff base of 66.4 FTEs (71 employees), an increase compared to the 62 FTEs (68 employees) at year-end 2020/21. The Lucas Bols Company employed 39 people in the Netherlands (year-end 2020/21: 43 employees). At the House of Bols and Wynand Fockink the Company also employs flexible staff. Outside the Netherlands the Lucas Bols Company has 32 employees (year-end 2020/21: 25 employees). The majority of these employees are located in the US, France and Mexico as a result of the Tequila Parlide acquisition. The number of employees is expected to increase slightly in 2022/23.

**Diversity and Inclusion**

At the Lucas Bols Company we believe in a diverse workforce. Inclusion is the foundation of our strong and sustainable culture. We constantly seek to create a positive corporate culture, in which all employees have equal rights and opportunities, regardless of their gender, age, sexual orientation or background. Our attitude to diversity and inclusion also reflects

our business values and how we interact with our colleagues, partners and consumers.

We continue to be fairly balanced from a gender perspective. 43 of our employees are male and 28 female (in 2020/21: 41 male and 27 female employees). Furthermore, Lucas Bols employees represent a great number of nationalities and the age composition within the organisation is quite balanced.

We also promote diversity and inclusion outside the workforce, for example by enabling employees to do volunteering work on important societal matters such as sexual orientation and assisting with school homework.

**Employee Share Participation Plan**

Since 24 June 2015 qualifying Lucas Bols employees have been eligible to invest in Lucas Bols shares via the Employee Share Participation Plan (ESPP). The objective is to increase involvement and engagement by making employees owners of the Company. Under the ESPP eligible employees can purchase shares at a 13.5% discount to the share price twice a year, up to a maximum amount of one annual salary per three years. The shares purchased are subject to a three-year lock-up period during which the employee is entitled to receive dividends. In total 24 employees have participated in the plan since its launch in 2015.

**Lucas Bols in society**

The Lucas Bols Company supports various social initiatives in the Netherlands and other countries where our products are distributed, both with and through our local partners. These programmes range from providing support for senior citizens to sustainability projects. Due to the pandemic and limited funds, our efforts in the past year were focused on the well-being of our own staff and small initiatives by and for local communities.

**The Lucas Bols Company Values**



Innovative & Inspiring leadership

Client & Consumer driven

Teamwork & Trust

Entrepreneurship

Excellence in Execution

## Risk management and control

There are inherent risks related to Lucas Bols' business activities and organisation. Because sound risk management is an integral element of good business practice and effective operations, the Management Board promotes a transparent, company-wide approach to risk management and internal controls. This approach focuses on finding the right balance between maximising business opportunities and managing the risks involved. The Management Board considers this to be one of its most important tasks.



### Risk management approach and appetite

Our risk management framework is designed to identify and analyse the risks the Lucas Bols Company faces, to set appropriate risk limits and controls, and to monitor any developments in the Company's risk environment.

In general the Lucas Bols Company has a low risk appetite, particularly with regard to operational, financial and compliance risks. We do allow for some risk in strategic areas but only where there is an appropriate balance between risk and reward.

The implemented risk management framework is the foundation for identifying and mitigating of corporate business risks and has been developed to provide reasonable assurance that the risks we face are properly evaluated and addressed. It assures that management is provided with the information it needs to make informed and timely decisions. While the framework is designed to manage risks it cannot prevent human error, fraud or infringements of laws and regulations with absolute certainty.

Lucas Bols' risk management is not static: the way we manage risks is constantly monitored and adapted to reflect changes in internal and external circumstances II and when necessary.

**Risk oversight**  
Overseeing risks and monitoring the risk management function is the responsibility of the Supervisory Board and the Management Board. Risk management is a topic that is regularly discussed at Supervisory Board meetings.

**Risk management**  
The Lucas Bols Company enforces minimum control standards and has three lines of defence in place to manage risks. The first line of defence is day-to-day risk management and the operational effectiveness of controls. Central monitoring by key people in the organisation is the second line of defence. All critical business processes are covered, including but not limited to finance (including tax, treasury and legal), brands, commerce, supply chain, IT and HR. The Risk Management Committee forms the third line of defence. The committee is headed by the CFO who





complemented by the director accounting, reporting & control and the corporate legal counsel. The independent external auditor gains an understanding of internal controls relevant to the audit but does not express an opinion on the effectiveness of the Company's internal control environment.

#### Risk ownership

Our strong belief that risk ownership is part of everyday operations – across all departments and processes – is embedded in the risk management framework. Key in identifying, monitoring and addressing risks are the management information reports the Management Board receives on a weekly, monthly, quarterly and ad hoc basis. These reports are compiled by the respective directors and managers and provide an in-depth analysis of the performance of brands, markets and critical business processes as well as the relevant risks and opportunities. In addition, deep dives are performed to address specific topics. Controls are widely embedded in the Company's information systems.

We promote certain ways of working to ensure that management information is relevant, accurate and complete. To do so, the input for reports is drawn from various sources (including our distributors, actual shipment information and publicly available market performance data) and is complemented by macroeconomic data and information on relevant developments. The periodic evaluation of distributor performance is also considered a key source of input.

Lucas Bols' Brand Market Unit (BMU) organisation is essential to management reporting. Actual performance is reported on separately for each brand in each country, resulting in a matrix of BMUs. Monthly monitoring is performed diligently and in a detailed manner, with both management and the Management Board involved. The reporting cycle includes responding to foreign currency effects arising from our worldwide business activities.

Our forecasting cycles – annual budgeting as well as intermediate forecasting (latest estimates and the monthly opportunities & risk assessment) – also start at the BMU level. The annual budget is the result of a diligent process. Our distributors provide forecasts based on their views on their respective market and brands, these are then critically reviewed and challenged by Lucas Bols management and eventually agreed upon.

#### Corporate culture and Code of Conduct

The Lucas Bols Company has a culture of clearly defined responsibilities, open and honest communication and limited hierarchy, which supports the effectiveness of the group's risk management. Both our own communication and business practices and those of our partners across the globe are characterised by integrity and a focus on advocating responsible drinking. We keep track of all marketing and promotional activities of our brands, including those of our distribution and other partners. This includes social media activities undertaken by the Company.

To promote and maintain these high standards the Management Board designed and implemented a Code of Conduct, which is updated on a regular basis. This code describes how all Lucas Bols employees should behave and do business in various circumstances and situations, and how inappropriate behaviour can be reported (including to the Company's external confidential counsellor). The code is published on the corporate website and is updated and communicated to all employees on a regular basis. There were no breaches of the Code of Conduct in the 2021/22 financial year.

Furthermore, the Lucas Bols Company has a whistle-blower policy in place to ensure that any violation of existing policies and procedures can be reported freely and without negative consequences for the person making the allegation. The whistle-blower policy can also be found on the corporate website. No incidents were reported in 2021/22.

#### Brand protection, product development and quality control

The single most important asset we have is our portfolio of brands. To protect (the value of) the brand portfolio the Lucas Bols Company registers its brands across the globe. Potential infringements are constantly monitored and appropriate legal action is taken if and when necessary.

The value of our portfolio of brands is also protected and grown through product development and quality control. Bringing excellent and innovative products to the market at a consistent, high level of quality is at the core of what we do. Our innovation, R&D and quality teams (with an important role for the Master Distiller) develop our products, create our recipes and carefully decide what ingredients and suppliers to use. Recipes and production methods are only handed over to our bottling partners once they have been finalised and thoroughly tested. The bottling partners then blend

and bottle the product as stipulated. We place high standards on the quality assurance procedures of our partners and ensure these are subject to constant screening. Product samples from bottling locations around the world are routinely tested for compliance with our recipes and quality standards. This process includes numerous quality checks to ensure all products meet the highest standards every single time.

#### Developments in risk management and control systems in 2021/22

Although we further increased our focus on IT and cybersecurity, there were no major changes in the risk management and control systems in the year under review.

#### IT

At the start of the 2020/21 financial year the Company successfully implemented the Oracle ERP system, amongst others to enhance our control environment. During 2021/22 the Oracle ERP system and other elements of our IT environment were further developed and leveraged. As a consequence, our risk management and control systems are now even more reliant on IT controls (for example the application of digital authorisations, segregation of duties and advanced reporting). The external auditor has placed specific focus on IT (including the new ERP system) and its impact on our control environment.

#### Cybersecurity

Cybersecurity has become an even more important topic. The likelihood and impact of cybersecurity attacks have increased rapidly, whilst most of our employees have been working from home since the outbreak of COVID-19. Our primary focus has been on making sure that all employees have secure access when working remotely, for example by making additional tools available and scaling up our IT infrastructure. We also ran various cybersecurity programmes in 2021/22, including training and awareness programmes on cybersecurity matters such as phishing. In addition, the Company hired a renowned consulting firm to obtain a further understanding of the Company's cyber resilience. The engagement consisted of a cybersecurity quick scan, awareness initiatives (including a phishing test and workshops) and a technical assessment (including a penetration test).

#### Focus for 2022/23

In the year under review, we placed additional emphasis on quality and the topic of contingency and back-up planning, the latter also in response to the global supply chain disruptions. We have identified two focus

areas for the 2022/23 financial year. First, the work on IT and cybersecurity flagged a few areas for future improvement and efficiency, amongst which IT governance. We plan to follow up on these matters in a separate project. The second intended focus area pertains to human capital. Although the impact on the Lucas Bols Company is limited thus far, the COVID-19 crisis has resulted in unprecedented employee turnover globally. People may feel less motivated and connected due to working from home and demand for certain skills and expertise is growing rapidly in many areas of the job market. In light of this, and particularly in Lucas Bols' asset-light business model context, it is important to make sure the Company retains, develops and attracts the right human capital.

## Key risk factors

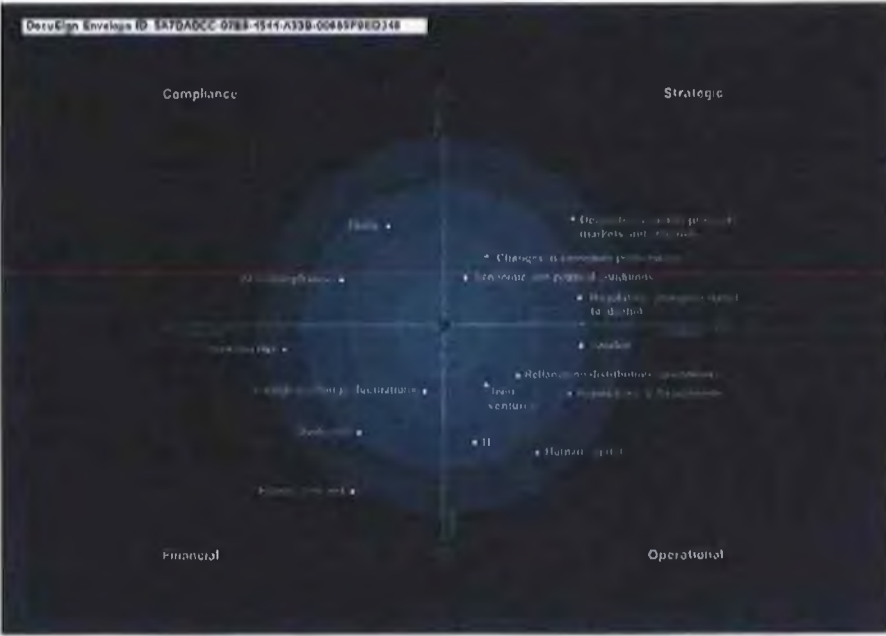
#### Risks and uncertainties in 2021/2022

A bottom-up and top-down approach is integrated in the Company's overall management reporting, allowing business and other risks as well as mitigating actions to be reported on formally on both an ad hoc and quarterly basis. That reporting is then consolidated into a quarterly risk report which serves as a basis for the quarterly risk management committee meeting.

Although recovery was noted in many key markets, it is clear that the COVID-19 pandemic continued to have a severe impact in the year under review. The outbreak of the pandemic in 2020/21 also triggered a reassessment of our key risk factors and in some cases a change in the nature, impact and/or likelihood of a specific risk. In addition, the war in Ukraine that started in February 2022 posed additional challenges and risks for various parts of our business. Given the ongoing global uncertainty and volatility as a consequence of both COVID-19 and the war in Ukraine the Company continued this reassessment process into 2021/22.

#### COVID-19

Macroeconomic and geopolitical instability increased greatly with the outbreak of COVID-19 in early 2020. Lockdown measures such as restrictions on public gatherings, events being cancelled or postponed and the closure of outlets (especially on-trade) seriously impacted many companies, including the Lucas Bols Company. Although the magnitude and duration of the measures and their impact was different in each country, the outbreak was global and the Lucas Bols Company has been affected in every region it operates in.



This diagram illustrates the principal risks grouped by category – the Cluster to the nucleus, the likelihood the likelihood and the impact

In the first quarter of the previous year, 2020/21, our business was severely impacted by the first COVID wave (specifically through on-trade closures), after which a strong, fast and resilient recovery was noted once the measures were eased or lifted. However, business deteriorated again when the second (and in some markets third) wave hit in the third quarter of the 2020/21 financial year. The strong recovery achieved towards the end of the fourth quarter of 2020/21 continued into the year under review.

Although full-year performance exceeded that of the pre COVID-19 2019/20 financial year, COVID-19 still had a significant impact on our 2021/22 results. COVID-19 has not disappeared, it affected our business throughout the year in most markets still and certain markets have shown only limited signs of recovery (mainly Japan, Southeast Asian markets and travel- and tourism-related businesses). In addition, as indicated in last year's Annual Report, the Company also started to observe indirect adverse impacts, predominantly as a result of unprecedented supply chain disruptions (refer below).

The Lucas Bols Company has monitored the developments closely and continued to take swift action to deal with these uncertainties. In doing so our first priority remained our people's and business partners' health and safety. The bank covenants were amended once again in April 2021 to ensure sufficient financing flexibility and headroom whilst allowing us to invest in our brands. We also kept in place overhead cost measures and stricter monitoring and management of working capital, with specific attention paid to the collection of receivables. Furthermore our BMU structure facilitated a very swift adjustment of Advertising & Promotions spending, responding to the specific situation of each individual brand-market combination. This enabled us to quickly scale down investments in particular markets when lockdown measures were in place, and at the same time to respond quickly as soon as markets reopened. A strong example of this is the US, where we intensified spending as soon as the business recovered, leading to double-digit growth.



A substantial part of the overhead cost measures taken in 2020/21 progressed into 2021/22 with a more structural impact, as did tightened cash flow management procedures.

**The war in Ukraine**  
When the war in Ukraine started our first priority was with the people affected, including our local partners. We directly ceased all business with Russia and ensured we comply with all sanctions in place. Although growing, the combined Russia and Ukraine contribution to total revenue is limited to around 1%. As such, the direct business impact to Lucas Bols is relatively limited.

Indirect risks because of the war in Ukraine could affect Lucas Bols more substantially after the year under review, however. We anticipate prices of important raw materials and logistics to increase further directly (e.g. grain and alcohol) and indirectly, mainly through higher and more volatile energy prices (impacting the price of glass and logistics, amongst others) and scarcity. Our mitigating actions are focused towards maximising supply certainty and predictability (e.g. building safety stocks, contingency planning and sourcing and anticipating longer lead times) and limiting volatility in pricing (e.g. by forward-buying, hedging and increased production runs and order quantities), whilst further price increases are agreed with customers where applicable and possible.

The geopolitical situation could also adversely impact consumer behaviour, for example in response to inflation and reduced purchasing power. Management has run various 'down-side' scenarios to model any such potential effects and identified mitigating actions that could be undertaken to minimise the impact on company performance and its financial position. In doing so, experience gained during the COVID-19 pandemic was leveraged. Management is of the view that the company's performance, positioning, financial health and suite of identified mitigating actions are sufficient to navigate through these 'down-side' scenarios.

**Supply chain and raw materials**  
One of the focus areas in the year under review was to manage the global disruptions in the supply chain that started in 2020/21 following the COVID-19 outbreak and intensified towards the end of the year when the war in Ukraine started. Shortages of raw materials (such as glass and aluminium) have imposed serious challenges in terms of material requirements and production planning as well as product availability.

Input costs, mainly of alcohol, aluminium, glass, sugar and paper, also increased, putting pressure on our margins and profit. In addition, headwinds on logistics costs intensified during the year as a consequence of the global container shortage, increased rates and a more expensive shipments mix (mainly driven by the substantial growth in the US and Australia).

We took decisive action to mitigate the impact to the maximum extent possible. We expanded our contingency options (sourcing, production and logistics), invested in planning capabilities (both at the Lucas Bols Company and Avendia), planned and allowed for extended lead times (raw material purchasing, production and shipping), built safety stock levels as and when deemed necessary and agreed price increases with our customers to pass on cost impacts in the chain.

The strength of, and our involvement in, the Avendia joint venture and Nedcargo partnership once again proved to be instrumental. After abruptly scaling down operations and costs in 2020/21, the Lucas Bols Company and other customers of Avendia and Nedcargo required significantly higher volumes as soon as business recovered in 2021/22. Such requests to scale back up again, combined with the aforementioned global disruptions put substantial pressure on our partners too. By working together closely the strong sourcing, production and logistics partnerships that have been in place for years were leveraged to the maximum extent possible.

Thanks to the measures the Company took and the strong and flexible supply chain partnerships we encountered no significant raw material shortages, production disruptions or logistical issues. Production facilities continued to be operational and the supply of raw materials was not hampered. As a result we were able to deliver our products to markets around the world without facing any notable out-of-stock situation, even under these challenging circumstances. From a cost perspective our 2021/22 financial year did suffer from those circumstances: increased input costs put pressure on our profit margins whilst the logistics headwinds substantially drove up our logistical costs.

Many global supply chain challenges are expected to persist in the short term and some may even intensify as described in the 'The war in Ukraine' paragraph above. The Lucas Bols Company is exposed to this and continues to monitor developments closely. Measures taken will remain in place, as will the intensified



day-to-day working relationship with our partners, and additional measures will be implemented when applicable.

**Dependency on key products, markets and channels**  
In the 2021/22 financial year the Company implemented strategic initiatives to reduce our exposure to the risk of dependency on key products, markets and channels.

When COVID-19 restrictions were imposed, our on-trade sales were immediately and severely impacted. Prior to the pandemic Lucas Bols' on-trade dependency was relatively high (just over half of our global business was conducted in the on-trade), so our 2020/21 performance was hit harder than that of a number of other industry players. In response to this as well as to leverage the growing trend towards in-home cocktail consumption we started to shift towards direct consumer engagement and sales. Most notably, we launched various Ready-to-Enjoy products including the highly-innovative Bols Cocktails Tubes and Bols Cocktails multi-serve bottle. These new product offerings focused direct-to-consumer sales. In addition, both the Company and its distribution partners skewed their brand, marketing and communication programmes more directly towards consumers, amongst others stepping up social media presence and digital advertising.

Furthermore, the trend towards low and no alcohol and low-calorie drinks continues. The Lucas Bols Company actively responded to this trend. The Company launched a non-alcoholic Demrak Gin alternative (Demrak Virgin 0.0) as well as a non-alcoholic Coebergh alternative (Coebergh 0.0). We are also responding to this trend with successful low-alcohol cocktail recipes for which specific flavours have been developed. The use of natural ingredients in products is also increasingly important to consumers in this respect. That is one of the reasons why all our Bols Liqueurs now contain natural botanicals which enrich the flavour and improve the quality.

Our exposure to this risk was further reduced by successfully adding Pallini Limoncello to our distribution

platform in the US and the acquisition of Tequila Partida, one of the world's highest rated tequila brands.

#### Reliance on distribution contracts

During the year under review Lucas Bols expanded its existing successful partnership with Edrington in Maxxium the Netherlands by creating Maxxium BoLux, a 50/50 joint venture between the Lucas Bols Company and Edrington. The new joint venture distributes Lucas Bols' and Edrington's portfolios of brands in Belgium and Luxembourg. By setting up the Maxxium BoLux joint venture in addition to Maxxium the Netherlands and our wholly-owned distribution platform in the US (Lucas Bols USA, Inc.) the Company now controls the distribution of approximately 40% of its global sales.

Other changes in the distribution network in the past years (including the 2021/22 transition to Meverick Drinks for our Bols, Galiano and Pisang Ambon brands in the UK) have proven successful in the year under review. In the ongoing optimisation of our route-to-market only minor changes are expected in the near future.

#### Acquisitions & Investments

Building on its strong record of successfully integrating brands into the Company and growing them thereafter, the Lucas Bols Company acquired Tequila Partida. Tequila Partida is one of the world's highest rated ultra-premium tequila brands, mainly selling in the US and Mexico. This

acquisition capitalises on three trends attractive to the Lucas Bols Company.

- Tequila is a high-growth spirits category in the US.
- Within the tequila category, ultra-premium tequila is showing accelerated growth; and
- Cocktails are a high-growth segment in the spirits market, with tequila as a key ingredient for the Margerita: the number one cocktail in the US.

Tequila Partida also strengthens the Lucas Bols' brand portfolio and can seamlessly be added onto our distribution platform in the US, with select other markets around the world to follow in due course. The strong support for the acquisition was evidenced

by both existing and new shareholders enthusiastically participating in the December 2021 equity issue to finance the acquisition.

A thorough due diligence was performed as part of the acquisition process, whilst the integration and transition (including sales, marketing and distribution effective 1 April 2022) was successfully completed in the fourth quarter of 2021/22.

#### Human capital

Human capital is of great importance to the Lucas Bols Company. Under our asset-light business model only a relatively small number of people are employed, which is why each of them plays a key role in making the operating model work effectively.

The COVID-19 crisis has resulted in unprecedented employee turn-over globally. People may feel less motivated and connected due to working from home and demand for certain skills and expertise is growing rapidly in many areas of the job market. As such, and particularly in Lucas Bols' asset-light business model context, it is important to make sure the Company retains, develops and attracts the right human capital. In addition to continuing what led to its strong track record in attracting, recruiting, motivating and retaining knowledgeable, experienced and driven employees in the first place, the Company is rolling out new initiatives in 2022/23 to ensure human capital remains one of our key success factors.

#### Financing and Interest rate risk

Both in April 2020 and April 2021, in response to the COVID-19 pandemic, the Company discussed a number of amendments to the bank covenants to ensure sufficient flexibility and headroom to continue business operations during the pandemic and be prepared for recovery thereafter. Based on its strong, transparent and constructive relationship the Lucas Bols Company has with its banks the Company was able to agree amendments effective until 31 March 2023. For more information on these amendments please refer to note 22 of the consolidated financial statements.

The exposure of the Company to financing risks decreased materially in the year under review. Firstly, both during the phase where COVID-19 severely impacted our business and financial performance and the recovery phase (and in some markets even growth) thereafter the Lucas Bols Company continued to be profitable and generate cash. Business-driven cash generation and the corresponding reduction in

net debt were very solid in 2021/22. Secondly, almost € 29 million of cash was raised in the December 2021 equity raise. The cash raised is primarily used to fund the acquisition of Tequila Partida and the completion payment for the acquisition of Novo (June 2023), but a substantial portion will remain for further deleveraging and general corporate purposes.

As a consequence, the Company ended the 2021/22 financial year with a strong financing position: net debt and leverage metrics are very healthy whilst significant undrawn committed bank facilities are available.

The improved financing position also positively impacts our exposure to interest rate risks: although the likelihood of interest rate changes may not have changed, the potential impact of these on the Lucas Bols Company is reduced now that net debt is materially lower following the strong business recovery, the intensified cash focus and the equity raise.

#### Joint ventures

In 2020/21 the COVID-19 pandemic resulted in abrupt, significantly lower production volumes at Avendis, which (given the nature and capital-intensive structure of the business) only be partly offset by strong cost measures. Consequently, Avendis realised a significant loss last year. Business recovered substantially in 2021/22 (both for the joint-venture partners and for Avendis' other customers), as a consequence of which Avendis did not incur any operating losses in the year under review.

The adverse economic and market circumstances in India did not improve materially in the 2021/22 financial year after the deterioration resulting from the pandemic. This was amongst others reflected in the recoverability of receivables. Furthermore, changes in the political landscape over the years and abrupt corresponding changes in legislation keep on increasing the pressure on our business model and performance. That is also why the remaining carrying value of the Bols-Kyndal joint venture was impaired at the end of our last financial year.

Early in 2022, the local bank in India providing part of BolsKyndal's financing informed BolsKyndal management that it will cease its entire business in India. Consequently, and to prevent a significant interest cash drain in case of re-financing, the joint-venture partners agreed to settle all outstanding loans pro rata and account for a corresponding loan to the partners in BolsKyndal's local accounts.

"Human capital is of great importance to Lucas Bols."



Because COVID-19 business recovery is taking place too slowly whilst complexity, costs and unpredictability of doing business in India have increased further, the Company considers the loan (€ 1.6 million) and pre-paid interest (€ 0.3 million) not to be recoverable, and hence expensed the corresponding amounts (as a one-off) during the year under review. By re-paying the BolsKyndel loan to the local bank. By re-paying the BolsKyndel loan to the local bank the corresponding guarantee that was issued by Lucas Bols will be cancelled.

#### Impact and likelihood of risks in 2021/22

The likelihood and impact of the different risks, adjusted based on insights and developments in 2021/22, are illustrated in the diagram on page 82. For the sensitivity analysis of certain risks we refer to note 26 of the consolidated financial statements.

#### Key risk overview

The key risks as perceived by the Management Board are outlined below, along with an overview of how these risks are mitigated. The order in which the risks are presented is in no way a reflection of their importance, likelihood or materiality. The actual occurrence of any of the following risks could have a material adverse effect on the Company's business, prospects, financial condition or results of operations. The overview also lists the risk appetite of the Lucas Bols Company for each of the main risk categories.

Although the Management Board believes these risks to be the most material risks, they cannot be considered the only potential risks facing the Lucas Bols Company. All risks are contingencies, which may or may not occur and impact the Lucas Bols Company. Additional risks and uncertainties which are not presently known to management or which are currently deemed immaterial may also have a material adverse impact on the Lucas Bols Company.

## Strategic Risk appetite – moderate

Strategic risks for the Lucas Bols Company are primarily related to the risk that investments in markets (mainly in A&P and working capital) will ultimately not result in adequate returns. The Lucas Bols Company has a moderate appetite for strategic risks: we allow some risk in this area, but there must be an appropriate balance between anticipated risk and reward.

| Risk  | Mitigation   |
|---|--|
| <p><b>Regulatory changes related to alcohol</b><br/>Alcohol remains under scrutiny in a number of markets around the world with some countries having a more negative regulatory approach towards it. The Company is subject to extensive regulations regarding advertising, promotions and access to its products. These regulations or any changes therein could limit our business activities, increase costs and decrease demand for our products.</p>  | <p>The Lucas Bols Company supports a responsible approach to alcohol and considers this a core element of its strategy to grow a sustainable, long-term business. We advocate responsible consumption and encourage socially responsible communication as part of our CSR strategy.</p> <p>In our home country of the Netherlands the Lucas Bols Company is actively involved in various relevant industry bodies including on the board of STIVA, the foundation that actively promotes and controls responsible marketing and consumption of alcoholic products.</p> <p>Furthermore, the Lucas Bols Company has introduced various low and non-alcoholic products.</p> |
| <p><b>Economic and political conditions</b><br/>Lucas Bols' global business is inherently subject to commercial, political and financial risks. The Company's operations also take it to emerging markets, where such risks (including economic and regulatory risks) are more present. Geopolitical issues and trade and import restrictions may also have negative consequences for our business. Lucas Bols' results are dependent on general economic conditions and are therefore exposed to the risk of economic deterioration, both globally and in the markets in which we operate.</p> | <p>The Lucas Bols Company aims to diversify its activities in terms of product categories as well as geographically. The Lucas Bols Company sells over twenty-five brands in more than 110 countries in four regions. In addition, Lucas Bols' financial performance is sound with strong operating margins and cash generation, both of which can act as a cushion in case of an economic downturn.</p>   |
| <p><b>Dependency on key products, markets and channels</b><br/>A few key products and markets provide a significant portion of the Company's revenue and contribution. Lucas Bols' performance is highly reliant on the on-trade channel. Specific and/or local factors and developments can directly affect the performance of these key products, markets and channels, and potentially have a material adverse impact on the Company's business, results of operations, financial condition and prospects.</p>   | <p>The Lucas Bols Company diversifies its business across product offerings, markets and channels. More specifically, we are increasing our presence in the off-trade channel, for example by focusing more on retail and direct-to-consumer channels such as online sales.</p>  |



| Risk   | Mitigation   |
|--|--|
| <p><b>Changes in consumer preferences</b><br/>Demand for the Company's spirit products can be significantly adversely affected by changes in customer and consumer preferences, especially given our focused portfolio</p> | <p>Lucas Bols' close ties both with its distributors and the bartending community means that the Company is proactively alerted to changes in consumer preferences at an early stage. The innovative nature of the Company enables the Lucas Bols Company to respond swiftly to any such changes with new flavours and product offerings</p> |

## Operational Risk appetite – low

Our appetite for operational risks is low: we allow little to no risk as the quality of our operations and products is paramount and must not be jeopardised in any way.

| Risk   | Mitigation   |
|--|--|
| <p><b>Quality</b><br/>Inconsistent quality or contamination of the Company's products or similar products in the same categories as Lucas Bols products can harm the integrity of, or customer support for, the Lucas Bols brands and adversely affect the sales of those brands.</p>  | <p>The recipes in which the ingredients and procedures are defined are fully controlled and protected by the Lucas Bols Company. The Company only partners with certified bottlers and suppliers, and the same generally applies to our joint venture partners. The Company samples and tests all its products thoroughly, and sound quality control policies, procedures and processes (both preventative and detective) are in place and subject to constant monitoring. This includes audits of co-packers.</p> |
| <p><b>Joint ventures</b><br/>The financial performance of joint ventures (over which the Lucas Bols Company does not have full control) can affect the financial performance of the Lucas Bols Company, either directly or indirectly.</p>   | <p>Managing and monitoring joint ventures and other partnerships is at the heart of the Company's business model. These collaborations are closely monitored and governed, for example through direct board involvement (focusing on achieving long-term objectives) and involvement in day-to-day operations</p>  |
| <p><b>Reliance on distribution agreements</b><br/>The Lucas Bols Company is reliant on the performance of its distribution partners. Lucas Bols' operations can be adversely affected by the poor performance of its distributors or by its own inability to enter into or maintain distribution agreements on favourable terms or at all.</p> | <p>The Company applies very strict criteria for selecting distribution partners. Each distributor and agreement is subject to frequent evaluation (at least annually) by the commercial team. If improvement areas are identified action will be taken within the contractual terms agreed.</p>  |

| Risk  | Mitigation   |
|---|--|
| <p><b>Acquisitions &amp; Investments</b><br/>Acquisitions or investments in joint ventures and associates that the Company engages in might not deliver the expected returns.</p>   | <p>Potential acquisitions and investments are aligned with our strategy. Decisions to acquire or invest are based on thorough processes, and expert external support is obtained where necessary. The brands that we invest in are integrated in our management information and reporting systems. Lucas Bols management and employees are also involved in acquisitions and investments, for example through Board positions or monthly business review meetings.</p> |
| <p><b>Human capital</b><br/>The Lucas Bols Company operates an asset-light business model and consequently employs a relatively small number of people. The Company's success depends on attracting and recruiting highly-skilled individuals and retaining key personnel.</p>                            | <p>The Lucas Bols Company has a strong track record in attracting, recruiting, motivating and retaining knowledgeable, experienced and driven employees. The Company's reputation and market position, the strategic partnerships we operate and our thriving entrepreneurial and international corporate culture are key success factors in this regard.</p>  |
| <p><b>IT</b><br/>IT security threats and levels of sophistication in computer crime continue to increase globally, posing a risk to the protection, confidentiality, availability and integrity of data and information. Such risks can affect any Company process, including the order-to-cash cycle</p> | <p>We invest in hardware and software to prevent damage from cyberattacks. This enables us to continuously update our defence mechanisms to be effective in a rapidly changing environment. Furthermore, the internal controls we operate are focused on IT and data, including general IT controls and IT application controls (for example regarding outgoing payments).</p>   |



## Financial Risk appetite – low

We take a prudent stance with regard to financial risks, hedging part of our exposure to currencies and interest in order to reduce and limit our risk.

| Risk   | Mitigation  |
|--|---|
| <p><b>Foreign exchange rate fluctuations</b><br/>Foreign exchange rate fluctuations can have a material impact on the Company's business, its financial condition and the results of operations.</p>   | <p>Each year the Company seeks to mitigate the short-term impact of fluctuations in foreign exchange rates on its cash flow and earnings by entering into hedging agreements. It is our practice to enter into hedging agreements for approximately 60% to 80% of our total foreign exchange rate exposure at the start of each financial year. Foreign exchange rate risks are generally hedged through the application of standard forward contracts.</p>                                   |
| <p><b>Financing risk</b><br/>There is a risk that the Company will encounter difficulties meeting the commitments associated with its financing facilities. This can result in liquidity risks and/or not being able to settle financial liabilities by paying in cash or by settling by means of other financial assets.</p>  | <p>The Company's approach to managing liquidity through its treasury process is aimed at ensuring, to the maximum extent possible, that it will meet its financing facility obligations and have sufficient liquidity to settle its financial liabilities when they are due, without incurring unacceptable losses or damaging the Company's reputation. Management invests a great deal of its time managing relationships with banks and other capital market parties and stakeholders.</p> |
| <p><b>Interest rate risk</b><br/>Changes in interest rates affect the Company's results and cash flow.</p>   | <p>Lucas Bols applies a policy under which at least 80% of its medium-term interest rates are fixed rates. Interest rate swaps are entered into to hedge fluctuations in cash flows attributable to interest rate movements.</p>  |
| <p><b>Credit risk</b><br/>Credit risk pertains to liquid assets, derivative instruments and bank balances. In addition, Lucas Bols works with distributors globally, negotiating payment terms as part of the overall agreement. This implies that we are exposed to customer credit risks, including those relating to outstanding receivables and agreed transactions.</p> | <p>The Company operates a credit policy and monitors its exposure to credit risk on an ongoing basis. Furthermore, Lucas Bols has a treasury policy in place and only engages with banks with high credit ratings. Credit checks are performed when negotiations with distributors take place.</p>  |

## Compliance Risk appetite – low

The Lucas Bols Company operates in a market that is strongly regulated worldwide. Compliance with laws and regulations is a fundamental condition for the production, distribution and marketing of our high-quality products. Accordingly, we allow only minimal risk in this area.

| Risk  | Mitigation   |
|---|--|
| <p><b>Non-compliance</b><br/>Lucas Bols' production and distribution as well as its business and the industry in general are subject to significant government regulations. Moreover, the Lucas Bols Company is a publicly listed Company and is therefore subject to additional laws and regulations. Failure to comply with relevant regulations (or any changes therein) can result in business interruptions, for example on the supply side, increased costs and potentially legal action.</p> | <p>Lucas Bols closely monitors the legal developments in every market in which it is active. Legal compliance is embedded in its risk and control systems. The Company also makes use of external legal counsel. Furthermore, the Lucas Bols Company is an agile organisation that can easily adapt products, packaging, etc. to remain compliant with all regulations.</p>    |
| <p><b>Taxes</b><br/>Increases in taxes, particularly excise tax rates, can have an adverse effect on demand for – and the financial contribution of – the Company's products.</p>   | <p>Significant excise tax increases in a market tend to have a negative impact for a period of 12 months, after which the business often stabilises and recovers. The consequences of tax changes and resulting changes in buying behaviour are constantly monitored in close cooperation with our distributors. Our market positioning is adjusted if and when necessary.</p> |



## In control statement

The Management Board is responsible for the design and operation of the internal risk management and control systems. Management has assessed whether the risk management and control systems provide reasonable assurance that the financial reporting does not contain any material misstatements. In accordance with best practice 1.4.3 of the Dutch corporate governance code and with reference to the risk management and control chapter and the financial review on pages 63 to 66 the Management Board is of the opinion that, to the best of its knowledge:

- the report provides sufficient insights into any deficiencies in the effectiveness of the internal risk and control systems, no deficiencies in the effectiveness of the internal risk and control systems have been identified, as reported on pages 78 to 92;
- the internal risk management and control systems of the Company, as reported on pages 78 to 82, provide reasonable assurance that financial reporting does not contain any material inaccuracies;
- there is a reasonable expectation that the Lucas Bols Company will be able to continue its operations and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing the financial reporting, as reported on page 66 under net debt and liquidity and as referred to in note 21 and 22 of the Financial Statements, and
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of Lucas Bols' operations in the coming twelve months, as reported on pages 81 to 82.

## Management Board Statement

The Management Board of Lucas Bols N.V. declares that, to the best of its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and the result of the Lucas Bols Company and its subsidiaries, and that the report of the Management Board provides a true and fair view of the situation as at 31 March 2022 and of the state of affairs for 2021/22 of the Lucas Bols Company and its subsidiaries, as well as a description of the principal risks and uncertainties the Lucas Bols Company faces.

Amsterdam, 24 May 2022

Management Board  
Huub van Doorne & Frank Cox

Corporate governance  
The Lucas Bols Company acknowledges the importance of good governance and its vital role in ensuring integrity and maintaining open and transparent communications with stakeholders and other parties interested in the Lucas Bols Company. Our corporate governance is based on principles of integrity, transparency and clear and timely communication. The Management Board and the Supervisory Board are jointly responsible for the corporate governance structure at the Lucas Bols Company, thereby adhering to the Dutch Corporate Governance Code (the Code).



#### Corporate governance declaration

The Lucas Bols Company fully endorses the core principles of the Code and is committed to following the best practices of the Code to the furthest extent possible. However, considering our interests and the interests of our stakeholders, we deviate from a limited number of best practice provisions, which will be specified and explained later in this chapter under the paragraph 'Appointment and dismissal Management Board and Supervisory Board' (best practice provision 4.3.3.d) and the 'Diversity' paragraph (best practice provision 2.1.6).

#### General

The Lucas Bols Company is a public limited company (NV) incorporated and based in the Netherlands and is therefore subject to Dutch legislation as well as its own articles of association, internal policies and procedures. The Lucas Bols Company is not subject to the large company structural regime. Reference is made to note 27 of the consolidated financial statements for an overview of the Company's subsidiaries. Responsibility for the management of the Lucas Bols Company lies with the Management Board, under supervision of the Supervisory Board.

#### Long-term value creation and culture

Lucas Bols' strategy and culture are aimed at long-term value creation. To the Lucas Bols Company, long-term value creation is all about building brands and leveraging our strategic platform. To create value, Lucas Bols constantly and consciously invests in its brands, through investments in A&P, product development, quality and long-term partnerships. For a further elaboration on creating long-term value, reference is made to the value creation model included in the Strategy chapter, the interview with the Management Board and the reports of the Management Board and the Supervisory Board. Furthermore, as a spirits company the Lucas Bols Company takes its role in society seriously, advocating responsible alcohol consumption and encouraging socially-responsible communication on this. Entrepreneurship, innovation, a client and consumer drive, excellence in execution, teamwork and trust are the main company-wide drivers to build future, sustainable success. More details on culture and our Company values can be found in the Corporate Social Responsibility chapter.

#### Risk management and internal control framework

The Lucas Bols Company promotes a transparent, company-wide approach to risk management and internal controls, enabling it to operate effectively.

This approach is aimed at finding the right balance between maximising business opportunities and managing the risks involved.

The Management Board adopts a bottom-up approach which involves risk ownership further down the organisation. The risk management and internal control framework is outlined in more detail in the 'Risk management and control' paragraph as of page 78 of this annual report.

#### Shares – voting rights

The authorised share capital of the Lucas Bols Company comprises a single class of registered shares. All issued shares are fully paid up and each share confers the right to cast a single vote at the General Meeting. At the end of the 2021/22 financial year, the Lucas Bols Company held no shares in the capital of the Company.

#### General meeting

Important matters that require the approval of the (annual) General Meeting include:

- adoption of the annual accounts;
- declaration of dividends;
- remuneration policy;
- discharge from liability of the members of the Management Board in respect of their management activities for the Lucas Bols Company;
- discharge from liability of the members of the Supervisory Board in respect of their supervision of the management of the Lucas Bols Company;
- appointment of the external auditor;
- appointment, suspension or dismissal of members of the Management Board and the Supervisory Board;
- remuneration of the Supervisory Board;
- any Management Board resolution regarding a significant change in the identity or nature of the Lucas Bols Company or its enterprise;
- issuance of shares, whereby the Management Board is authorised, subject to prior approval by the Supervisory Board, to issue shares up to a maximum of 10% of the issued share capital as at the date of issue and an additional 10% as at that date, in connection with or on occasion of mergers, acquisitions and strategic alliances and to restrict or exclude the pre-emptive rights in relation to any issuance referred to above. This authorisation is granted until 8 January 2023;
- acquisition and redemption of shares, whereby the Management Board is authorised, subject to the approval by the Supervisory Board, to acquire up to a maximum of 10% of the shares in the capital of the Company at a price not higher than 10% above

the average closing price of the shares on Euronext Amsterdam over the five days preceding the date on which the purchase is made. This authorisation is granted until 8 January 2023, and

- adoption of amendments to the articles of association.

Further details can be found in the articles of association, which are published on the corporate website [www.lucasbols.com](http://www.lucasbols.com).

This year the Annual General Meeting is scheduled to take place on 7 July 2022. Each shareholder may electronically attend the General Meeting, address the General Meeting and exercise voting rights pro rata to his shareholding, either in person or by proxy. Shareholders may exercise these rights provided they are holders of shares on the record date, which is twenty-eight days before the date of the General Meeting, and they or their proxy have notified the Lucas Bols Company of their intention to attend the General Meeting. Draft minutes of the meeting will be released within three months of the meeting and will be available for comments for three months thereafter. The final version of the minutes will be published on the corporate website.

In accordance with provision 4.2.3 of the Code, the Lucas Bols Company announces analyst meetings, presentations to (institutional) investors and press conferences in advance on the corporate website. The presentations are made available on the corporate website after the meetings. The analyst presentations are webcasted.

#### Management board

##### Responsibilities

The Management Board is collectively responsible for the management of the Lucas Bols Company. This includes the day-to-day management and general affairs of the Company as well as formulating the long-term value creation strategy, execution and policies, and setting and achieving the corporate objectives. The Management Board is also responsible for identifying and managing the risks associated with Lucas Bols' activities, and for the financial performance and corporate social responsibility issues relevant to the business. The Management Board consists of two members, each having duties related to their specific responsibilities and area of expertise.

The members of the Management Board are individually authorised to represent the Lucas Bols Company.

#### Appointment and dismissal

The General Meeting appoints the members of the Management Board, with the Supervisory Board permitted to make non-binding nominations for such appointments. Where the Supervisory Board has made a nomination, the resolution of the General Meeting to appoint the nominee must be adopted by an absolute majority of the votes cast. Where the nomination has not been made by the Supervisory Board, the General Meeting resolution to appoint a member of the Management Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. The Lucas Bols Company believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

The Supervisory Board may at any time suspend a member of the Management Board. The General Meeting may at any time suspend or dismiss a member of the Management Board. The General Meeting may only adopt a resolution to dismiss a member of the Management Board by an absolute majority of the votes cast and at the proposal of the Supervisory Board. Without such proposal, the resolution to suspend or dismiss a member of the Management Board must be passed by a two-thirds majority of the votes cast, representing over 60% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. The Lucas Bols Company believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

#### Remuneration

The remuneration policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package that is focused on sustainable results and is consistent with the long-term value creation strategy of the Lucas Bols Company. The performance criteria on which the variable remuneration is based are aligned with the Company's objectives to create long-term value.

Pursuant to the remuneration policy, the remuneration packages of the Management Board consist of fixed and variable components. In 2018/19 the remuneration policy has been reviewed and updated in line with the Shareholders' Directive relating to the encouragement of long-term shareholder engagement. The new remuneration policy was approved by the General Meeting on 10 July 2018 at the proposal of the Supervisory Board. In the months leading up to the



Annual General Meeting 2022 a long-term incentive plan (LTIP) was designed to encourage long-term value creation, to align the interest of directors and employees with those of the shareholders and to ensure retention of directors and employees. The LTIP will be presented to shareholders for approval at the Annual General Meeting 2022 and, subject to approval, would become effective as of 1 April 2022. The LTIP is outlined in more detail in the remuneration report.

The remuneration report can be found as of page 106 of this annual report and on the corporate website.

In compliance with the Code, the service agreements of the Management Board members contain a provision relating to severance arrangements to compensate for the loss of income resulting from a non-voluntary termination of the service agreement, up to a maximum equal to one time the fixed gross annual base salary of the Management Board member. In line with applicable legislation and good governance, the service agreements of the members of the Management Board include a clawback clause, that allows for a test of reasonableness and do not include a 'change of control' clause.

#### Supervisory board Responsibilities

The Supervisory Board supervises the Management Board and the general course of business of the Lucas Bols Company.

The Supervisory Board also provides advice to the Management Board. In performing their duties the members of the Supervisory Board must be guided by the interests of the Lucas Bols Company and take into account the relevant interests of all of the Company's stakeholders (including its shareholders) as well as the corporate social responsibility issues that are relevant to the business of the Lucas Bols Company.

The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board consists of four members, Mr. René Hooft Graelland (chair), Mr. Ralph Wiebrun, Mrs. Marina Wyatt and Mrs. Alex Oldroyd. Mrs. Wyatt's term of office will expire at the Annual General Meeting 2022. Mrs. Marie-Pauline Laurent is nominated for appointment at the Annual General Meeting 2022 to replace Mrs. Wyatt.

All members of the Supervisory Board are independent as defined in best practice provision 2.1.7 to 2.1.9 of the Code.

In view of its regular size, the Supervisory Board has decided not to appoint any committees in the interest of efficiency. However, audit-related discussions are chaired by Mrs. Wyatt and discussions on remuneration are chaired by Mr. Wiebrun. Specific duties such as the monitoring of the financial reporting process and the effectiveness of the internal control systems are the responsibility of the Supervisory Board as a whole. The Supervisory Board has adopted a profile for its size and composition, taking into account the nature of the Lucas Bols business and activities and defining the desired background and expertise of members.

Members of the Supervisory Board are appointed for a term of four years and may be reappointed for a next period of four years and subsequently for a maximum of two other terms of two years.

#### Appointment and dismissal

The members of the Supervisory Board are appointed by the General Meeting. The Supervisory Board is permitted to make a non-binding nomination for the appointment of a member of the Supervisory Board. The resolution of the General Meeting to appoint the nominee upon a nomination by the Supervisory Board must be adopted by an absolute majority of the votes cast. If the Supervisory Board has not made a nomination, a resolution of the General Meeting for the appointment of a member of the Supervisory Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. The Lucas Bols Company believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

The General Meeting may suspend or dismiss a member of the Supervisory Board at any time. In the event the Supervisory Board proposes the dismissal of one of its members, the resolution of the General Meeting to dismiss such a member must be adopted by an absolute majority of votes cast. In the absence of a proposal from the Supervisory Board to dismiss one of its members the General Meeting resolution to make such a dismissal must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. The Lucas Bols Company believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

The Lucas Bols Company ensures structured reporting lines to its Supervisory Board. The Supervisory Board meets regularly throughout the year, with a minimum of four meetings a year. The chair of the Supervisory Board ensures the proper functioning of the Supervisory Board and acts as the main contact for the Management Board.

The Supervisory Board has adopted its own regulations with regard to objectives, composition, duties, responsibilities and working methods; it has also adopted a profile as well as a retirement and resignation schedule. The regulations and other documents are available on the corporate website.

#### Diversity

In order to achieve a desired balance, the Supervisory Board aims for a diverse composition of both the Management Board and the Supervisory Board in terms of, for example, gender and age but does not follow best practice provision 2.1.6 of the Code to formulate an explicit diversity target in these areas and does not foresee to do so in the near future.

The Supervisory Board's overriding principle is for both boards to be composed of members who can make a valuable contribution in terms of experience and knowledge of the industry the Lucas Bols Company operates in. In determining profiles for new board members, the Lucas Bols Company will pay close consideration to the aforementioned best practice provision.

The Lucas Bols Company complies with the Dutch legislation on diversity which requires companies to have at least 30% of the seats on the Supervisory Board held by women or men.

#### Conflict of interest

Any potential or actual conflict between the Lucas Bols Company and a member of the boards should be reported to the chair of the Supervisory Board and the other respective board members.

Any board member holding shares in the Lucas Bols Company must do so for the purpose of long-term investment. Board members must at all times comply with the provisions set out in the insider trading rules of the Lucas Bols Company. Both Management Board members hold shares in the Company, none of the Supervisory Board members holds shares in the Company, except for Mr. Hooft Graelland, who holds 8,500 shares in the Company (0.06% of total shares outstanding). There were no conflicts of interest

between the Lucas Bols Company and any member of the boards during the financial year 2021/22.

#### Auditor

At the Annual General Meeting held on 8 July 2021, EY was reappointed as auditor for the Company for a one-year period, ending with the audit of the financial statements for the period ending 31 March 2022. During the financial year 2021/22, the Company initiated a process to appoint the auditor from the financial year 2022/23 onwards. A total of six audit firms participated in the tender. The Lucas Bols Tender Committee, consisting of two members of the Supervisory Board, the CFO and two members of the finance team, set up a clear list of selection criteria, including team (experience and match), (audit) quality, audit approach (including the use of technology), ESG experience and audit fees. Based on a thorough process the Supervisory Board proposes PricewaterhouseCoopers Accountants N.V. to be appointed by the General Meeting as the Company's external auditor for a period of four years, starting with the audit of the financial year 2022/23 (i.e. the period ending 31 March 2023) and ending with the audit of the financial statements for the period ending 31 March 2026. PwC was selected by the Supervisory Board over KPMG, being the runner-up, as a result of their practical experience and team composition.

In general, the Management Board ensures that the external auditor can properly perform its audit work. The Management Board reports to the Supervisory Board on EY's functioning as external auditor and its fee. The Supervisory Board evaluates EY's functioning taking into consideration the input of the Management Board. For the year under review, EY confirmed its independence from the Lucas Bols Company in accordance with the professional standards applicable to EY.

#### Amendment of the articles of association

The General Meeting may resolve to amend the Articles of Association at the proposal of the Management Board and subject to the prior approval of the Supervisory Board. When a proposal to amend the Articles of Association is to be made at a General Meeting, the notice of such meeting must state so and a copy of the proposal shall be deposited and kept available at the Company's office for inspection by, and must be made available free of charge to, the shareholders until the conclusion of the meeting. An amendment of the Articles of Association shall be laid down in a notarial deed.

**Statement in light of article 10 of the European Takeover Directive**

In accordance with Article 10 of the European Takeover Directive, companies with securities that are admitted to trading on a regulated market are obliged to disclose certain information in their annual report. The Lucas Bols Company must therefore disclose the following information and/or make the following statements.

- a. An overview of Lucas Bols' capital structure is included on page 94 of this annual report. Shares in the capital of the Lucas Bols Company are freely transferable, there are no special control or voting rights attached to its shares, nor are voting rights limited in any manner. The Lucas Bols Company is not aware of any agreements that might result in a limitation of the transferability of the voting rights on shares in its capital. Substantial shareholdings of shares in the capital of Lucas Bols are included on page 18 of this annual report.
- b. The Lucas Bols Company has an Employee Share Participation Plan in place, which is described on page 77 of this annual report.
- c. The credit facility of the Lucas Bols Company incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of Lucas Bols' issued share capital or voting rights, the Lucas Bols Company is subject to a repayment commitment.
- d. The provisions regarding the appointment and dismissal of Management and Supervisory Board members are described on page 95 to 97 of this annual report.

**Closing statement**

The information required to be included in the Management Board report pursuant to article 20 of the Decree for the contents of board reports (Besluit inhoud bestuursverleg) is included in this 'Corporate governance' chapter as well as the 'Risk management & control' chapter of this annual report.





**Chair**  
**Mr. D.R. (René) Hooft Graafland**  
1955, Dutch nationality

Current (first) term commenced on 10 July 2010 and expires in 2022

**Other positions:**  
Supervisory board member at Abn-Amro Bank and Fairbank/Compu  
Member of the Monitoring Committee  
Corporate Governance  
Chairman Stichting African Parks Foundation  
Chairman Royal Huis van Loon



**Member**  
**Mrs. A.L. (Alexandra) Oldroyd**  
1967, British nationality

Current (second) term commenced on 9 July 2010 and expires in 2021  
First term commenced on 1 September 2006

**Other positions:**  
Managing Director Group Advisors  
Non-Executive Director of BredaWine NV

## Composition of the Supervisory Board



**Member**  
**Mrs. M.M. (Mama) Wyatt**  
1964, British nationality

Current (second) term commenced on 6 September 2010 and expires in 2022  
First term commenced on 6 February 2006

**Other positions:**  
Chief Financial Officer of Associated British Ports  
Non-Executive Director of Revenue plc



**Vice-Chair**  
**Mr. R. (Ralph) Wisbrun**  
1957, Dutch nationality

Current (second) term commenced on 11 July 2011 and expires in 2025  
First term commenced on 1 September 2014

**Other positions:**  
Founder of Walsley Foundation

## Report of the Supervisory Board

After a year that was heavily impacted by COVID-19, the financial year 2021/22 was all about restoring the business and accelerating key strategic initiatives. Not only did the team at the Lucas Bols Company deliver strong results, impressive progress was also made in the execution of the strategy. The revenue growth of 61% reflects the continued recovery in many markets, more than compensating for markets such as Japan which remain impacted by COVID-19. Some key markets, including the US, even outperformed pre COVID-19 levels, evidencing the strength of the brands and our Lucas Bols USA platform. The company embarked on the 'Fit for Growth' operating model and successfully adapted the organisation accordingly.

From a strategic perspective an important step was made with the acquisition of Tequila Partido. This promising, ultra-premium brand strengthens the Lucas Bols' brand portfolio and has already been seamlessly added to the Lucas Bols USA distribution platform.

Organic growth was supported by the launch of the innovative Bols Ready-to-Enjoy Cocktails, while the other Global Cocktail Brands, Passoé and Galhano, also contributed strongly to the growth. The company successfully raised equity through an accelerated book-building process that was supported (and participated in) by all major shareholders. We are using the proceeds to finance the Tequila Partido acquisition and the completion payment of the Nuvo acquisition, whilst any remainder assists in further deleveraging of the company. Combined with the solid cash flow generation, this provides the Lucas Bols Company with a healthy balance sheet.

It was a pleasure to support the Management Board and the wider Lucas Bols team, both in managing the current challenges, such as the supply chain disruptions, and in driving strategic progress, focusing on the longer-term future of the Company.

### Composition of the Supervisory Board

On 31 March 2022, the Supervisory Board of the Lucas Bols Company consisted of four members: Rend Hoofst Graelland (chair), Ralph Wisbrun (vice-chair), Marina Wyatt and Alex Oldroyd. At the Annual General Meeting on 8 July 2021, the re-election of Mr. Ralph Wisbrun was approved by the shareholders.

Marina Wyatt will step down from the Supervisory Board after the Annual General Meeting to be held on 7 July 2022 after serving the Lucas Bols Company as member of the Supervisory Board for two terms. The Supervisory Board will nominate Mrs. Marie-Pauline Lauret as her successor. The Management Board and the Supervisory Board are profoundly grateful to Marina Wyatt for her contribution in the eight years she has served as a member of the Supervisory Board, especially for her valuable support to the finance function of the Company.

The composition of the Supervisory Board is in line with the Supervisory Board profiles as drawn up by the Supervisory Board and published on the Lucas Bols corporate website. Currently, and also when Marina Wyatt is succeeded by Marie-Pauline Lauret, the gender ratio of the Supervisory Board is balanced at 50-50. However, the Lucas Bols Company believes that gender is only one aspect of diversity. All members of the Supervisory Board will continue to be selected based not solely on their expertise and independence but also on their background and the other diversity aspects described in the Supervisory Board profile. For more information on diversity please refer to the 'Corporate Governance' chapter of this annual report.

The Supervisory Board confirms that all its members are independent as defined in best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code. No member of the Supervisory Board holds more than five directorships at Dutch large companies', in accordance with section 2.142a of the Dutch Civil Code.

As the Supervisory Board consists of four members only, it adheres to the decision not to appoint separate committees among its members. The Supervisory Board as a whole carries out the duties of an audit committee and other committees. Matters regarding remuneration are chaired by Ralph Wisbrun and matters related to financial reporting and the external audit are chaired by Marina Wyatt who has extensive financial and accounting experience. Subject to her appointment at the Annual General Meeting on 7 July 2022, Marie-Pauline Lauret will be taking over this role from Marina Wyatt.

### Evaluation

The Supervisory Board reviewed and discussed its own functioning during the 2021/22 financial year. The assessment included reviews of the composition of the Supervisory Board, the Supervisory Board's profile (including its competence and expertise), the effectiveness of the Supervisory Board meetings, the lessons learned from this year's experiences, the adequacy of the information supplied to the Supervisory Board and the training of the Supervisory Board. This assessment was conducted through the completion of questionnaires by the individual Supervisory Board and Management Board members and a subsequent discussion.

During the previous evaluation, the Supervisory Board expressed the desire to spend more time discussing longer-term strategic issues. This has been adequately addressed and the Supervisory Board spent considerable time on the longer term strategy, especially the new global cocktail brand strategy, the Fit for Growth organisational strategy and the strategic M&A agenda. The overall conclusions of this year's assessment were positive. The relationship between the Supervisory Board and Management Board is considered to be very constructive, open and transparent. An area for improvement identified during this year's assessment relates to ESG and reporting thereon. This matter as well as other areas for improvement, such as having a better view on talent and management development, will be discussed and acted upon during the next financial year, with follow up monitored in next year's assessment.

In addition, the composition, functioning and succession planning of the Management Board and the performance of its individual members was assessed through the collection of input from each of the individual Supervisory Board members. This input was discussed in a meeting of the Supervisory Board without the Management Board present and subsequently discussed with both Management Board members individually.

### Meetings and attendance in 2021/22

The Supervisory Board held five ordinary meetings during the year under review. All members were present at every meeting. The Management Board was present at every meeting, with the exception of that part of the two meetings at which the Supervisory Board discussed the performance and remuneration of individual Management Board members.



All meetings were held partly in person from the Company's office in Amsterdam. In light of the COVID-19 pandemic, UK-based Supervisory Board members Alex Oldroyd and Marina Wyatt attended all meetings held during 2021/22 virtually. In between the meetings, René Hooft Graafland, as chair of the Supervisory Board, maintained contact with the Management Board on a regular basis, while Marina Wyatt was in regular contact with the CFO to discuss financial reporting and audit-related matters, among others.

The impact of the pandemic (including the continued lockdowns in certain markets) on the Company's performance and financial position was a topic at most meetings. The measures taken in response which started in 2020/21 and largely continued into 2021/22 (including cost control measures, strict working capital management and the amended covenant agreements with the banks) were also discussed in detail. The Supervisory Board continues to communicate with the Management Board about the implications of COVID-19 on an ongoing basis.

Furthermore, the launch of the new Bols Ready-to-Enjoy Cocktails and the Fit for Growth project (revised operating model aimed at achieving accelerated future growth by focusing on the Group's brands and innovation, amongst others) were discussed in depth during the meetings. The acquisition of Tequila Perle and the equity raise (both announced in December 2021) were also amongst the key topics discussed at Supervisory Board meetings, as was the set-up of Maxxum Belux: a 50-50 joint venture with Efrington, established in 2021, that expands the success of the partnership in the Netherlands into Belgium and Luxembourg. In addition, the Supervisory Board and the Management Board spent significant time discussing cyber security and the ESG project plan, focusing on both the strategy and reporting. Recurring topics included financial performance, brand, market and distribution developments in the various areas where the Lucas Bols Company operates, the performance of Avendis and Bols-Kyndal and risk management (including actions taken to mitigate risks and strengthen the company's internal control framework).

In general, the Supervisory Board focused on discussing the strategy and longer-term value creation with the Management Board, including the objectives, execution and progress achieved. In these discussions, the Supervisory Board challenged the Management Board on its strategic agenda and milestone planning. In order to better align the Group's senior management incentives with the longer-term value creation,

the Supervisory Board initiated a project to review the feasibility of introducing a long-term incentive plan ("LTIP"). Based on the project conclusions, the Supervisory Board proposes to implement an LTIP for senior management (including the Management Board) from 1 April 2022 onwards. This proposal will be included on the agenda of the 7 July 2022 Annual General Meeting, the terms of which are further described in the Remuneration Report and the revised remuneration policy.

During the 2021/22 financial year, the external auditor virtually attended two Supervisory Board meetings. At the May 2021 Supervisory Board meeting the auditor presented the independent auditor's report and long-form auditor's report along with the findings of the audit of the 2020/21 financial statements. The key audit matters for the audit of the 2021/22 financial statements, the procedures and findings with regard to the 2021/22 interim financial information and the procedures and findings with respect to the IT environment were subsequently presented by the external auditor at the November 2021 Supervisory Board. With involvement of the Supervisory Board, the Management Board initiated a tender process for the selection of the auditor, in which six audit firms participated. After due and careful consideration, it was decided to propose to the Annual General Meeting that PricewaterhouseCoopers Accountants N.V. be appointed as the new auditor of the Company for a period of four years, starting with the audit of the financial year 2022/23 and ending with the audit of the financial statements for the period ending 31 March 2026.

**Report of the Annual General Meeting of Shareholders** In view of the pandemic the 8 July 2021 Annual General Meeting of Shareholders was held virtually. In order to keep shareholders, employees and other stakeholders safe, the Company decided, in accordance with the Dutch Temporary COVID-19 Justice and Security Act (a.k.a. the 'Emergency Act'), that the Annual General Meeting would only be accessible to shareholders via a live video-webcast. Shareholders were given the opportunity to submit questions prior to the meeting, and those who did were also permitted to ask follow-up questions during the meeting itself. The answers to pre-submitted questions were published on the Company's website prior to the meeting and addressed during the meeting.

At the Annual General Meeting the Management Board gave an account of the general state of affairs at the Lucas Bols Company and of the Company's financial

performance over the 2020/21 financial year. The meeting adopted the 2020/21 financial statements. The members of the Management Board were discharged from liability for their management and the members of the Supervisory Board for their supervision thereof.

The meeting re-appointed Ralph Wisbrun as a member of the Supervisory Board for a four-year term. The meeting authorised the Management Board to issue ordinary shares, limited to 10% of the total number of outstanding shares for a period of 18 months, and an additional 10% in connection with mergers and acquisitions, as well as to repurchase ordinary shares limited to 10% of the total number of shares outstanding. Ernst & Young Accountants LLP (EY), the auditor of the 2020/21 financial statements, gave a presentation on the audit and auditor's report. Pursuant to the revised EU Shareholder Rights Directive, the implementation of the remuneration policy was discussed with and put to the meeting for advice by vote. EY was re-appointed as auditor for the 2021/22 financial year.

#### Internal audit function

Based on the Management Board's evaluation of Lucas Bols' internal control system and the discussions of the Supervisory Board with the Management Board, it is the opinion of the Supervisory Board that internal control elements are effectively integrated in the Company's operations, also taking into account the size of the Company and its relatively simple and centralised structure. Furthermore, the Lucas Bols Company performs periodical audits at its distributors, focusing mainly on A&P spend and how this is accounted for.

In accordance with best practice provision 1.3.6 of the Dutch Corporate Governance Code and based on these observations it is the opinion of the Supervisory Board that there is currently no reason to recommend the installation of a dedicated internal audit function. The Supervisory Board reviews this decision annually.

#### 2021/22 Financial statements and dividend

The Supervisory Board has reviewed and discussed the 2021/22 Annual Report. The 2021/22 Financial Statements as prepared by the Management Board have been audited by EY, whose auditor's report is included in this Annual Report, and were extensively discussed by the Supervisory Board and the external auditor in the presence of the Management Board in May 2022.

The Supervisory Board believes the 2021/22 Financial Statements of the Lucas Bols Company meet all requirements for correctness and transparency. All members of the Supervisory Board and the Management Board have signed the 2021/22 Financial Statements pursuant to the statutory obligations under article 2:101 (2) of the Dutch Civil Code.

The Management Board will present the Financial Statements for 2021/22 and its report at the Annual General Meeting of shareholders on 7 July 2022. The Supervisory Board recommends that the Annual General Meeting adopts the 2021/22 Financial Statements and discharges the Management Board and the Supervisory Board from liability for their management and supervision, respectively, in the year under review. Given the current circumstances the Supervisory Board endorses the Management Board's proposal to refrain from paying out a dividend over the 2021/22 financial year.

The members of the Supervisory Board would like to thank both the existing and new Lucas Bols shareholders and business partners for their continued commitment to our Company. In particular, we wish to thank all our employees and the Management Board for their unwavering commitment and hard work. Despite extremely challenging times, the Company is currently in a much stronger position than before the Covid pandemic. We look forward to the times ahead, hoping that people all over the world people will be enjoying a Bols cocktail.

Amsterdam, 25 May 2022

On behalf of the Supervisory Board

**René Hooft Graafland**  
Chair



The remuneration report flows from the remuneration policy of the Lucas Bols Company which is drawn up in accordance with the current Dutch Corporate Governance Code and the revised Shareholders Rights Directive of the European Parliament and the European Council (2017/828/EU). It was adopted at the Annual General Meeting of Shareholders of 10 July 2019. Pursuant to the Shareholders Rights Directive, the implementation of the remuneration policy in the 2020/21 financial year was discussed with and put to the Annual General meeting of Shareholders on 8 July 2021 for advice by vote. The implementation was supported by 99.7% of the votes cast by the shareholders.

## Remuneration policy

The remuneration policy is aimed at attracting, motivating and retaining highly-qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package. This package focuses on sustainable results and is aligned with the Company's long-term strategy. The qualitative KPIs for the variable remuneration are linked to the long-term strategy aimed at leading the development of the cocktail market, worldwide growth of our cocktail brands, developing our Regional Liqueurs & Spirits and leveraging the Company's operational excellence with a sustainable approach.

Within the scope of the remuneration policy as adopted by the General Meeting of the Lucas Bols Company, the remuneration and other terms of employment of the Management Board are determined by the Supervisory Board.

The remuneration of the members of the Management Board consists of the following components:

- fixed annual base remuneration,
- variable annual remuneration in cash,
- allowance for pension and other benefits.

The remuneration policy does not provide for incentives by way of remuneration in shares in the capital of the Lucas Bols Company. The members of the Management Board are, however, allowed to participate in the Company's Employee Share Participation Plan, the specifics of which are described on page 77 of the Annual Report.

Scenario analyses are considered in setting the remuneration policy.

### Benchmark group

The remuneration of the Management Board members is set around the median of remuneration levels paid within relevant markets and a peer group of comparable companies. The total reference group consists of sixteen companies. The group consists of a group of Dutch listed companies similar to the Company in size (market cap, FTE, revenue) but does not include companies in the financial, real estate and pharmaceutical industries. Furthermore, Dutch companies operating in the branded consumer goods sector or retail industry that slightly fall outside the scope guideline were added to the reference group. Finally, a number of direct competitors from within the industry were added.

### Positioning within the Company

In setting the remuneration levels for the Management Board, the Supervisory Board also considers the level of remuneration within the Company for positions below the Management Board. The Supervisory Board also takes the pay ratio into account, which provides a reflection of the total average composition of all employees of the Company globally relative to the total average remuneration package of the Management Board members. The internal pay ratio is a factor in the determination of changes in the remuneration level of the Management Board, whereby the changes in the remuneration level of the Management Board should be in line with the average salary adjustment throughout the Company.

### Fixed annual base remuneration

The members of the Management Board receive a fixed annual base remuneration. Any adjustment is subject to the approval of the Supervisory Board and should be in line with the principles of the remuneration policy.

### Variable annual remuneration in cash

The objective of the variable annual remuneration in cash is to ensure that the Management Board members stay focused on realising their short-term operational objectives, leading to long-term value creation. The maximum annual variable remuneration amounts to 50% of the gross annual base salary. An annual variable remuneration amount will be paid-out when predefined criteria are realised (the threshold performance level), while maximum variable remuneration may be paid out in case of outperformance of the predefined criteria. If realised performance is below a threshold performance level, no variable remuneration will be paid out. The threshold performance percentages, which are the same for both board members, vary per performance criteria.

Annual performance criteria are set by the Supervisory Board at the start of the relevant financial year. These performance criteria consist of quantitative KPIs (50-70% of total possible pay-out) that are the same for each member of the Management Board and can also include qualitative criteria (30-50% of total possible pay-out). These qualitative criteria may be related to the Company's and/or individual's performance as a member of the Management Board.



The quantitative performance criteria relate for example to revenue, operating profit and net profit, a result of the Company's strategy. The qualitative criteria contribute to the Company's long-term strategy objectives and relate to the long-term objective of the Company to realise sustainable operational leverage.

#### Pension and other benefits

The members of the Management Board are entitled to an allowance in the form of a gross amount or a percentage of their base salary for the purpose of contributing to a Company pension scheme or arranging their pension in any other way. The members of the Management Board are furthermore entitled to customary other benefits, such as a fixed expense allowance (including for the use of a private or lease car) and the reimbursement of costs.

#### Reasonableness test and clawback clause

In line with Dutch law, the variable remuneration may be reduced or (partly) recovered if certain circumstances apply. For any variable remuneration component awarded to a member of the Management Board in a previous financial year which would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value downwards or upwards (reasonableness test). In addition, the Supervisory Board has the authority under Dutch law, to recover from a member of the Management Board any variable remuneration awarded on the basis of incorrect financial or other data (clawback clause).

#### Sovereignty pay

In line with the Dutch Civil Code, the service agreement or employment agreement with the members of the Management Board contains sovereignty provisions which provide for compensation for the loss of income resulting from a non-voluntary termination of employment. The amount of such compensation is equal to the maximum gross amount of the fixed annual base salary of the Management Board member, provided the cause for termination is not deemed to be an urgent reason within the meaning of article 7:787 of the Dutch Civil Code.

#### Agreements and appointment term

Members of the Management Board are appointed for a period of four years and may be reappointed for consecutive periods of four years. The members of the Management Board may have a service or employment agreement with the Company. The service and employment agreements are entered into for an indefinite period of time, with a notice period of 3 months for Mr. Cox and 6 months for Mr. Van Doorne and the Company. The agreements with the Management Board do not contain a change of control clause. Furthermore, the Company does not grant any personal loans or advances to or guarantees on behalf of the members of the Management Board.

#### Deviation from remuneration policy

Deviation from the various components of the remuneration policy is at the discretion of the Supervisory Board in the event of extraordinary circumstances, in which case deviation is necessary to serve the Company's long-term interests, sustainability or vitality. The Supervisory Board will inform the General Meeting of any decision to deviate from the remuneration policy by substantiating the extraordinary circumstances that have led to such decision.

#### Proposed change to the remuneration policy

The Supervisory Board shall propose certain changes to the remuneration policy to the General Meeting to be held on 7 July 2022, to replace the current remuneration policy. The new policy continues existing policy principles, is updated where necessary and introduces a new policy element. The new policy introduces a long-term incentive plan for the members of the Management Board, aimed to drive and reward sound business decisions for the long-term health of Lucas Bols, stimulate retention and improve market competitiveness. The plan is performance and time based, with annual rolling grants, a 3-year performance period with cliff vesting and uses phantom shares to create a direct link to the share price of Lucas Bols.

## Remuneration of the Management Board in 2021/22

In the financial year ending 31 March 2022, Mr. van Doorne served the Lucas Bols Company via a service agreement with a management company controlled by Mr. Van Doorne. Mr. Cox served the Company via a management agreement.

The terms of these agreements were determined by the Supervisory Board and based on the remuneration policy approved by the Annual General Meeting held on 10 July 2019, as set out before. The remuneration costs for the Management Board members in 2021/22 are as follows:

| COMPENSATION (in € '000)                      | MR. VAN DOORNE | MR. COX      | TOTAL        |
|---|----------------|--------------|--------------|
| Salary  | 482            | 290          | 772          |
| Variable remuneration                         | 224            | 138          | 362          |
| Pension                                       | -              | 29           | 29           |
| Other <sup>1</sup>                            | 95             | 20           | 115          |
| <b>Total</b>                                  | <b>801</b>     | <b>477</b>   | <b>1,278</b> |
| Proportion of fixed and variable remuneration | <b>28.0%</b>   | <b>28.9%</b> | <b>28.3%</b> |

<sup>1</sup> Other benefits for Mr. Cox include a.o. insurance and the use of a car. For Mr. Van Doorne the other benefits include an expense allowance to cover all costs incurred by their management BV (e.g. costs for insurance, taxes, car, contributions to a pension scheme).

#### Fixed base remuneration

For the 2021/22 financial year, the fixed base remuneration of Mr. Van Doorne and Mr. Cox remained unchanged.

#### Annual variable remuneration

The performance targets and objectives for the variable remuneration were set by the Supervisory Board for each member of the Management Board, at the beginning of the 2021/22 financial year.

These performance targets and objectives constitute a balanced mix of financial, qualitative and personal performance criteria. During the 2021/22 financial year, the financial targets were aimed at revenue and operating profit (both of which have an equal weight). The financial targets made up 50% of the total performance criteria.

Achieving these targets contributes to the Lucas Bols strategy of building brand equity and accelerating Global Cocktail Brands growth whilst leveraging operational excellence. In the 2021/22 financial year, the maximum performance level was achieved for both targets, resulting in a 100% payout for the financial targets part of the variable remuneration.

The qualitative and personal performance measures accounted for 50% of the total criteria for each of the members of the Management Board. For the CEO these included growing the Global Cocktail Brands (both in performance and multi-year plans), the successful implementation of the Fit-for-Growth operating model, further developing the strategic direction of the Company and achieving cost reduction targets. Achievement as assessed by the Supervisory Board varied from 'not achieved' to 'maximum performance level', resulting in a pay-out of 85% of the maximum opportunity for this part of the variable remuneration. For the CFO the qualitative and personal performance measures included the successful implementation of the Fit-for-Growth operating model, the successful (operational) launch of the Bols Ready-to-Enjoy Cocktails portfolio, achieving cost reduction targets, cash generation and further developing the strategic direction of the Company (including de-leveraging the balance sheet). Achievement as assessed by the Supervisory Board varied from 'not achieved' to 'maximum performance level', resulting in a pay-out of 91% of the maximum opportunity for this part of the variable remuneration.

As a result, total variable remuneration over 2021/22 amounted to 93% of the maximum achievable bonus for Mr. Van Doorne, and 96% for Mr. Cox.



### Pay ratio

The Corporate Governance Code requires the Lucas Bols Company to report on the pay ratio within the Company. The pay ratio used by the Lucas Bols Company reflects the average total compensation of all Lucas Bols employees globally, excluding the CEO and CFO (€ 125,325 in 2021/22) (€ 128,351 in 2020/21) relative to the total average remuneration package (fixed and variable) of both the CEO and CFO (as included in this report). This resulted in a pay ratio for the CEO of 6.4 (4.5 for 2020/21) and for the CFO of 3.8 (2.6 for 2020/21).

### Shareholding

Both members of the Management Board directly or indirectly hold shares in the capital of the Company, which provides for further alignment of the Management Board interests with the long-term strategy of the Company.

| NON-GAAP MEASURES (PERIODS ENDING 31/12/2021) |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
| COMPENSATION (M € '000)                       | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 |
| Total remuneration CEO                        | 710,000   | 650,000   | 574,000   | 577,000   | 801,000   |
| Total remuneration CFO                        | 469,000   | 439,000   | 380,000   | 339,000   | 477,000   |

| LUCAS BOLS PERFORMANCE (ALL IN € MILLION) |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
|   | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 |
| EBIT                                      | 23.6      | 19.6      | 17.7      | 0.2       | 22.6      |
| Normalised net profit                     | 14.7      | 12.8      | 11.3      | 3.3       | 14.7      |
| Free operating cash flow                  | 18.7      | 11.8      | 15.8      | 11.4      | 15.6      |

| PAY RATIO   |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
|   | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 |
| Pay ratio CEO   | 5.9       | 5.3       | 4.3       | 4.5       | 6.4       |
| Pay ratio CFO   | 3.9       | 3.5       | 2.8       | 2.6       | 3.8       |
| Average total remuneration of Lucas Bols employees <sup>1</sup> | 120,334   | 123,840   | 134,134   | 128,351   | 125,325   |

<sup>1</sup> As of 2018/19 the new IFRS 15 and 16 standards have been implemented.

<sup>2</sup> These items are non-GAAP measures, normalised numbers are excluding one-off items. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 168.

<sup>3</sup> The average total remuneration of employees is based on the IFRS personnel costs as included in the annual accounts to allow for external comparison. Historical numbers and pay ratios have therefore been adjusted slightly.

## Remuneration of the Supervisory Board

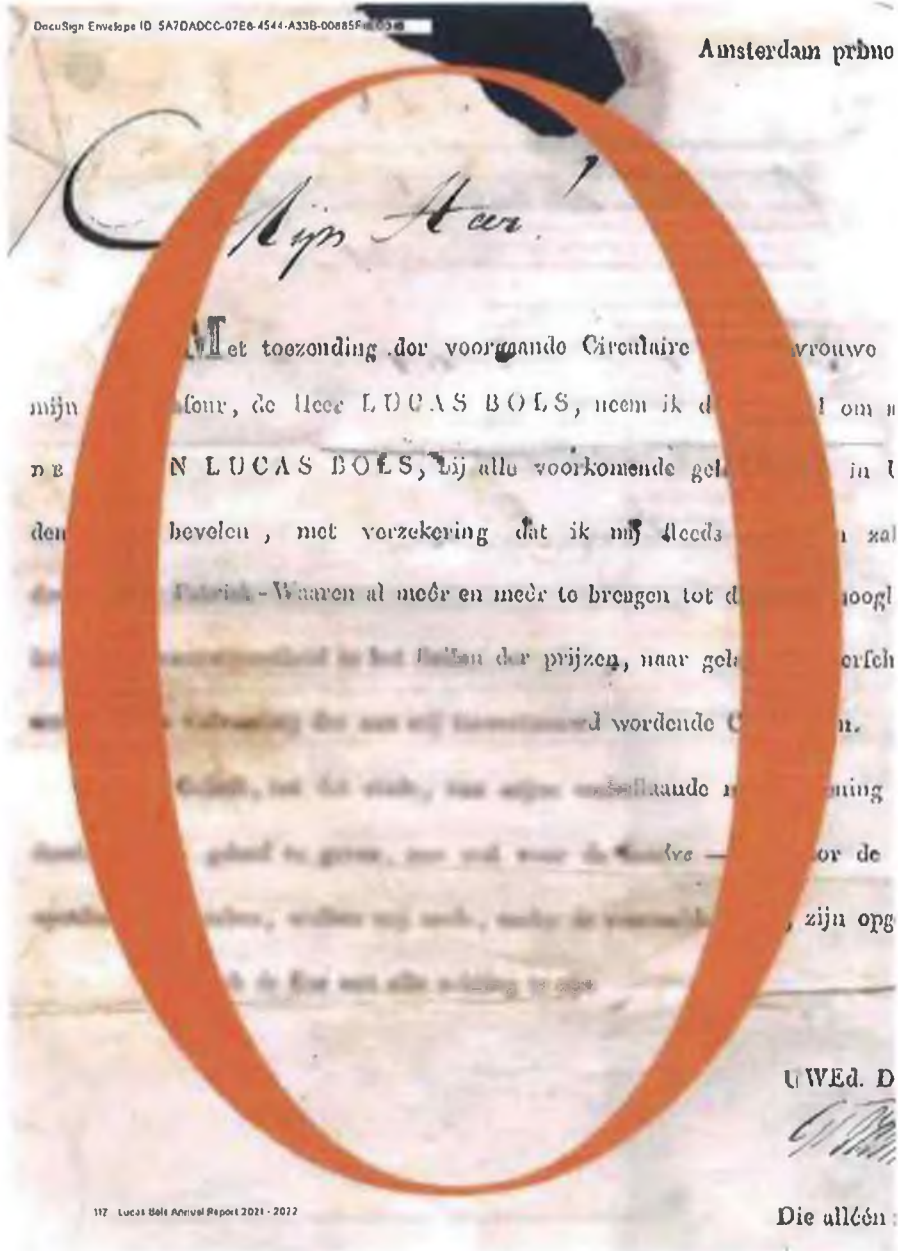
The Annual General Meeting determines the remuneration of the members of the Supervisory Board. On 7 September 2017 the General Meeting approved a proposal by the Supervisory Board to apply annual fixed fee levels for the individual Supervisory Board members in line with the Supervisory Board remuneration levels payable at comparable companies. The remuneration of the Supervisory Board is not dependent on Lucas Bols' results.

The annual fee for the Supervisory Board members is set as follows:

| REMUNERATION OF THE SUPERVISORY BOARD MEMBERS |        |
|---|--------|
| Chair of the Supervisory Board                | 45,000 |
| Vice-chair of the Supervisory Board           | 40,000 |
| Other members of the Supervisory Board        | 35,000 |

| REMUNERATION PARTICIPATION RIGHTS FOR THE SUPERVISORY BOARD |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
| (M €)   | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 |
| Mrs. M.M. Wyatt   | 32,000    | 35,000    | 35,000    | 35,000    | 35,000    |
| Mrs. A.L. Oldroyd   | 32,000    | 35,000    | 35,000    | 35,000    | 35,000    |
| Mr. R. Wisbrun  | 32,000    | 38,000    | 40,000    | 40,000    | 40,000    |
| Mr. D.R. Haaf Graafland                                     |           |           | 26,250    | 42,500    | 45,000    |

Amsterdam prbuo



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# Consolidated financial statements 2021/22

## Consolidated statement of profit or loss

|  | note | 2022              | 2021              |
|--|------|-------------------|-------------------|
| Revenue  | 6    | 82,030            | 57,313            |
| Cost of sales                                    | 6    | (40,606)          | (27,207)          |
| <b>Gross profit</b>                              |      | <b>41,424</b>     | <b>30,106</b>     |
| Distribution and administrative expenses         | 7    | (30,990)          | (30,452)          |
| <b>Operating profit/(loss)</b>                   |      | <b>10,434</b>     | <b>(346)</b>      |
| Share of profit of joint ventures                | 18   | 2,176             | 507               |
| Finance income                                   |      | 28                | 188               |
| Finance costs                                    |      | (5,185)           | (3,637)           |
| <b>Net finance costs</b>                         | 9    | <b>(5,156)</b>    | <b>(3,449)</b>    |
| <b>Profit/(loss) before tax</b>                  |      | <b>17,453</b>     | <b>(3,208)</b>    |
| Income tax expense                               | 12   | (5,682)           | (5,270)           |
| <b>Net profit/(loss)</b>                         |      | <b>11,771</b>     | <b>(8,558)</b>    |
| Result attributable to the owners of the Company |      | 11,771            | (8,558)           |
| <b>Weighted average number of shares</b>         | 10   | <b>13,238,276</b> | <b>12,477,288</b> |
| Earnings per share                               |      |                   |                   |
| <b>Basic earnings per share (EUR)</b>            | 10   | <b>0.89</b>       | <b>(0.69)</b>     |
| <b>Diluted earnings per share (EUR)</b>          | 10   | <b>0.88</b>       | <b>(0.69)</b>     |

## Consolidated statement of other comprehensive income

|  | note | 2022          | 2021           |
|--|------|---------------|----------------|
| <b>Net profit/(loss)</b>   |      | <b>11,771</b> | <b>(8,558)</b> |
| Other comprehensive income - items that will never be reclassified to profit or loss |      |               |                |
| Remeasurement of net defined benefit liability/(asset)                               | 11   | 10            | (3)            |
| Related tax  | 12   | (3)           | 1              |
| Equity accounted investees - share of other comprehensive income                     | 18   | (46)          | (174)          |
|  |      | <b>(39)</b>   | <b>(176)</b>   |
| Items that are or may be reclassified to profit or loss                              |      |               |                |
| Foreign operations - foreign currency translation differences*                       |      | (52)          | 10             |
| Equity accounted investees - share of other comprehensive income                     | 18   | -             | -              |
| Net change in hedging reserve  | 20   | 937           | (233)          |
| Related tax  | 12   | (234)         | 58             |
|  |      | <b>651</b>    | <b>(165)</b>   |
| <b>Other comprehensive income for the year, net of tax</b>                           |      | <b>612</b>    | <b>(341)</b>   |
| <b>Total comprehensive income for the year, net of tax</b>                           |      | <b>12,383</b> | <b>(8,899)</b> |
| <b>Total comprehensive income attributable to the owners of the Company</b>          |      | <b>12,383</b> | <b>(8,899)</b> |

\* Refer to note 3 of the company financial statements



### Consolidated statement of changes in equity

|                               | SHARE CAPITAL | SHARE PREMIUM | RESERVE FOR SHARE PURCHASE | RESERVE FOR FOREIGN EXCHANGE | RESERVE FOR HEDGING | OTHER RESERVE | RETAINED EARNINGS | RESULT FOR THE YEAR | TOTAL EQUITY |
|-------------------------------|---------------|---------------|----------------------------|------------------------------|---------------------|---------------|-------------------|---------------------|--------------|
| Balance as at 1 April 2021    | 1,248         | 129,695       | -                          | (237)                        | (890)               | 7,630         | 56,014            | (8,558)             | 184,802      |
| Transfer result prior period  | -             | -             | -                          | -                            | -                   | -             | (8,558)           | 8,558               | -            |
| Total comprehensive income    | -             | -             | -                          | -                            | -                   | -             | -                 | 11,771              | 11,771       |
| Profit (loss) for the year    | -             | -             | -                          | -                            | -                   | -             | -                 | 11,771              | 11,771       |
| Other comprehensive income    | -             | -             | -                          | (52)                         | 703                 | -             | (38)              | -                   | 613          |
| Total comprehensive income    | -             | -             | -                          | (62)                         | 703                 | -             | (38)              | 11,771              | 12,383       |
| Issue of share capital        | 20            | 249           | 28,048                     | -                            | -                   | -             | -                 | -                   | 28,897       |
| Transaction costs, net of tax | 20            | -             | (556)                      | -                            | -                   | -             | -                 | -                   | (556)        |
| Dividend paid                 | -             | -             | -                          | -                            | -                   | -             | -                 | -                   | -            |
| Purchase own shares (ESPP)    | -             | -             | -                          | 54                           | -                   | -             | -                 | -                   | 54           |
| Own shares delivered (ESPP)   | -             | -             | -                          | (54)                         | -                   | -             | -                 | -                   | (54)         |
| Transfer from legal reserves  | -             | -             | -                          | -                            | -                   | 0             | (0)               | -                   | -            |
| Balance as at 31 March 2022   | 1,487         | 157,787       | -                          | (288)                        | (287)               | 7,630         | 47,417            | 11,771              | 225,526      |

|                               | SHARE CAPITAL | SHARE PREMIUM | RESERVE FOR SHARE PURCHASE | RESERVE FOR FOREIGN EXCHANGE | RESERVE FOR HEDGING | OTHER RESERVE | RETAINED EARNINGS | RESULT FOR THE YEAR | TOTAL EQUITY |
|-------------------------------|---------------|---------------|----------------------------|------------------------------|---------------------|---------------|-------------------|---------------------|--------------|
| Balance as at 1 April 2020    | 1,248         | 129,695       | -                          | (247)                        | (815)               | 16,601        | 42,835            | 4,384               | 193,701      |
| Transfer result prior period  | -             | -             | -                          | -                            | -                   | -             | 4,384             | (4,384)             | -            |
| Total comprehensive income    | -             | -             | -                          | -                            | -                   | -             | -                 | (8,558)             | (8,558)      |
| Profit (loss) for the year    | -             | -             | -                          | -                            | -                   | -             | -                 | (8,558)             | (8,558)      |
| Other comprehensive income    | -             | -             | -                          | 10                           | (175)               | -             | (176)             | -                   | (341)        |
| Total comprehensive income    | -             | -             | -                          | 10                           | (175)               | -             | (176)             | (8,668)             | (8,889)      |
| Issue of share capital        | -             | -             | -                          | -                            | -                   | -             | -                 | -                   | -            |
| Transaction costs, net of tax | -             | -             | -                          | -                            | -                   | -             | -                 | -                   | -            |
| Dividend paid                 | -             | -             | -                          | -                            | -                   | -             | -                 | -                   | -            |
| Purchase own shares (ESPP)    | -             | -             | -                          | 90                           | -                   | -             | -                 | -                   | 90           |
| Own shares delivered (ESPP)   | -             | -             | -                          | (90)                         | -                   | -             | -                 | -                   | (90)         |
| Transfer to legal reserves    | -             | -             | -                          | -                            | -                   | (8,971)       | 8,971             | -                   | -            |
| Balance as at 31 March 2021   | 1,248         | 129,695       | -                          | (237)                        | (890)               | 7,630         | 56,014            | (8,558)             | 184,802      |

### Consolidated statement of financial position

|   | 2022           | 2021           |
|---|----------------|----------------|
| <b>Assets</b>   |                |                |
| Property, plant and equipment                             | 16             | 8,975          |
| Intangible assets   | 17             | 306,864        |
| Investments in equity-accounted investee                  | 18             | 10,373         |
| Other investments   | 19             | 232            |
| <b>Non-current assets</b>                                 | <b>326,444</b> | <b>317,854</b> |
| Inventories   | 13             | 17,624         |
| Trade and other receivables                               | 14             | 19,323         |
| Other investments including derivatives                   | 26             | 162            |
| Cash and cash equivalents                                 | 15             | 25,588         |
| <b>Current assets</b>                                     | <b>62,897</b>  | <b>48,510</b>  |
| <b>Total assets</b>                                       | <b>389,341</b> | <b>366,364</b> |
| <b>Equity</b>   |                |                |
| Share capital   | 1,487          | 1,248          |
| Share premium   | 167,787        | 129,695        |
| Treasury shares   | -              | -              |
| Currency translation reserve                              | (289)          | (237)          |
| Hedging reserve   | (287)          | (990)          |
| Other legal reserves                                      | 7,630          | 7,630          |
| Retained earnings   | 47,417         | 56,014         |
| Result for the year                                       | 11,771         | (8,558)        |
| <b>Total equity</b>                                       | <b>225,526</b> | <b>184,802</b> |
| <b>Liabilities</b>  |                |                |
| Loans and borrowings                                      | 22             | 80,370         |
| Other non-current financial liabilities                   | 23             | 7,847          |
| Employee benefits   | 11             | -              |
| Deferred tax liabilities                                  | 12             | 48,668         |
| <b>Total non-current liabilities</b>                      | <b>136,876</b> | <b>147,847</b> |
| Loans and borrowings                                      | 22             | 5,750          |
| Trade and other payables                                  | 24             | 18,174         |
| Other current financial liabilities including derivatives | 25             | 2,015          |
| <b>Total current liabilities</b>                          | <b>25,739</b>  | <b>25,939</b>  |
| <b>Total liabilities</b>                                  | <b>162,615</b> | <b>173,786</b> |
| <b>Total equity and liabilities</b>                       | <b>388,141</b> | <b>358,588</b> |

The right-of-use assets are included in Property, plant and equipment and the related lease liability is included in Other (non-current financial liabilities).



## Consolidated statement of cash flows

|  | 2022           | 2021            |
|--|----------------|-----------------|
| <b>Cash flows from operating activities</b>                          |                |                 |
| <b>Net profit/(loss)</b>   | <b>11,771</b>  | <b>(8,668)</b>  |
| <b>Adjustments for:</b>  |                |                 |
| • Depreciation, amortisation and impairment                          | 7 1,871        | 10,828          |
| • Net finance costs  | 9 5,156        | 3,448           |
| • Share of profit of joint ventures                                  | 18 (2,175)     | (507)           |
| • Income tax expense   | 12 5,682       | 5,270           |
| • Provision for employee benefits                                    | 31 (505)       | 66              |
|  | <b>21,800</b>  | <b>10,660</b>   |
| <b>Change in:</b>  |                |                 |
| • Inventories  | (2,802)        | (2,738)         |
| • Trade and other receivables  | (2,352)        | 8,578           |
| • Trade and other payables   | (522)          | (3,387)         |
| <b>Net change in working capital</b>                                 | <b>(5,678)</b> | <b>2,445</b>    |
| Dividends from joint ventures  | 18 1,100       | 900             |
| Interest received  | 151            | 188             |
| Income tax paid  | (1,591)        | (2,002)         |
| <b>Net cash from operating activities</b>                            | <b>15,784</b>  | <b>12,081</b>   |
| <b>Cash flows from investing activities</b>                          |                |                 |
| Acquisition of subsidiary, net of cash acquired                      | 5 (8,614)      | (71,300)        |
| Acquisition of/additions to associates and joint ventures            | 18 (250)       | (850)           |
| Acquisition of property, plant and equipment                         | 16 (108)       | (705)           |
| Acquisition of intangible assets                                     | 17 (38)        | –               |
| <b>Net cash from (used in) investing activities</b>                  | <b>(8,911)</b> | <b>(72,855)</b> |
| <b>Cash flows from financing activities</b>                          |                |                 |
| Proceeds from issue of share capital, net of related cost            | 28,341         | –               |
| Proceeds from loans and borrowings                                   | 22 –           | 82,000          |
| Repayment of loans and borrowings                                    | 22 (12,500)    | (14,000)        |
| Cash dividend paid to shareholders                                   | 20 –           | –               |
| Payments made in lease contracts                                     | 23 (870)       | (032)           |
| Interest paid  | (3,356)        | (2,028)         |
| <b>Net cash from (used in) financing activities</b>                  | <b>11,815</b>  | <b>45,140</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          | <b>18,488</b>  | <b>(16,634)</b> |
| Cash and cash equivalents at 1 April                                 | 5,624          | 21,183          |
| Effect of exchange rate fluctuations                                 | 726            | 75              |
| <b>Net cash and cash equivalents as at 31 March</b>                  | <b>24,838</b>  | <b>5,624</b>    |
| <b>Cash and cash equivalents (asset)</b>                             | <b>25,588</b>  | <b>18,827</b>   |
| <b>Less bank overdrafts included in current loans and borrowings</b> | <b>(750)</b>   | <b>(13,203)</b> |
| <b>Net cash and cash equivalents as at 31 March</b>                  | <b>24,838</b>  | <b>5,624</b>    |

# Notes to the consolidated financial statements

## 1. Reporting entity

Lucas Bols N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Paulus Potterstraat 14 in Amsterdam. The consolidated financial statements of the Company comprise the Company, its subsidiaries (together referred to as 'the Group') and the Group's interest in jointly controlled entities. A list of subsidiaries is included in note 27.

The Company is primarily involved in managing the product development, bottling, distribution, sales and marketing of the brands Bols, Passoã, Galliano, Vaccari, Damrak, Pisang Ambon, Henkes, Nuvo, Bokma, Hartvelt, Coebergh and a large portfolio of Dutch jenever and liqueurs.

The Company was incorporated on 27 February 2008. On 11 April 2008 the Company acquired, through its subsidiary Lucas Bols Amsterdam B.V., 100% of the global Bols brand as well as the shares of Galliano B.V., Pisang Ambon B.V., and Bokma Distilleurs B.V. Through its subsidiary Lucas Bols Amsterdam B.V., the Company acquired 100% of the shares of Lucas Bols USA Inc. on 21 May 2008 and 100% of the shares of Pijlsteeg B.V. on 3 September 2013, respectively. On 1 December 2016, Lucas Bols Amsterdam B.V. acquired a 7% interest in Passoã SAS, over which it had, following shareholders' agreements, full operational and financial control. Based on the contractual terms between the shareholders, the Company assessed that the voting rights in the Passoã SAS were not the dominant factor in deciding who controls the entity. Therefore, the Company concluded Passoã SAS was a jointly owned entity that the Company controlled with no non-controlling interests from 1 December 2016 onwards. On 2 December 2020 Lucas Bols Amsterdam B.V. executed the call/put option and acquired the remaining shares of Passoã SAS from Rémy Cointreau Group. On 31 December 2021 the Company acquired 100% of the membership interests of Tequila Partida LLC.

As from 4 February 2015 the shares of this Company have been listed on Euronext Amsterdam.

## 2. Basis of preparation

**(a) Statement of compliance**  
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) and comply with the financial reporting requirements included in Part B of Book 2 of the Netherlands Civil Code.

Although the COVID-19 crisis had an impact on the Company which may continue after balance sheet date, Lucas Bols' management is confident that its strong cash generation and the availability of significant undrawn committed bank facilities combined with the temporary amendments to its financing arrangements with the banks provide for sufficient liquidity to continue to navigate through this situation.

A war broke out in Ukraine in February 2022. Although management directly ceased all business with Russia and some input costs increased immediately, no material impacts apply to the 2021/22 financial year. After balance sheet date management anticipates to be impacted by the war in Ukraine. The combined Russia and Ukraine contribution to total revenue is limited to around 1% and consequently the direct business impact to Lucas Bols is relatively limited. Indirect risks because of the war in Ukraine could affect Lucas Bols more substantially after balance sheet date, however. Prices of important raw materials and logistics are expected to increase further and the geopolitical situation could also adversely impact consumer behaviour, for example in response to inflation and reduced purchasing power. Management has run various 'down-side' scenarios to model any such potential effects and identified mitigating actions that could be undertaken to minimise the impact on company performance and its financial position. In doing so, experience gained during the COVID-19 pandemic was leveraged. Management is of the view that the company's performance, positioning, financial health and suite of identified mitigating actions are sufficient to navigate through this situation.



Consequently, also considering the specific factors mentioned above, the consolidated financial statements have been prepared on the going concern assumption.

The consolidated financial statements were authorised for issue by all members of the Management Board and the Supervisory Board on 24 May 2022 and will be submitted for adoption to the Annual General Meeting of Shareholders on 7 July 2022.

#### (b) Basis of measurement

The consolidated financial statements have been prepared on each reporting date on a historical cost basis, except for the following material items in the consolidated statement of financial position:

- Derivative financial instruments are measured at fair value,
- Interests in joint ventures are accounted for using the equity method, and
- The defined benefit obligation is recognised at the present value of the defined benefit obligation less the fair value of the plan assets and is as explained in note 3(d).

#### (c) Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in euros has been rounded to the nearest thousand (€ 000) unless stated otherwise.

#### (d) Impact of COVID-19 on the consolidated financial statements

Although recovery (and in some instances growth) was achieved in most markets, the impact of the COVID-19 pandemic on public life and the global industry continued to affect the demand for Lucas Bols' products in certain markets, mainly in those markets where stringent restrictions (including the closing of bars and restaurants and limited travel and tourism) were in place in (parts of) the 2021/22 financial year. In addition, the pandemic resulted in global supply disruptions, impacting pricing and availability of raw materials and logistics and hence our profit margins.

The reported net profit for the year ended 31 March 2022 was EUR 11,669 thousand (2020/21: EUR 8,558 thousand loss). In those markets still affected by COVID-19 during the 2021/22 financial year, mitigating actions such as reductions in Advertising & Promotional expenses continued to be in place. To offset parts of the adverse global supply disruption effects various measures were taken to maximise

product availability (including contingency plans, anticipation of longer lead times and safety stock building) and limit the impact on profit margins (for example through agreeing price increases with customers).

The potential impact of the war in Ukraine is described in note 2(e).

The Company assessed the impact of COVID-19 and the war in Ukraine on its financial estimates and judgements during its financial reporting process as well as its liquidity position. The impact on financial estimates and judgements is mainly reflected in assumptions applied to impairment testing of intangible assets. Notes containing the most significant estimates and judgements are referred to in note 2(e).

#### (e) Use of estimates and judgements

In preparing these consolidated financial statements, management is required to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The application of accounting policies required judgements that impact the amounts recognised. Additionally, amounts recognised are based on factors that are by default associated with uncertainty. Therefore actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### (i) Estimates and judgements

The below matters contain the most significant estimates and judgements:

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following note:

- Note 18 – classification of joint arrangements

#### (ii) Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment are included in the following notes:

- Note 5: key assumptions underlying the recognition of a brand name and assumed contingent consideration in a business combination,
- Note 11: measurement of defined benefit obligations' key actuarial assumptions,

- Note 12: recognition of deferred tax assets' availability of future taxable profit against which tax losses carried forward can be used, and
- Note 17: impairment test: key assumptions underlying recoverable amounts of intangible assets

#### (iii) Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included note 26 – financial instruments.

#### (f) Changes in accounting policies

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

No new standards and amendments to existing standards, effective in 2021/2022, had a significant impact on the Group's consolidated financial statements.

### 3. General accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (see also note 2(f)).

#### (a) Basis of consolidation

##### (i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment or when a trigger is identified. Any gain on a bargain purchase is recognised immediately in profit or loss. Transaction costs are recognised in profit or loss when incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree;
- less the net recognised amount of the identifiable assets acquired and liabilities assumed.

##### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has power over the investee, is exposed or has the rights to variable returns from its involvement with that entity and has the ability to affect those returns through its power over the entity.

Control is generally obtained by ownership of more than 50% of the voting rights.



To validate this presumption, and in case the Group has less than 50% of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- The contractual arrangement(s) with the other holders of voting rights of that entity;
- Any rights arising from other contractual arrangements; and
- The Group's potential voting rights

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value if control is lost.

#### (iii) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures, amongst others.

A joint venture is an arrangement under which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. Such interest are initially recognised at cost (including transaction costs). Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in equity-accounted investees. At each reporting date, the Group determines whether there is objective evidence that the investment in the equity-accounted investee is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investee and its carrying value, and then recognises the loss as 'Share of profit of joint ventures' in the consolidated statement of profit or loss.

#### (iv) Transactions eliminated on consolidation

On consolidation, intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) Revenue

Revenue predominantly comprises the sale of goods. In addition, a non-significant amount of revenue relates to royalty income and services rendered.

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

#### (c) Foreign currency

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate on the transaction date.

Receivables, payables and other monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates on balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency that are measured at cost are translated into the functional currency at the exchange rate at transaction date. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

##### (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at the exchange rates on the transaction date.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in the translation reserve.

If a foreign operation is disposed of in its entirety or in part such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, the relevant proportion of the cumulative amount is reclassified to non-controlling interest. If the Group disposes of only part of a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### (d) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under any short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

##### (ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### (iii) Defined benefit plans

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised immediately in OCI.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

If the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

##### (iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.



#### (e) Employee share purchase plan

In 2015 the Group set up an employee share purchase plan (ESPP). Under the ESPP, employees are entitled to buy shares of the Company with their own funds twice a year (i.e. following publication of the half-year and full-year results) for a yearly maximum of 33.33% of their gross base salary. Eligible employees are entitled to buy at a discount of 13.5% of the share price at that time. A three-year lock-up period is applicable, during which the employees cannot sell the shares bought under the ESPP. No other vesting or performance conditions are applicable.

The ESPP qualifies as share-based arrangement (equity settled) under IFRS 2. No share-based payment costs are recognised in profit and loss as the fair value of the share-based payment is zero.

#### (f) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Pending a final decision from the government an uncertainty exists and actual grants may differ from amounts recognised.

#### (g) Income tax

The income tax expense comprises current and deferred tax. It is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

##### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are only offset if certain criteria are met.

##### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither

accounting nor taxable profit or loss. In accordance with the Initial Recognition Exemption (IRE) of IAS12 a part of the deferred tax asset is not recognised. For subsequent transactions where the initial Recognition Exemption has been applied, deferred taxes will be recognised when temporary differences arise,

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted, or substantively enacted, at the reporting date.

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

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. These uncertain tax provisions are presented either as current tax receivables/payable or as part of deferred tax in the balance sheet as appropriate.

##### (h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure

incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

##### (i) Property, plant and equipment

(i) *Recognition and measurement*  
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### (iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

The estimated useful life is as follows:

- Fixtures and leasehold improvements 10 years
- Furniture 10 years
- Equipment 5 years
- Computers 3 years

The depreciation methods, residual value and useful life are reviewed annually and adjusted if appropriate.

##### (j) Intangible assets

###### (i) Brands

Brands acquired are capitalised either individually or as part of a brand portfolio if the brand or the brand portfolio meets the definition of an intangible asset and the recognition criteria are satisfied. Brands and brand portfolios can have either an indefinite life or a finite life. The brands and brand portfolios have an indefinite useful life when the period during which it is expected that the brands contribute to net cash inflows is indefinite. These brands are not amortised but tested for impairment annually and whenever there is an indication that the brand may be impaired. The brand and brand portfolio with an indefinite life are measured at cost less accumulated impairment losses when

applicable. The brands and brand portfolios with a finite life are measured at cost and amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

###### (ii) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the difference between the fair value of the net assets acquired and the transaction price of the acquisition and is measured at cost less accumulated impairment losses. Goodwill is allocated to an individual cash-generating unit (CGU) for the purpose of impairment testing and is tested annually for impairment. Negative goodwill is recognised directly in profit or loss. An impairment loss in respect of goodwill cannot be reversed.

###### (iii) Other intangible assets

Other intangible assets with a finite life are measured at cost and amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

##### (k) Financial instruments

###### Financial instruments

###### Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (b) Revenue from contracts with customers.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.



The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), and
- Financial assets at fair value through profit or loss

#### Measurement of financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and a loan to a joint venture included under other investments (non-current assets).

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily

required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss at initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments.

#### Impairment

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Measurement of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures in regard to which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Financial liabilities

##### Financial liabilities at fair value through profit or loss

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, not of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

#### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss,
- Financial liabilities at amortised cost (loans and borrowings).

#### Financial liabilities at fair value through profit or loss

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 22.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.



**Measurement of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Derivative financial instruments used in hedge accounting**

The Group continues to apply the existing hedge accounting requirements under IAS 39.

Derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss as incurred.

**Goodwill Impairment**

When a derivative is designated as the hedging instrument in a hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

**(I) Impairment**

**(i) Non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and other non-financial assets with an indefinite life are tested annually for impairment or when a triggering event is identified.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely

independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Equity-accounted investees**

At each reporting date, the Group determines whether there is objective evidence that the investment in the equity-accounted investee is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investee and its carrying value. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

**(ii) Non-derivative financial assets**

Non-derivative financial instruments comprise trade and other receivables and cash and cash equivalents. The Group has no significant concentrations of credit risk. The concentration of credit risk with respect to receivables is limited, as the Group's customer base and vendor base are large and unrelated. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate is calculated based on delinquency status and actual

historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. As a result, management believes there is no further credit risk provision required in excess of the normal individual and collective impairment, based on amongst others an aging analysis performed as of 31 March 2022.

**(m) Leases**

**(i) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

- Buildings 2 to 20 years
- Motor vehicles and other equipment 3 to 5 years

Right-of-use assets are subject to impairment.

**(ii) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and

reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**(iii) Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**4. New standards and interpretations not yet adopted**

Several new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated financial statements, including the *Reference to the Conceptual Framework – Amendments to IFRS 3*. These new standards, amendments and interpretations are not expected to have a material impact on our consolidated financial statements.



## 5. Business combinations

### Acquisitions in 2021/22

#### Acquisition of Tequila Partida LLC

On 31 December 2021 the Group signed an agreement to acquire 100% of the outstanding membership interests in Tequila Partida LLC, a non-listed company based in the United States, from the Shansby Trust and Edrington USA, Inc. (together referred to as "Sellers") effective 1 January 2022. The purchase price consists of a fixed cash consideration of EUR 8,588 thousand (USD 9,581 thousand, fully paid in February 2022) and a contingent cash consideration currently estimated at EUR 2,360 thousand (USD 3,000 thousand). Tequila Partida is the world's highest rated ultra-premium tequila brand, mainly selling in the United States and Mexico. Adding Tequila Partida to the portfolio will enable the Group to further strengthen its portfolio of brands with tequila, one of the fastest growing spirits categories in the United States and a key ingredient in the leading Margarita cocktail.

As part of the transaction, other intangible assets have been recognised, mainly the brand for an amount of EUR 8,435 thousand. Receivables, inventories, cash and other assets acquired as part of the transaction were transferred for an amount of EUR 2,071 thousand at effective date. In addition, goodwill was recognised for an amount of EUR 441 thousand. None of the receivables were expected to be uncollectable at the date of acquisition.

For the three months period ended 31 March 2022, Tequila Partida did not contribute to revenue and had a negative impact on net result of EUR 181 thousand. In addition, the associated one-off transaction costs amount to EUR 288 thousand. Had the transaction occurred on 1 April 2021 and Tequila Partida would have been consolidated for the full year ended 31 March 2022, the estimated contribution to revenue would have been EUR 1,895 thousand and to net result a loss of EUR 634 thousand.

#### Fixed cash consideration

In February 2022, the Group paid the fixed cash consideration of EUR 8,588 thousand (USD 9,581 thousand).

The following table summarises the acquisition date fair value of each major class of the total consideration.

#### Purchase consideration

| Item                                | 2021          |
|-------------------------------------|---------------|
| Cash                                | 8,588         |
| Contingent consideration            | 23            |
| <b>Total purchase consideration</b> | <b>10,948</b> |

#### Contingent cash consideration

In addition to the fixed cash consideration a contingent cash consideration was agreed with Sellers. This contingent consideration depends on Tequila Partida's performance over the fiscal years 2022/23 and 2023/24 and is capped at EUR 6,216 thousand (USD 6,900 thousand) over the two years together. Performance with respect to the contingent consideration is determined by the following measures:

| MEASURE  | DESCRIPTION   |
|--|---|
| Depletion volume (measured in 9.0 litre cases) | The depletion volume is the number of cases shipped from the distributor to its customers.      |
| Average case rate (per 0.0 litre cases)        | The average case rate is the average price per case paid by the distributor to Tequila Partida. |

Estimated performance would result in a total variable compensation of EUR 1,351 thousand (USD 1,500 thousand) for each individual year. Accordingly, the Group recognised a liability for the fair value of the total contingent consideration of EUR 2,360 (USD 2,633 thousand). Also refer to note 23.

#### Identifiable assets acquired and liabilities assumed

The provisional fair value of the net identifiable assets and liabilities of Tequila Partida as at the date of acquisition were:

|   | FAIR VALUE RECOGNISED ON ACQUISITION |
|---|--------------------------------------|
| <b>Assets</b>                             |                                      |
| Property, plant and equipment             | 16                                   |
| Intangible assets                         | 8,435                                |
| Investments in equity-accounted investees | 18                                   |
| Other investments                         | 10                                   |
| Inventories                               | 1,526                                |
| Trade and other receivables               | 14                                   |
| Other investments including derivatives   | 26                                   |
| Cash and cash equivalents                 | 74                                   |
| <b>Total assets acquired</b>              | <b>10,777</b>                        |

|   | FAIR VALUE RECOGNISED ON ACQUISITION |
|---|--------------------------------------|
| <b>Liabilities</b>  |                                      |
| Loans and borrowings                                      | 22                                   |
| Other non-current financial liabilities                   | 23                                   |
| Employee benefits   | 11                                   |
| Deferred tax liabilities                                  | 12                                   |
| Trade and other payables                                  | 24                                   |
| Other current financial liabilities including derivatives | 25                                   |
| <b>Total liabilities assumed</b>                          | <b>271</b>                           |
| <b>Total identifiable net assets at fair value</b>        | <b>10,608</b>                        |
| Goodwill arising on acquisition                           | 441                                  |
| <b>Total purchase consideration</b>                       | <b>10,948</b>                        |

Because the total consideration (expected to be) transferred exceeds the fair value of the net assets acquired, goodwill was recognised for an amount of EUR 441 thousand (USD 492 thousand). This goodwill is mainly attributable to the workforce of Tequila Partida and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

#### Acquisition-related costs

The Group incurred acquisition-related costs of EUR 288 thousand on legal fees and due diligence costs. These costs have been included in 'Other administrative expenses' and are considered one-off expenses.



#### Cash flow on acquisition

Analysis of cash flows on acquisition

|  | 2021    | 2020    |
|--|---------|---------|
| Cash consideration paid (included in cash flows from investing activities)               | (8,588) | (288)   |
| Transaction costs of the acquisition (included in cash flows from operating activities)  | (288)   | 74      |
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | 74      | (8,802) |
| Total cash flows on acquisition  | (8,802) |         |

#### Acquisitions in 2020/21

No acquisitions were made in 2020/21.

## 6. Operating segments

The Group develops, produces, sells and markets products which can be divided in two reportable segments. To further increase focus within the Company (amongst which a specific focus on cocktails), management re-organized the naming of its two reportable segments and the allocation of individual brands to the two reportable segments effective 1 April 2021. Consequently, the comparative numbers have been restated.

More specifically, management redefined its brand portfolios from Global Brands and Regional Brands to Global Cocktail Brands and Regional Liqueurs & Spirits. Included in the Global Brands portfolio were Bols Cocktails, Passo8, Galliano, Damrak, Vccari and Nuvo, whilst the Regional Brands portfolio consisted of all other brands.

This segmentation is also the structure in which the brands are managed within the Group, as they require different marketing and sales strategies, amongst others. Separate financial information is available internally within the Group and used by the main operational decision-makers for matters such as resource allocation.

#### Brand information

The Group identifies the reportable segments Global Cocktail Brands and Regional Liqueurs & Spirits

##### (i) Global Cocktail Brands

The Global Cocktail Brands reportable segment generally comprises of the brands that (i) have a strong link to cocktails and/or the cocktail culture, (ii) are sold on more than one continent and (iii) generate a relatively high gross margin. The Global Cocktail Brands reportable segment consists of Bols Cocktails (ie the Bols Liqueurs range, Bols Genever, Bols Vodka and Bols Cocktails ready-to-enjoy product offerings), Passo8 and Galliano.

##### (ii) Regional Liqueurs & Spirits

The Regional Liqueurs & Spirits reportable segment generally comprises of the brands that (i) (currently) have a less obvious link to cocktails and/or the cocktail culture and (ii) are (predominantly) sold on one continent. The Regional Liqueurs & Spirits reportable segment consists of all brands other than those allocated to the Global Cocktail Brands reportable segment, mainly Vccari, Damrak, Pisang Ambon, Henkes, Nuvo, Bokma, Harstevelt, Coebergh and a large portfolio of Dutch jenever, wuex and liqueur brands.

Management reviews, analyses and discusses internal reports of each reportable segment. Key information regarding each reportable segment is set out in the table below.

Allocation to the reportable segments takes place on specific brand contribution level. Items managed on a Group basis (eg overheads, finance and tax items) are not allocated to the individual reportable segments. Only those assets and liabilities that are directly linked to a brand are allocated to the reportable segments accordingly. All other assets and liabilities are managed on a Group basis and therefore not allocated to the individual reportable segments.

|  | GLOBAL COCKTAIL BRANDS |          | REGIONAL LIQUEURS & SPIRITS |         | UNALLOCATED |          |          | TOTAL    |
|--|------------------------|----------|-----------------------------|---------|-------------|----------|----------|----------|
|  | 2022                   | 2021*    | 2022                        | 2021*   | 2022        | 2021*    | 2022     | 2021*    |
| Revenue                                | 66,186                 | 40,063   | 25,844                      | 17,250  | -           | -        | 92,030   | 57,313   |
| Cost of sales                          | (26,317)               | (17,616) | (14,289)                    | (9,591) | -           | -        | (40,606) | (27,207) |
| Gross profit                           | 39,869                 | 22,447   | 11,555                      | 7,659   | -           | -        | 51,424   | 30,106   |
| A&P and distribution expenses          | (12,793)               | (7,514)  | (3,587)                     | (1,683) | -           | -        | (16,380) | (9,197)  |
| Personnel and other expenses           | -                      | -        | -                           | (8,911) | (14,610)    | (12,344) | (14,610) | (21,255) |
| Total result from operating activities | 27,076                 | 14,933   | 7,968                       | (2,936) | (14,610)    | (12,344) | 20,434   | (346)    |
| Share of profits of joint ventures     | 665                    | 267      | 1,610                       | 260     | -           | -        | 2,175    | 507      |
| EBIT                                   | 27,741                 | 15,199   | 9,478                       | (2,685) | (14,610)    | (12,344) | 22,808   | 161      |

|                           | GLOBAL COCKTAIL BRANDS |         | REGIONAL LIQUEURS & SPIRITS |        | UNALLOCATED |           |         | TOTAL     |
|---------------------------|------------------------|---------|-----------------------------|--------|-------------|-----------|---------|-----------|
|                           | 2022                   | 2021    | 2022                        | 2021   | 2022        | 2021      | 2022    | 2021      |
| Intangible assets         | 213,013                | 213,013 | 93,851                      | 85,200 | -           | -         | 306,864 | 298,213   |
| Inventories               | 13,484                 | 10,696  | 4,140                       | 2,599  | -           | -         | 17,624  | 13,295    |
| Other assets              | -                      | -       | -                           | -      | 64,653      | 54,856    | 64,653  | 54,856    |
| Total segment assets      | 226,497                | 223,709 | 97,991                      | 87,799 | 64,653      | 54,856    | 366,141 | 366,364   |
| Total segment liabilities | -                      | -       | -                           | -      | (183,618)   | (181,562) | 183,618 | (181,562) |

\* Comparative numbers have been restated to reflect the change in reporting segments.

#### Market cluster information (Regions)

Following the re-alignment discussed under Brand information, and again to further increase focus within the Company, management also redefined the way in which markets are clustered effective 1 April 2021. Markets used to be clustered mainly based on their geographical location, resulting in four regions: Western Europe, Asia-Pacific, North America and Emerging Markets.

Rather than on their respective geographical location, individual markets are allocated to a market cluster based on relative maturity of the cocktail and/or cocktail culture in that specific market. Three market clusters are now identified:

- Sophisticated Cocktail Markets (North America),
- Developed Cocktail Markets (Western Europe, Japan, Australia and New Zealand), and
- Emerging Cocktail Markets (Eastern Europe, Asia (excluding Japan), Africa, Middle East and Latin America)

|                                 | 2022   | 2021   |
|---------------------------------|--------|--------|
| Sophisticated Cocktail Markets* | 25,716 | 10,415 |
| Developed Cocktail Markets**    | 52,258 | 39,023 |
| Emerging Cocktail Markets       | 14,056 | 7,875  |
| Consolidated totals             | 92,030 | 57,313 |

\* of which revenue attributed to the USA: EUR 21,439 thousand (2020/21: EUR 6,258 thousand)

\*\* of which revenue attributed to the Netherlands: EUR 15,570 thousand (2020/21: EUR 11,702)



|                                | 2022   | 2021   |
|--------------------------------|--------|--------|
| Sophisticated Cocktail Markets | 13,749 | 4,865  |
| Developed Cocktail Markets     | 28,810 | 20,857 |
| Emerging Cocktail Markets      | 7,765  | 4,284  |
| Consolidated totals            | 51,424 | 30,106 |

## 7. Distribution and administrative expenses

|                                      | 2022       | 2021     |
|--------------------------------------|------------|----------|
| Advertising and promotional expenses | (8,020)    | (4,454)  |
| Distribution expenses                | (8,380)    | (4,743)  |
| Personnel expenses                   | 8 (8,612)  | (7,671)  |
| Other administrative expenses        | (3,227)    | (2,756)  |
| Amortisation                         | 17 (263)   | (223)    |
| Impairment                           | 17 -       | (8,911)  |
| Depreciation                         | 16 (1,608) | (1,694)  |
|                                      | (30,890)   | (30,462) |

## 8. Personnel expenses

|   | 2022    | 2021    |
|---|---------|---------|
| Wages and salaries  | (7,817) | (6,633) |
| Fringe benefits (including social premiums)               | (1,266) | (1,320) |
| Contribution to pension plans                             | 118     | (156)   |
| Expenses related to post-employment defined benefit plans | (12)    | (312)   |
| Temporary staff   | (536)   | (250)   |
|   | (9,612) | (7,671) |

At 31 March 2022 the Group had 34.5 FTEs in the Netherlands (31 March 2021: 38 FTEs) and 319 FTEs abroad (31 March 2021: 24 FTE).

Personnel expenses include EUR 314 thousand of income from government grants in the USA, for which the Group has applied during the financial year ended 31 March 2022 (31 March 2021: EUR 1,762 thousand in the USA and the Netherlands).

Included in 'contributions to defined contribution plans' is a one-off gain of EUR 461 thousand realised on the curtailment of the defined benefit plan following the Company entering into a new pension arrangement. Reference is made to note 11.

For the disclosure on key management personnel remuneration reference is made to note 29.

## 9. Net finance costs

|  | 2022    | 2021    |
|--|---------|---------|
| Total interest income arising from financial assets measured at amortised cost | 28      | 188     |
| Finance income   | 28      | 188     |
| Interest expenses on loans and borrowings                                      | (2,780) | (1,991) |
| Interest expense on liability related to the Passol call/put option            | -       | (798)   |
| Interest expense on lease liabilities  | (151)   | (131)   |
| Finance expense relating to BolsKyndal loan and interest payments              | (1,804) | -       |
| Other finance costs  | (350)   | (716)   |
| Finance costs  | (6,166) | (3,637) |
| Net finance costs recognised in profit or loss                                 | (6,168) | (3,449) |

## 10. Earnings per share

### Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2022 is based on the profit attributable to ordinary shareholders of the Company of EUR 11,771 thousand (2020/21: EUR 8,558 thousand net loss) and a weighted average number of ordinary shares – basic outstanding during the year ended 31 March 2022 of 13,238,276 (2020/21: 12,477,298). Basic earnings per share for the year amounted to EUR 0.89 positive (2020/21 EUR 0.69 negative).

### Diluted earnings per share

The calculation of diluted earnings per share for the period ended 31 March 2022 is based on the net profit attributable to ordinary shareholders of the Company of EUR 11,771 thousand (2020/21 EUR 8,558 thousand net loss) and a weighted average number of ordinary shares – basic outstanding after adjustment for the effects of all potentially dilutive ordinary shares of 13,238,276 (2020/21: 12,477,298). Diluted earnings per share for the year amounted to EUR 0.89 positive (2020/21: EUR 0.69 negative).

## 11. Employee benefits

Until 31 May 2021 the Group had two pension schemes in place for its qualifying members of staff in the Netherlands. One of them qualified as defined benefit plan with an average pay pension scheme. The other qualified as a defined contribution plan, which is applicable for any remuneration exceeding the threshold of the defined benefit plan up until a maximum as per applicable laws and regulations. Because both these pension schemes had a termination date of 31 May 2023 and in anticipation of the new pension law (the 'Nieuwe Pensioenwet') that is expected to become effective 1 January 2023, the Company entered into a new pension arrangement for its Dutch employees. Under that new arrangement the Company changed its pension scheme from a partly defined benefit, partly defined contribution pension scheme into one overall defined contribution pension scheme. The provision for employee benefits was curtailed during the year under review, positively impacting the statement of profit or loss with EUR 461 thousand and OCI with EUR 10 thousand.



### Movement in net defined benefit (asset) liability

|  | 2022  | 2021  | 2021    | 2021    | 2022  | 2021  |
|--|-------|-------|---------|---------|-------|-------|
| Balance at 1 April                           | 5,524 | 4,510 | (5,019) | (4,076) | 605   | 434   |
| Included in profit or loss                   |       |       |         |         |       |       |
| Current service cost                         | 57    | 312   | -       | -       | 57    | 312   |
| Curtailment                                  | (461) | -     | -       | -       | (464) | -     |
| Past service cost (gain)                     | (46)  | -     | -       | -       | (42)  | -     |
| Interest cost/(income)                       | 51    | 69    | (56)    | (70)    | (5)   | (1)   |
|  | (398) | 381   | (66)    | (70)    | (464) | 311   |
| Included in OCI                              |       |       |         |         |       |       |
| Effect of changes in economic assumptions    | (660) | 826   | -       | -       | (660) | 826   |
| Effect of changes in demographic assumptions | -     | (116) | -       | -       | -     | (116) |
| Effect of experience adjustments             | (66)  | (95)  | -       | -       | (66)  | (95)  |
| Costs of asset management                    | -     | -     | 26      | 20      | 26    | 20    |
| Premium correction                           | -     | -     | (47)    | (185)   | (47)  | (185) |
| Return on plan assets (excluding interest)   | -     | -     | 938     | (447)   | 938   | (447) |
|  | (928) | 615   | 918     | (612)   | (10)  | 3     |
| Other  |       |       |         |         |       |       |
| Contributions paid by employee               | 8     | 46    | (8)     | (46)    | (39)  | -     |
| Contributions paid by the employer           | -     | -     | (47)    | (276)   | (8)   | (276) |
| Benefits paid                                | (32)  | (28)  | 32      | 28      | -     | -     |
| Administration costs                         | (24)  | 18    | (17)    | (281)   | (41)  | (243) |
| Balance at 31 March                          | 4,178 | 5,524 | (4,178) | (5,019) | -     | 605   |

#### Plan assets

Plan assets comprise qualifying insurance policies.

#### Defined benefit obligation

##### Actuarial assumptions

At the reporting date (except for the future salary growth, which is the curtailment date) the principal actuarial assumptions (expressed as weighted averages) were as follows:

|                       | 2022  | 2021  |
|-----------------------|-------|-------|
| Discount rate         | 1.65% | 1.00% |
| Future salary growth  | 2.10% | 1.50% |
| Future pension growth | 0.00% | 0.00% |
| Price inflation       | 2.10% | 1.50% |

Assumptions regarding future mortality are based on published statistics and mortality tables. For financial year 2021/22 table *Prognosetafel AG 2020* is used (2020/21: *Prognosetafel AG 2020*).

The duration of the defined benefit obligation is 28.2 years (2020/21: 30.5 years).

The Group expects no contributions to be paid to its defined benefit plan in the 2022/23 financial year (31 March 2021: EUR 342 thousand). The defined benefit obligation does remain subject to indexation.

#### Sensitivity analysis

Reasonably possible changes to one of the relevant actuarial assumptions at the reporting date, while holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

#### Defined benefit obligation as at 31 March 2022

|                                 | DECREASE | INCREASE |
|---------------------------------|----------|----------|
| Discount rate (+/- 1%)          | (1,128)  | 1,232    |
| Future salary growth (+/- 1%)   | -        | -        |
| Future price inflation (+/- 1%) | -        | -        |
| Future pension growth (+ 1%)    | 1,292    | -        |

## 12. Income taxes

#### Income tax recognised in profit or loss

|  | 2022    | 2021    |
|--|---------|---------|
| Current tax expense  | (2,982) | (1,966) |
| Deferred tax expense   |         |         |
| Tax loss and tax credit carry forward/(reduction of)         | (1,465) | 825     |
| Origination and reversal of temporary differences            | (330)   | (192)   |
| Adjustment for prior years (incl. tax credits carry forward) | (35)    | -       |
| Remeasurement DTA and DTL due to rate changes                | (860)   | (3,937) |
|  | (2,690) | (3,304) |
| Income tax expense   | (5,682) | (5,270) |

Income tax expense excludes the Group's share of tax expense of the Group's equity-accounted investees of EUR 394 thousand (2020/21: EUR 57 thousand), which has been included in 'share of profit of joint ventures'.

In 2021/22 the Company ceased the application of the research & development tax incentive. Consequently no gain was recorded in the income tax expense (2020/21: EUR 16 thousand).

The 2021/22 income tax expense include a one-off loss of EUR 860 thousand, due to the negative impact resulting from the increase of the Dutch corporate income tax rate, which changes from 25.0% to 25.8%, on the Company's deferred tax liabilities. The 2020/21 income tax expense included a one-off loss of EUR 3.9 million, mainly due to the negative impact resulting from the cancellation of reductions of the Dutch corporate income tax rate on the companies deferred tax liabilities.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.



### Reconciliation of effective tax rate

|  | 2022        |                | 2021           |                |
|--|-------------|----------------|----------------|----------------|
|  | %           | EUR 1,000      | %              | EUR 1,000      |
| Profit/(loss) before tax                                 |             | 17,453         |                | (3,288)        |
| Tax at the Company's domestic tax rate                   | 25.8        | (4,603)        | 25.0           | 822            |
| Effect of tax rates in foreign jurisdictions             | 1.4         | (236)          | (8.0)          | (282)          |
| Non-deductible expenses                                  | 4.3         | (754)          | (59.5)         | (2,284)        |
| Effect of share of profits of equity-accounted investees | (3.2)       | 560            | 15.2           | 501            |
| Changes in estimates related to prior years              | (0.6)       | 111            | (3.8)          | (126)          |
| Research tax incentive                                   | -           | -              | 0.5            | 18             |
| Remeasurement DTA and DTL due to rate changes            | 4.9         | (860)          | (119.7)        | (3,937)        |
|  | <b>32.8</b> | <b>(8,882)</b> | <b>(180.3)</b> | <b>(5,270)</b> |

Included in the 2020/21 non-deductible expenses is the impairment of EUR 8,911 thousand, amongst others.

### Tax

#### Movement in deferred tax balances

|                                    | NET<br>BALANCE AT<br>1 APRIL 2021 | RECOGNISED<br>IN PROFIT<br>OR LOSS | RECOGNISED<br>IN OCI/100 FT | RECLASSIFIED<br>IN EQUITY | NET<br>BALANCE AT<br>31 MARCH 2022 | DEFERRED<br>TAX ASSETS | DEFERRED<br>TAX LIABILITIES |
|------------------------------------|-----------------------------------|------------------------------------|-----------------------------|---------------------------|------------------------------------|------------------------|-----------------------------|
| Intangible assets                  | (31,121)                          | (1,218)                            | -                           | -                         | (32,339)                           | -                      | (32,339)                    |
| Acquisition related deferred taxes | (18,155)                          | -                                  | -                           | -                         | (18,155)                           | -                      | (18,155)                    |
| Derivative financial liability     | (8)                               | -                                  | (33)                        | -                         | (41)                               | -                      | (41)                        |
| Derivative financial asset         | 342                               | 4                                  | (206)                       | -                         | 140                                | 140                    | -                           |
| Employee benefits                  | 118                               | (115)                              | (3)                         | -                         | -                                  | -                      | -                           |
| Tax loss carry forward             | 2,351                             | (1,359)                            | -                           | -                         | 992                                | 992                    | -                           |
| Tax credits carry forward          | 565                               | (2)                                | 181                         | -                         | 744                                | 744                    | -                           |
| Tax assets (liabilities)           | <b>(45,908)</b>                   | <b>(2,670)</b>                     | <b>(81)</b>                 | <b>-</b>                  | <b>(48,659)</b>                    | <b>1,876</b>           | <b>(60,635)</b>             |

|                                    | NET<br>BALANCE AT<br>1 APRIL 2020 | RECOGNISED<br>IN PROFIT<br>OR LOSS | RECOGNISED<br>IN OCI/100 FT | RECLASSIFIED<br>IN EQUITY | NET<br>BALANCE AT<br>31 MARCH 2021 | DEFERRED<br>TAX ASSETS | DEFERRED<br>TAX LIABILITIES |
|------------------------------------|-----------------------------------|------------------------------------|-----------------------------|---------------------------|------------------------------------|------------------------|-----------------------------|
| Intangible assets                  | (26,846)                          | (4,275)                            | -                           | -                         | (31,121)                           | -                      | (31,121)                    |
| Acquisition related deferred taxes | (18,155)                          | -                                  | -                           | -                         | (18,155)                           | -                      | (18,155)                    |
| Derivative financial liability     | (25)                              | -                                  | 17                          | -                         | (8)                                | -                      | (8)                         |
| Derivative financial asset         | 261                               | 40                                 | 41                          | -                         | 342                                | 342                    | -                           |
| Employee benefits                  | 102                               | 15                                 | 1                           | -                         | 118                                | 118                    | -                           |
| Tax loss carry forward             | 2,000                             | 351                                | -                           | -                         | 2,351                              | 2,351                  | -                           |
| Tax credits carry forward          | -                                 | 565                                | -                           | -                         | 565                                | 565                    | -                           |
| Tax assets (liabilities)           | <b>(42,883)</b>                   | <b>(3,304)</b>                     | <b>69</b>                   | <b>-</b>                  | <b>(45,908)</b>                    | <b>3,376</b>           | <b>(48,284)</b>             |

On 31 March 2022 the total tax loss carry forward amount of EUR 3.8 million has been capitalised as deferred tax asset (31 March 2021: EUR 9.5 million). Tax credits carry forward of EUR 2.9 million have been recognised and will not expire (31 March 2021: 2.3 million). The deferred tax asset for capitalised tax losses is expected to be gradually realised in the course of the next two years.

### Uncertain tax positions

Because the Company operates in a number of countries, its income is subject to taxation in different jurisdictions and at different tax rates. The authorities in the Dutch tax jurisdiction have reviewed the Company's tax returns from 2016/17 through 2018/19 and have taken the view that the interest expense related to the Passiol call/put option is not deductible.

The Company's legal counsel advised that it is not probable, but only possible, that the Dutch tax authorities' question will result in an amended tax payment. Accordingly, no provision (or any other form of liability) is accounted for in these financial statements.

### 13. Inventories

|                | 2022          | 2021          |
|----------------|---------------|---------------|
| Finished goods | 15,373        | 12,852        |
| Raw materials  | 2,261         | 443           |
|                | <b>17,634</b> | <b>13,295</b> |

During 2021/22 inventories of EUR 381 thousand were written down to not realisable value (2020/21: EUR 39 thousand). The write-down is included in 'Cost of sales'.

### 14. Trade and other receivables

|                                     | 2022          | 2021          |
|-------------------------------------|---------------|---------------|
| Trade receivables                   | 16,843        | 12,743        |
| Prepaid expenses and accrued income | 1,855         | 2,051         |
| Other receivables                   | 425           | 1,547         |
|                                     | <b>19,123</b> | <b>16,341</b> |

The entire balance of trade and other receivables is classified as current. As at 31 March 2022 an insignificant allowance for doubtful trade receivables was recognised (2020/21: nil). The Company did not experience a significant increase in credit risk as a result of COVID-19.

Trade and other receivables denominated in currencies other than the functional currency amounted to EUR 11,245 thousand as of 31 March 2022 (31 March 2021: EUR 8,675 thousand).

Information about the Group's exposure to credit and currency risks as well as impairment losses for trade and other receivables is included in note 26.



## 15. Cash and cash equivalents

|  | 2022   | 2021     |
|--|--------|----------|
| Bank balances  | 25,572 | 18,817   |
| Cash balances  | 16     | 10       |
| Cash and cash equivalents in the statement of financial position | 25,588 | 18,827   |
| Bank overdrafts  | (750)  | (13,203) |
| Cash and cash equivalents in the statement of cash flows         | 24,838 | 5,624    |

All cash and cash equivalents are available on demand

## 16. Property, plant and equipment

|  | RIGHT-OF-USE<br>ASSETS | EQUIPMENT | FIXTURES<br>AND FITTINGS | FURNITURE | TOTAL   |
|--|------------------------|-----------|--------------------------|-----------|---------|
| <b>Cost</b>                            |                        |           |                          |           |         |
| Balance at 1 April 2021                | 8,138                  | 2,843     | 3,021                    | 183       | 15,088  |
| Additions                              | -                      | 77        | 26                       | 6         | 168     |
| Additions through acquisitions         | 5                      | 86        | 8                        | -         | 99      |
| Lease modifications and remeasurements | 615                    | -         | -                        | -         | 615     |
| Disposals                              | -                      | -         | -                        | -         | -       |
| Reclassification                       | -                      | -         | -                        | -         | -       |
| Effect of movement in exchange rates   | 40                     | 2         | 1                        | -         | 43      |
| Balance at 31 March 2022               | 8,798                  | 3,008     | 3,866                    | 189       | 15,952  |
| <b>Accumulated depreciation</b>        |                        |           |                          |           |         |
| Balance at 1 April 2021                | (2,038)                | (1,294)   | (1,852)                  | (116)     | (6,300) |
| Depreciation for the year              | (787)                  | (413)     | (403)                    | (5)       | (1,608) |
| Additions through acquisitions         | (4)                    | (54)      | (2)                      | -         | (60)    |
| Disposals                              | -                      | -         | -                        | -         | -       |
| Reclassification                       | -                      | -         | -                        | -         | -       |
| Effect of movement in exchange rates   | (28)                   | (1)       | 26                       | (6)       | (8)     |
| Balance at 31 March 2022               | (2,857)                | (1,762)   | (2,231)                  | (127)     | (6,977) |
| <b>Carrying amounts</b>                |                        |           |                          |           |         |
| At 1 April 2021                        | 6,101                  | 1,549     | 2,069                    | 67        | 8,786   |
| At 31 March 2022                       | 5,942                  | 1,246     | 1,725                    | 62        | 8,976   |

|  | RIGHT-OF-USE<br>ASSETS | EQUIPMENT | FIXTURES<br>AND FITTINGS | FURNITURE | TOTAL   |
|--|------------------------|-----------|--------------------------|-----------|---------|
| <b>Cost</b>                            |                        |           |                          |           |         |
| Balance at 1 April 2020                | 7,802                  | 2,166     | 3,941                    | 108       | 14,107  |
| Additions                              | 195                    | 680       | 47                       | 8         | 930     |
| Lease modifications and remeasurements | 270                    | -         | -                        | -         | 270     |
| Disposals                              | (169)                  | (3)       | (5)                      | -         | (177)   |
| Reclassification                       | -                      | -         | (62)                     | 67        | 6       |
| Effect of movement in exchange rates   | (48)                   | -         | -                        | -         | (48)    |
| Balance at 31 March 2021               | 8,138                  | 2,843     | 3,921                    | 183       | 15,088  |
| <b>Accumulated depreciation</b>        |                        |           |                          |           |         |
| Balance at 1 April 2020                | (1,474)                | (849)     | (1,423)                  | (53)      | (3,798) |
| Depreciation for the year              | (754)                  | (493)     | (428)                    | (18)      | (1,694) |
| Disposals                              | 169                    | 3         | 5                        | -         | 177     |
| Reclassification                       | -                      | 45        | (5)                      | (45)      | (6)     |
| Effect of movement in exchange rates   | 21                     | -         | -                        | -         | 21      |
| Balance at 31 March 2021               | (2,038)                | (1,294)   | (1,852)                  | (116)     | (6,300) |
| <b>Carrying amounts</b>                |                        |           |                          |           |         |
| At 1 April 2020                        | 6,418                  | 1,317     | 2,518                    | 55        | 10,308  |
| At 31 March 2021                       | 6,101                  | 1,549     | 2,069                    | 67        | 8,786   |

The carrying value of right-of-use assets mainly consists of buildings and includes an amount of EUR 37 thousand relating to office equipment (31 March 2021: EUR 58 thousand) and EUR 46 thousand relating to lease cars (31 March 2021: EUR 50 thousand). Short-term lease expenses and low-value lease expenses of EUR 54 thousand (31 March 2021: EUR 64 thousand) are included in Other administrative expenses. Refer to note 23 and note 26 for further details on the lease liability.

### Security

At 31 March 2022 properties with a carrying amount of EUR 3,033 thousand (31 March 2021: EUR 3,685 thousand) were subject to a registered debenture that serves as security for bank loans (see note 22)



## 17. Intangible assets

| Amount in EUR '000              | BRANDS  | GOODWILL | OTHER | TOTAL   |
|---------------------------------|---------|----------|-------|---------|
| <b>Cost</b>                     |         |          |       |         |
| Balance at 1 April 2021         | 286,760 | 20,202   | 555   | 307,517 |
| Additions                       | -       | -        | 38    | 38      |
| Additions through acquisitions  | 8,435   | 441      | -     | 8,876   |
| Balance at 31 March 2022        | 295,195 | 20,643   | 593   | 316,431 |
| <b>Accumulated amortisation</b> |         |          |       |         |
| Balance at 1 April 2021         | (208)   | -        | (184) | (393)   |
| Amortisation                    | (129)   | -        | (134) | (263)   |
| Balance at 31 March 2022        | (338)   | -        | (318) | (656)   |
| <b>Accumulated impairment</b>   |         |          |       |         |
| Balance at 1 April 2021         | (8,911) | -        | -     | (8,911) |
| Impairment                      | -       | -        | -     | -       |
| Balance at 31 March 2022        | (8,911) | -        | -     | (8,911) |
| <b>Carrying amounts</b>         |         |          |       |         |
| At 1 April 2021                 | 277,040 | 20,202   | 371   | 298,213 |
| At 31 March 2022                | 285,946 | 20,643   | 275   | 306,864 |

| Amount in EUR '000              | BRANDS  | GOODWILL | OTHER | TOTAL   |
|---------------------------------|---------|----------|-------|---------|
| <b>Cost</b>                     |         |          |       |         |
| Balance at 1 April 2020         | 286,760 | 20,202   | 555   | 307,517 |
| Additions                       | -       | -        | -     | -       |
| Balance at 31 March 2021        | 286,760 | 20,202   | 555   | 307,517 |
| <b>Accumulated amortisation</b> |         |          |       |         |
| Balance at 1 April 2020         | (170)   | -        | -     | (170)   |
| Amortisation                    | (39)    | -        | (184) | (223)   |
| Balance at 31 March 2021        | (209)   | -        | (184) | (393)   |
| <b>Accumulated impairment</b>   |         |          |       |         |
| Balance at 1 April 2020         | -       | -        | -     | -       |
| Impairment                      | (8,911) | -        | -     | (8,911) |
| Balance at 31 March 2021        | (8,911) | -        | -     | (8,911) |
| <b>Carrying amounts</b>         |         |          |       |         |
| At 1 April 2020                 | 285,590 | 20,202   | 555   | 307,347 |
| At 31 March 2021                | 277,640 | 20,202   | 371   | 298,213 |

### Goodwill

Goodwill was recognised as a result of the acquisition of Pijlsteeg B.V. in September 2013, Passoa in December 2016 and Tequila Partida in December 2021. The difference between the purchase price and the fair value was recognised as goodwill, which is subject to an annual impairment test.

| Amount in EUR '000            | 2022   | 2021   |
|-------------------------------|--------|--------|
| Balance at 1 April            | 20,202 | 20,202 |
| Additions through acquisition | 441    | -      |
| Balance at 31 March           | 20,643 | 20,202 |

### Impairment testing for cash-generating units (CGUs) containing brand value and goodwill

The total brand value per the Group's CGUs is as follows:

| Amount in EUR '000 | 2022    | 2021    |
|--------------------|---------|---------|
| Bols               | 102,138 | 102,138 |
| Passoa             | 70,300  | 70,300  |
| Oelliano           | 39,076  | 39,076  |
| Dutch brands       | 40,922  | 40,922  |
| Other brands       | 33,510  | 25,204  |
|                    | 285,946 | 277,840 |

All capitalised brands are regarded as having an indefinite useful economic life and are therefore not amortised. Such brands are protected by trademarks, which are renewable indefinitely in all the major markets in which they are sold. The Company is not aware of any legal, regulatory or contractual provisions that limit the useful life of these brands. The nature of the premium drinks industry is that obsolescence is not a common issue, with indefinite brand lives being commonplace.

The recoverable amount of the CGUs was determined based on a value in use analysis and estimated using discounted cash flows as per the end of the financial year. When estimating the recoverable amount based on the value in use, the forecasted cash flows reflect management's best estimate of the economic conditions that will exist over the indefinite useful life of the asset.

### Key assumptions applied to the impairment test are as follows:

- Cash flow projections for the first four years are based on net contribution margin level of coming financial year's budget and the mid-term business plan for the next three years, both recently endorsed by the board of management and supervisory board and evaluated in the light of historical performance. Cash flow forecasts take into account expected revenue growth based on actual experience, an analysis of volume growth and expected market share developments as well as expected pricing and margin developments. The revenue and volume growth rates and margins used to estimate future performance are based on past performance, our experience of growth rates and margins achievable in the Company's main markets and the expected brand value-enhancing propositions in the markets.
- Cash flows after the first four-year period are extrapolated using an average terminal value growth rate of 1.50 percent. The growth rates are in line with long-term expected growth rates in the markets in which the Group operates, partly driven by demographic developments and expected inflation rates.
- The discount rate was determined based on external sources.

|                            | 2022      | 2021      |
|----------------------------|-----------|-----------|
| Discount rate              | 6.8       | 6.7       |
| Pre-tax WACC               | 8.46-8.44 | 8.29-9.31 |
| Terminal value growth rate | 0.00-2.00 | 0.00-2.00 |

During the year, no impairment loss was recorded. In 2020/21 an impairment loss of EUR 8.9 million was recorded in relation to the CGI/ Dutch brands.



In addition, management performed a sensitivity analysis on: (i) a coupon duration of 10K, (ii) a discount rate increase of 100bps, or (iii) if applicable, a terminal growth rate of 0% for each CGU (apart from the Dutch Brands CGU where -1% is applied in the sensitivity analysis). The recoverable amounts of the CGUs would still be in excess of the carrying amounts with sufficient and reasonable headroom, except for the Dutch Brands CGU because it was subject to an impairment last year. If the discount rate would have been 100bps higher or the terminal growth rate would be set at -1% a limited impairment of brand value would arise for that CGU.

## 18. Equity-accounted investees

|   | 2022    | 2021  |
|---|---------|-------|
| Opening balance                             | 8,024   | 7,316 |
| Share in profit                             | 2,175   | 507   |
| Dividend received                           | (1,100) | (900) |
| Additions to joint ventures                 | -       | 2,376 |
| Investments/(divestments) in joint ventures | 260     | (50)  |
| Actuarial result through OCI                | (46)    | (174) |
| Other adjustments                           | 70      | (51)  |
| Balance as at 31 March                      | 10,373  | 9,024 |

|                                  | 2022   | 2021  |
|----------------------------------|--------|-------|
| Avendis (CV & BV) (50%)          | 8,750  | 8,138 |
| Maxxum Nederland BV (50.0%)      | 1,027  | 586   |
| Maxxum BeLux NV (50.0%)          | 296    | -     |
| Bolskyndal India Pvt Ltd (50.0%) | -      | -     |
| Other                            | 300    | 300   |
| Balance as at 31 March           | 10,373 | 9,024 |

### Avendis

Avendis is structured as a separate entity and the Group has a 50 percent interest in the net assets of Avendis. The Group has classified its interest in Avendis as a joint venture. The Avendis joint venture has been contracted for blending and bottling services. Avendis C.V. is a cost joint venture and budgets on a breakeven result, whereas Avendis B.V. is the owner of the Cooymans Distillery International, which is exploited by the two partners jointly.

The following is a summary of the financial information of Avendis (CV & BV combined), based on its financial statements adjusted for fair value adjustments on acquisition and differences in the Group's accounting policies.

|                                   | 2022   | 2021   |
|-----------------------------------|--------|--------|
| Revenue                           | 63,735 | 40,002 |
| Profit from continuing operations | 819    | (28)   |
| Other comprehensive income        | -      | -      |
| Total comprehensive income        | 819    | (28)   |

|                         | 2022     | 2021     |
|-------------------------|----------|----------|
| Current assets          | 16,286   | 16,495   |
| Non-current assets      | 26,504   | 28,625   |
| Current liabilities     | (14,682) | (14,427) |
| Non-current liabilities | (10,618) | (14,416) |
| Net assets (100%)       | 17,600   | 16,277   |

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|  | 2022  | 2021    |
|--|-------|---------|
| Group interest in net assets of investee at beginning of year        | 8,138 | 6,557   |
| Share of total comprehensive income                                  | 612   | (1,616) |
| Changes during the year (including gain from bargain purchase price) | -     | 4,097   |
| Group interest in net assets of investee at year-end                 | 8,750 | 8,138   |
| Elimination of unrealised profit on intercompany sales               | -     | -       |
| Carrying amount of interest in investee at year-end                  | 8,750 | 8,138   |

### Maxxum Nederland B.V.

Maxxum Nederland B.V. is structured as a separate entity and the Group has a 50.0 percent interest in the net assets of Maxxum Nederland B.V. The Group has classified its interest in Maxxum Nederland B.V. as a joint venture. The principal activity of Maxxum Nederland B.V. is the distribution of distilled products.

The following is a summary of the financial information for Maxxum Nederland B.V., based on its financial statements adjusted for fair value adjustments on acquisition and differences in the Group's accounting policies.

|                                   | 2022   | 2021   |
|-----------------------------------|--------|--------|
| Revenue                           | 71,503 | 66,178 |
| Profit from continuing operations | 2,385  | 2,077  |
| Other comprehensive income        | 549    | (347)  |
| Total comprehensive income        | 2,934  | 1,730  |

|                         | 2022     | 2021     |
|-------------------------|----------|----------|
| Current assets          | 20,764   | 18,045   |
| Non-current assets      | 3,301    | 1,035    |
| Current liabilities     | (18,623) | (16,686) |
| Non-current liabilities | (1,911)  | (892)    |
| Net assets (100%)       | 2,521    | 1,502    |

|   | 2022    | 2021  |
|---|---------|-------|
| Group interest in net assets of investee at beginning of year | 586     | 673   |
| Share of total comprehensive income                           | 1,467   | 865   |
| Dividends received during the year                            | (1,100) | (900) |
| Group's interest in net assets of investee at year-end        | 653     | 638   |
| Elimination of unrealised profit on intercompany sales        | 74      | (52)  |
| Carrying amount of interest in investee at year-end           | 1,027   | 586   |

### Maxxum BeLux N.V.

In 2021/22 the Group together with Edrington incorporated Maxxum BeLux N.V., which became operational on 1 October 2021. Maxxum BeLux N.V. is structured as a separate entity and the Group has a 50.0 percent interest in the net assets of Maxxum BeLux N.V. The Group has classified its interest in Maxxum BeLux N.V. as a joint venture. The principal activity of Maxxum BeLux N.V. is the distribution of distilled products in Belgium and Luxembourg.



#### BolsKyndal India Pvt Ltd

BolsKyndal India Pvt. Ltd. is structured as a separate entity and the Group has a 50.0 percent interest in the net assets of BolsKyndal India Pvt. Ltd. The Group has classified its interest in BolsKyndal India Pvt. Ltd. as a joint venture. The principal activity of BolsKyndal India Pvt. Ltd. is the blending, bottling and distribution of distilled products.

In 2020/21 the Group impaired the carrying value of the joint venture by EUR 736 thousand, reflecting the worsened adverse economic, political and market circumstances in India. Also refer to note 25.

### 19. Other investments

|                                    | 2022 | 2021 |
|------------------------------------|------|------|
| Loan to Avandis C.V. joint venture | -    | 599  |
| Other related party loans          | 232  | 232  |
|                                    | 232  | 831  |

The loan to Avandis C.V. was repaid by Avandis C.V. in March 2022. The loan related to payment conditions agreed with Avandis C.V. had an undefined duration and bore an interest of 4.0% per annum.

Information about the Group's exposure to credit and market risks and fair value measurement is included in note 26.

### 20. Capital and reserves

At 31 March 2022 the authorised share capital comprised 21.0 million ordinary shares of EUR 0.10 each. A total of 14.97 million of those shares was issued and fully paid at the balance sheet date.

|                                   | 2022  | 2021  |
|-----------------------------------|-------|-------|
| In issue at 1 April               | 1,248 | 1,248 |
| Issue of share capital            | 249   | -     |
| In issue at 31 March - fully paid | 1,497 | 1,248 |
| Authorised - par value in EUR     | 0.10  | 0.10  |

#### Ordinary shares

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share in the General Meeting of Shareholders of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

|                        | 2022   | 2021   |
|------------------------|--------|--------|
| Balance at 1 April     | 12,477 | 12,477 |
| Issue of share capital | 2,485  | -      |
| Balance at 31 March    | 14,973 | 12,477 |

#### Treasury shares

In 2021/22 and 2020/21 the Group purchased own shares under the Employee Share Purchase Plan (see note 3(e)). All purchased own shares have been delivered to employees.

#### Share premium

|                               | 2022    | 2021    |
|-------------------------------|---------|---------|
| Balance at 1 April            | 129,695 | 129,695 |
| Issue of share capital        | 28,648  | -       |
| Transaction costs, net of tax | (556)   | -       |
| Balance at 31 March           | 187,787 | 129,695 |

In order to finance the acquisition of Tequila Partida LLC and to strengthen its balance sheet the Group issued new shares. As a result of the issuance of shares shareholders' equity increased by EUR 28,341 thousand of which share premium increased with EUR 28,062 thousand. Total gross transaction costs amount to EUR 736 thousand. Transaction cost, net of tax, of EUR 556 thousand are deducted from the share premium.

#### Nature and purpose of legal reserves

##### Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation (see note 3(c)).

##### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value, net of tax, of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (see note 3(c)).

##### Other legal reserve

Prior to the acquisition of the remaining shares of Passoé SAS the net profit of Passoé SAS was allocated to other legal reserves as the Company was not allowed to freely distribute these profits under the shareholders' agreement with Rémy Cointreau Group. On 2 December 2020 the Company executed the call/put option and acquired the remaining shares of Passoé SAS from Rémy Cointreau Group becoming the sole shareholder of Passoé SAS. French legislation requires the Company to form a legal reserve, amounting to 10% of the Company's investment in Passoé SAS, for an amount of EUR 7.6 million (31 March 2021: EUR 7.6 million).

#### Dividends on common shares

The Management Board, with the approval of the Supervisory Board, has decided to refrain from proposing dividend to be paid in 2022 with respect to the 2021/22 financial year. The net profit shall be allocated to retained earnings, subject to the approval of Supervisory Board and the Annual General Meeting of Shareholders.

### 21. Capital management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders, also taking into account economic conditions and the requirements of the financial covenants. The Group monitors capital using net debt, amongst others:

- Net debt is the net of (i) the sum of bank loans drawn (at face value) and (ii) cash and cash equivalents.



The Group's net debt and adjusted equity at 31 March was as follows:

|                                  | 2022        | 2021     |
|----------------------------------|-------------|----------|
| Bank loans drawn (at face value) | 85,500      | 98,000   |
| Interest-bearing debt            | 86,600      | 88,000   |
| Less: cash and cash equivalents  | 15 (25,588) | (18,827) |
| Plus: bank overdrafts            | 15 750      | 13,203   |
| Net debt                         | 60,862      | 92,376   |

Lucas Bols' strong cash generation and the availability of significant undrawn committed bank facilities provided for sufficient liquidity to manage the COVID-19 crisis.

## 22. Loans and borrowings

### Non-current liabilities

|                    | 2022   | 2021   |
|--------------------|--------|--------|
| Secured bank loans | 80,370 | 85,282 |
|                    | 80,370 | 85,282 |

At 31 March 2022 the facility arrangement in place consists of EUR 30 million term loan facilities (31 March 2021: EUR 30 million), EUR 40 million revolving credit facilities (31 March 2021: EUR 40 million) and EUR 47.5 million acquisition facility (31 March 2021: EUR 50 million) which was used for the funding of Passo transaction. These committed facilities have a maturity of five years. There is no FX impact on the loans.

The Group is obliged to meet the covenants required by the senior credit facilities.

Under the facility agreement, the Group is required to comply with an interest cover ratio covenant and a leverage ratio covenant, calculated as per the definitions included in that agreement. Per each of the half-year testing periods, the interest cover ratio shall be or shall exceed 3.00, whilst the leverage ratio shall not exceed 4.00. In case of an acquisition, the maximum leverage ratio permitted is increased to 4.50 for two consecutive testing periods after that acquisition (the 'acquisition spike').

COVID-19 impacted both the Group's profitability (e.g. EBITDA) and the magnitude by which the Group can reduce net debt. Consequently, the Group agreed temporary amendments to the facility agreement with the lender group to facilitate further execution of the growth strategy whilst complying with covenants (also throughout the COVID-19 crisis).

- In April 2021, when the impact (magnitude and duration) of the initially unanticipated additional COVID-19 waves became clearer, the Group agreed amendments with the lender group.
- In regard to the testing periods ended 30 September 2021, 31 March 2022 and 30 September 2022, it was agreed that the interest cover ratio covenant and the leverage ratio covenant would not be tested. Instead, a minimum liquidity level covenant (set at EUR 12.5 million on the last day of each month for the periods ending 30 September 2021 and 31 March 2022, and at EUR 15.0 million on the last day of each month for the testing period ended 30 September 2022, respectively) and an EBITDA 'floor' covenant (set at EUR 4.5 million, EUR 8.0 million and EUR 11.0 million for the testing periods ended 30 September 2021, 31 March 2022 and 30 September 2022, respectively) were agreed.
- In regard to the testing period ended 31 March 2023, it was agreed that the interest cover ratio shall be or shall exceed 2.75, whilst the leverage ratio shall not exceed 4.50.

Based on the definitions in the facility agreement and the (extended) amendments thereto, the actual liquidity level per 31 March 2022 was EUR 56.8 million (31 March 2021: EUR 27.6 million), whilst EBITDA (per the definition in the facility agreement) for the year ended on that date was EUR 22.2 million (31 March 2021: EUR 11.1 million).

Information about the Group's exposure to interest rate and liquidity risks is included in note 26.

### Current liabilities

|                                       | 2022  | 2021   |
|---------------------------------------|-------|--------|
| Current portion of secured bank loans | 6,000 | 2,500  |
| Bank overdrafts                       | 760   | 13,203 |
|                                       | 6,760 | 15,703 |

### Movement schedule

|                     | TERMELOAN | REVOLVING CREDIT FACILITY | ACQUISITION FACILITY | UNSECURED BANK LOANS (FACE VALUE) | UNAMORTISED PREMIUMS | CARRIED FORWARD | WARRANTY LOAN | TOTAL REMAINING |
|---------------------|-----------|---------------------------|----------------------|-----------------------------------|----------------------|-----------------|---------------|-----------------|
| As at 1 April 2021  | 30,000    | 18,000                    | 50,000               | 88,000                            | (208)                | 97,782          | -             | -               |
| Amortisation        | -         | -                         | -                    | -                                 | 78                   | 78              | -             | -               |
| Proceeds            | -         | -                         | -                    | -                                 | -                    | -               | -             | -               |
| Repayments          | -         | (10,000)                  | (2,500)              | (12,500)                          | -                    | (12,500)        | -             | (12,500)        |
| As at 31 March 2022 | 30,000    | 8,000                     | 47,500               | 86,600                            | (130)                | 86,370          | -             | (12,600)        |

### Movement schedule

|                     | TERMELOAN | REVOLVING CREDIT FACILITY | ACQUISITION FACILITY | UNSECURED BANK LOANS (FACE VALUE) | UNAMORTISED PREMIUMS | CARRIED FORWARD | WARRANTY LOAN | TOTAL REMAINING |
|---------------------|-----------|---------------------------|----------------------|-----------------------------------|----------------------|-----------------|---------------|-----------------|
| As at 1 April 2020  | 30,000    | 20,000                    | -                    | 60,000                            | (288)                | 49,714          | -             | -               |
| Amortisation        | -         | -                         | -                    | -                                 | 78                   | 78              | -             | -               |
| Proceeds            | -         | (2,000)                   | 60,000               | 62,000                            | -                    | 62,000          | -             | -               |
| Repayments          | -         | (14,000)                  | -                    | (14,000)                          | -                    | (14,000)        | -             | (14,000)        |
| As at 31 March 2021 | 30,000    | 18,000                    | 60,000               | 88,000                            | (208)                | 87,782          | -             | (14,000)        |

### Terms and repayment schedule

The terms and conditions of outstanding loans are as follows.

|   | INITIAL INTEREST RATE | TERM OF FACILITY | FIXED FACILITY | FACE VALUE | CARRIED AMOUNT | FACE VALUE | CARRIED AMOUNT |
|---|-----------------------|------------------|----------------|------------|----------------|------------|----------------|
|   | B.P.A.                |                  | 2022           | 2021       | 2022           | 2021       | 2021           |
| Secured bank loan – Term loan                 | Euribor + 2.65 %      | 2023             | -              | 30,000     | 29,954         | 30,000     | 29,836         |
| Secured bank loan – Revolving Credit Facility | Euribor + 2.65 %      | 2023             | 22,000         | 8,000      | 7,988          | 18,000     | 17,962         |
| Secured bank loan – Acquisition Facility      | Euribor + 2.65 %      | 2023             | -              | 47,500     | 47,428         | 60,000     | 49,894         |
| Total interest-bearing liabilities            |                       |                  | 22,000         | 86,600     | 86,370         | 88,000     | 87,782         |

In addition, the Group had a revolving credit facility of EUR 100 million in place, which is mainly used for guarantees. As at 31 March 2022 a total of approximately EUR 1.7 million (31 March 2021: EUR 8.0 million) was used for guarantees, leaving an extra amount of EUR 98.3 million of the facility unused at 31 March 2022 (31 March 2021: EUR 2.0 million).



The repayment schedule of current outstanding loans is as follows:

| Financial instrument                          | CURRENCY | YEARS TO MATURITY | FACE VALUE THOUSANDS 2022 | FACE VALUE THOUSANDS 2021 | 1 YEAR          | 2-3 YEARS | 3-5 YEARS |
|---|----------|-------------------|---------------------------|---------------------------|-----------------|-----------|-----------|
| Secured bank loan – Term loan                 | EUR      | 2023              | 30,000                    | –                         | (30,000)        | –         | –         |
| Secured bank loan – Revolving Credit Facility | EUR      | 2023              | 8,000                     | –                         | (8,000)         | –         | –         |
| Secured bank loan – Acquisition Facility      | EUR      | 2023              | 47,500                    | (5,000)                   | (42,500)        | –         | –         |
| <b>Total interest-bearing liabilities</b>     |          |                   | <b>85,500</b>             | <b>(5,000)</b>            | <b>(80,500)</b> | –         | –         |

Floating rates were hedged for a substantial part by means of interest-rate swap agreements. The bank loans are secured for approximately EUR 117.5 million (31 March 2021: EUR 120 million) by a pledge on most non-current assets and material intellectual property of the Group, as well as trade receivables and stock.

### 23. Other non-current financial liabilities

|                           | 2022         | 2021         |
|---------------------------|--------------|--------------|
| Lease liabilities         | 6,408        | 5,618        |
| Contingent consideration  | 2,360        | –            |
| Fair value of derivatives | 79           | 524          |
|                           | <b>7,847</b> | <b>6,142</b> |

As part of the total consideration for the acquisition of Tequila Partida LLC the Group recognised a contingent consideration of EUR 2,360 thousand. The fair value of the liability is determined using a discounted cash-flow model; the sum of anticipated payments of USD 1.5 million for each year is discounted using a rate of 9.3%. Refer to note 5.

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates. The model used under hedge accounting is the cash-flow hedge model.

The movement in the lease liability is as follows:

|   | 2022         | 2021         |
|---|--------------|--------------|
| Opening balance                                       | 6,330        | 6,636        |
| Additions   | –            | 195          |
| Lease modification                                    | 615          | 270          |
| Accretion of interest                                 | 151          | 131          |
| Payments  | (870)        | (832)        |
| Exchange rate results                                 | (40)         | (69)         |
|   | <b>6,186</b> | <b>6,330</b> |
| <b>Current portion of lease liabilities (note 24)</b> | <b>778</b>   | <b>712</b>   |
| <b>Non-current portion of lease liabilities</b>       | <b>5,408</b> | <b>5,618</b> |

Included in Finance costs is an amount of EUR 151 thousand (2020/21: EUR 131 thousand) related to interest expenses on lease liabilities; refer to note 9. A maturity analysis of lease liabilities is included in note 26. The assets related to leases are included in note 16.

### 24. Trade and other payables

|                              | 2022          | 2021          |
|------------------------------|---------------|---------------|
| Trade payables               | 8,983         | 8,947         |
| Accrued expenses             | 7,462         | 6,018         |
| Accrued interest payable     | 314           | 583           |
| Wage tax payable             | 97            | 222           |
| Corporate income tax payable | 1,308         | (143)         |
|                              | <b>18,174</b> | <b>16,457</b> |

At 31 March 2022 trade payables denominated in currencies other than the functional currency amounted to EUR 4,437 thousand (31 March 2021: EUR 2,737 thousand).

### 25. Other current financial liabilities, including derivatives

|                             | 2022         | 2021         |
|-----------------------------|--------------|--------------|
| Lease liabilities           | 778          | 712          |
| Fair value of derivatives   | 467          | 843          |
| Other financial liabilities | 1,570        | –            |
|                             | <b>2,816</b> | <b>1,555</b> |

Derivative financial instruments recognised in Other current financial liabilities of in total EUR 467 thousand (31 March 2021: EUR 843 thousand) consist of hedged foreign exchange contracts and interest rate swaps, both valued at 31 March 2022. The duration of these foreign exchange contracts and interest contracts is less than one year.

The Group recognised a liability of EUR 1,570 thousand relating to the financing of its BolsKyndal joint venture in India. The local bank in India providing part of BolsKyndal's financing will cease business. Consequently, and to prevent a significant interest cash drain in case of re-financing, the joint-venture partners agreed in principle to settle all outstanding loans pro rata and account for a corresponding loan to the partners in BolsKyndal's local accounts. Because COVID-19 recovery is taking place too slowly whilst complexity, costs and unpredictability of doing business in India have increased further, the loan (EUR 1,570 thousand) as well as the pro-paid interest that was recognised under 'Other receivables' (EUR 334 thousand) are not considered recoverable and hence expensed. Refer to note 26 for more information on the guarantee issued by the Company in relation to the financing of BolsKyndal.

See note 26 for disclosure on financial instruments. Information about the Group's exposure to currency and liquidity risks is also included in note 26.



## 26. Financial Instruments

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|   | FAIR VALUE<br>MEASUREMENT<br>LEVEL 1 | FAIR VALUE<br>MEASUREMENT<br>LEVEL 2 | FAIR VALUE<br>MEASUREMENT<br>LEVEL 3 | TOTAL     | LEVEL 1 | LEVEL 2   | LEVEL 3 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|-----------|---------|-----------|---------|
| <b>Financial assets measured at fair value</b>          |                                      |                                      |                                      |           |         |           |         |
| Forward exchange contracts used for hedging             | 162                                  | -                                    | -                                    | 162       | 162     | -         | -       |
|   | 162                                  | -                                    | -                                    | 162       | 162     | -         | -       |
| <b>Financial assets not measured at fair value</b>      |                                      |                                      |                                      |           |         |           |         |
| Loan to joint venture Avandis CV                        | 19                                   | -                                    | -                                    | 19        | -       | -         | -       |
| Other related party loans                               | 19                                   | -                                    | 232                                  | 251       | -       | 232       | -       |
| Trade and other receivables                             | 14                                   | -                                    | 19,323                               | 19,337    | -       | 19,323    | -       |
| Cash and cash equivalents                               | 15                                   | -                                    | 25,588                               | 25,603    | -       | 25,588    | -       |
|   | -                                    | -                                    | 45,143                               | 45,143    | -       | 45,143    | -       |
| <b>Financial liabilities measured at fair value</b>     |                                      |                                      |                                      |           |         |           |         |
| Contingent consideration                                | -                                    | -                                    | (2,360)                              | (2,360)   | -       | -         | (2,360) |
| Interest rate swaps used for hedging                    | (233)                                | -                                    | -                                    | (233)     | (233)   | -         | -       |
| Forward exchange contracts used for hedging             | (312)                                | -                                    | -                                    | (312)     | (312)   | -         | -       |
|   | (645)                                | -                                    | (2,360)                              | (3,005)   | (645)   | (2,360)   | -       |
| <b>Financial liabilities not measured at fair value</b> |                                      |                                      |                                      |           |         |           |         |
| Secured bank loans                                      | 22                                   | -                                    | (85,370)                             | (83,150)  | -       | (85,370)  | -       |
| Lease liabilities (non-current)                         | 23                                   | -                                    | (5,408)                              | (5,178)   | -       | (5,408)   | -       |
| Lease liabilities (current)                             | 26                                   | -                                    | (778)                                | (752)     | -       | (778)     | -       |
| Other financial liabilities (current)                   | 25                                   | -                                    | (1,570)                              | (1,320)   | -       | (1,570)   | -       |
| Bank overdrafts   | 15                                   | -                                    | (750)                                | (735)     | -       | (750)     | -       |
| Trade and other payables                                | 24                                   | -                                    | (18,174)                             | (17,934)  | -       | (18,174)  | -       |
|   | -                                    | -                                    | (112,050)                            | (112,050) | -       | (112,050) | -       |

|   | FAIR VALUE<br>MEASUREMENT<br>LEVEL 1 | FAIR VALUE<br>MEASUREMENT<br>LEVEL 2 | FAIR VALUE<br>MEASUREMENT<br>LEVEL 3 | TOTAL     | LEVEL 1 | LEVEL 2   | LEVEL 3 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|-----------|---------|-----------|---------|
| <b>Financial assets measured at fair value</b>          |                                      |                                      |                                      |           |         |           |         |
| Forward exchange contracts used for hedging             | 47                                   | -                                    | -                                    | 47        | 47      | -         | -       |
|   | 47                                   | -                                    | -                                    | 47        | 47      | -         | -       |
| <b>Financial assets not measured at fair value</b>      |                                      |                                      |                                      |           |         |           |         |
| Loan to joint venture Avandis CV                        | 19                                   | -                                    | 599                                  | 618       | -       | 599       | -       |
| Other related party loans                               | 19                                   | -                                    | 232                                  | 251       | -       | 232       | -       |
| Trade and other receivables                             | 14                                   | -                                    | 16,341                               | 16,355    | -       | 16,341    | -       |
| Cash and cash equivalents                               | 15                                   | -                                    | 18,827                               | 18,842    | -       | 18,827    | -       |
|   | -                                    | -                                    | 36,999                               | 36,999    | -       | 36,999    | -       |
| <b>Financial liabilities measured at fair value</b>     |                                      |                                      |                                      |           |         |           |         |
| Interest rate swaps used for hedging                    | (1,045)                              | -                                    | -                                    | (1,045)   | (1,045) | -         | -       |
| Forward exchange contracts used for hedging             | (323)                                | -                                    | -                                    | (323)     | (323)   | -         | -       |
|   | (1,368)                              | -                                    | -                                    | (1,368)   | (1,368) | -         | -       |
| <b>Financial liabilities not measured at fair value</b> |                                      |                                      |                                      |           |         |           |         |
| Secured bank loans                                      | 22                                   | -                                    | (97,792)                             | (95,570)  | -       | (97,792)  | -       |
| Other financial liabilities                             | 23                                   | -                                    | -                                    | -         | -       | -         | -       |
| Lease liabilities (non-current)                         | 23                                   | -                                    | (5,618)                              | (5,388)   | -       | (5,618)   | -       |
| Lease liabilities (current)                             | 25                                   | -                                    | (712)                                | (687)     | -       | (712)     | -       |
| Bank overdrafts   | 15                                   | -                                    | (13,203)                             | (12,048)  | -       | (13,203)  | -       |
| Trade and other payables                                | 24                                   | -                                    | (16,457)                             | (15,202)  | -       | (16,457)  | -       |
|   | -                                    | -                                    | (133,782)                            | (133,782) | -       | (133,782) | -       |



**Measurement of fair values**

**Valuation techniques and significant unobservable inputs**

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

*Financial instruments measured at fair value*

| TYPE   | VALUATION TECHNIQUE   | SIGNIFICANT UNOBSERVABLE INPUTS | IMPACT OF THE UNOBSERVABLE INPUTS ON THE FAIR VALUE ESTIMATION |
|--|---|---------------------------------|--|
| Forward exchange contracts and interest rate swaps | Market comparison technique<br>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 | n/a                             | n/a  |

*Financial instruments not measured at fair value*

| TYPE                  | VALUATION TECHNIQUE   | SIGNIFICANT UNOBSERVABLE INPUTS |
|-----------------------|-----------------------|---------------------------------|
| Financial assets      | Discounted cash flows | n/a                             |
| Financial liabilities | Discounted cash flows | n/a                             |

Financial assets include trade and other receivables, loans provided and cash and cash equivalents. Financial liabilities include bank loans, lease liabilities, short-term financial liabilities and trade and other payables. The book values of the secured bank loans are the best approximation of their fair value. For all other financial instruments the fair value is consistent with the book value.

**Financial risk management**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

**Risk management framework**

There are inherent risks related to Lucas Bols' business activities and organisation. Sound risk management is an integral element of good business practice and effective operations, so the Management Board promotes a transparent, company-wide approach to risk management and internal controls. This approach focuses on finding the right balance between maximising business opportunities and managing risks involved. The Management Board considers this to be one of its most important tasks

The risk management framework is the foundation for the identification and mitigation of corporate business risks and has been developed to provide reasonable assurance that the risks we face are properly evaluated and mitigated. It assures that management is provided with the information it needs to make informed and timely decisions. While the framework is designed to manage risks it cannot prevent human error, fraud or infringements of laws and regulations with absolute certainty. Lucas Bols' risk management is not static: the way we manage risks is constantly monitored and adapted to reflect changes in internal and external circumstances if and when necessary.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

**Trade receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The concentration of credit risk with respect to receivables is limited, as the Group's customer base and vendor base are large and unrelated. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Almost all the customers have been doing business transactions with the Group for several years, and no significant impairment loss has been recognised against these customers.

The Group closely monitors the economic environment and is taking actions to limit its exposure to customers in countries experiencing specific economic volatility.

At year-end, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

| Geographic Region              | CASH/IB | CASH/IB |
|--------------------------------|---------|---------|
| Sophisticated Cocktail Markets | 4,821   | 2,888   |
| Developed Cocktail Markets     | 7,786   | 6,603   |
| Emerging Cocktail Markets      | 4,336   | 3,552   |
|                                | 18,043  | 12,743  |

At year-end, the aging of trade receivables is as follows:

|                           | 2022   | 2021   |
|---------------------------|--------|--------|
| Not past due              | 15,325 | 11,278 |
| 1 - 30 days past due      | 1,016  | 591    |
| 31 - 90 days past due     | 318    | (26)   |
| 90 days and more past due | 284    | 900    |
|                           | 18,043 | 12,743 |

Management believes that the unimpaired amounts that are more than 30 days past due are still collectible in full based on historic payment behaviour and extensive analysis of customer credit risk, including the underlying customers' credit ratings, if available. The Company did not experience a significant increase in credit risk as a result of COVID-19.

An insignificant impairment loss on trade receivables was recognised in 2021/22 (2020/21: nil).



**Cash and cash equivalents**

The Group held cash and cash equivalents of EUR 24,838 thousand as at 31 March 2022 (31 March 2021: EUR 5,624 thousand). The cash and cash equivalents are held with bank and financial institution counterparties which are at least A-rated based on ratings assigned by rating agencies.

**Derivatives**

Derivatives are entered into with bank and financial institution counterparties which are rated AA- to AA+ based on ratings assigned by rating agencies. The carrying amount of financial assets of EUR 182 thousand represents the maximum credit risk exposure (2020/21: EUR 47 thousand).

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it generally has sufficient cash on demand to meet the expected operational expenses for the next few months, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The Group maintains an additional line of credit in the form of a EUR 10 million revolving credit facility. This facility is mainly used for guarantees. Two guarantees have been issued:

- A guarantee in relation to the financing of the BolsKyndal joint venture in India (EUR 1.6 million), and
- A guarantee for one of our lessors (EUR 0.1 million).

During 2021/22 the Group recognised a financial liability in relation to the financing of the BolsKyndal joint venture in regard to which the guarantee was issued. Upon settling this financial liability the guarantee will be cancelled. The financial liability is recognised under 'Other current financial liabilities, including derivatives'. Refer to note 25.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

|   | CARRYING AMOUNT | TOTAL     | LESS THAN 1 YEAR | 1-2 YEARS | 2-4 YEARS | MORE THAN 4 YEARS |
|---|-----------------|-----------|------------------|-----------|-----------|-------------------|
| <b>Derivative financial liabilities</b>     |                 |           |                  |           |           |                   |
| Interest rate swap contracts                | (233)           | (233)     | (232)            | (1)       | -         | -                 |
| Forward exchange contracts                  | (312)           | (312)     | (312)            | -         | -         | -                 |
| <b>Non-derivative financial liabilities</b> |                 |           |                  |           |           |                   |
| Secured bank loans                          | (85,370)        | (88,600)  | (5,000)          | (80,500)  | -         | -                 |
| Interest related to secured bank loans      | -               | (2,784)   | (1,699)          | (1,085)   | -         | -                 |
| Contingent consideration                    | (2,360)         | (2,380)   | -                | (1,231)   | (1,129)   | -                 |
| Lease liabilities                           | (6,186)         | (6,358)   | (778)            | (621)     | (1,039)   | (3,920)           |
| Bank overdrafts                             | (750)           | (780)     | (750)            | -         | -         | -                 |
| Trade payables                              | (18,174)        | (18,174)  | (18,174)         | -         | -         | -                 |
|   | (113,385)       | (116,472) | (29,946)         | (83,438)  | (2,168)   | (3,920)           |

|   | CARRYING AMOUNT | TOTAL     | LESS THAN 1 YEAR | 1-2 YEARS | 2-4 YEARS | MORE THAN 4 YEARS |
|---|-----------------|-----------|------------------|-----------|-----------|-------------------|
| <b>Derivative financial liabilities</b>     |                 |           |                  |           |           |                   |
| Interest rate swap contracts                | (1,045)         | (320)     | (167)            | (152)     | (1)       | -                 |
| Forward exchange contracts                  | (323)           | (323)     | (323)            | -         | -         | -                 |
| <b>Non-derivative financial liabilities</b> |                 |           |                  |           |           |                   |
| Secured bank loans                          | (97,792)        | (98,000)  | (2,500)          | (5,000)   | (90,500)  | -                 |
| Interest related to secured bank loans      | -               | (6,793)   | (2,106)          | (2,196)   | (1,402)   | -                 |
| Lease liabilities                           | (6,330)         | (6,498)   | (730)            | (684)     | (998)     | (4,084)           |
| Bank overdrafts                             | (13,203)        | (13,203)  | (13,203)         | -         | -         | -                 |
| Trade payables                              | (16,457)        | (16,457)  | (16,457)         | -         | -         | -                 |
|   | (136,160)       | (140,584) | (36,577)         | (8,032)   | (92,802)  | (4,084)           |

The Group has a secured bank loan that contains a loan covenant. A breach of this covenant may require the Group to repay the loan earlier than indicated in the above table. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or be significantly different amounts. See note 22 for disclosure on covenants.

**Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by management. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

**Currency risk**

The Group is exposed to currency risk, mainly on sales that are denominated in a currency other than the euro. The currencies in which these transactions are primarily denominated are JPY, USD, AUD and GBP.

At the start of the financial year the Group hedges 60 to 80% of its estimated foreign currency exposure in respect of forecast sales for that year. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

The Group's investment in its US subsidiary and its joint venture in India are not hedged.



**Exposure to currency risk**

The summary of quantitative data about the Group's exposure to currency risk as reported to management is as follows:

**Trade and other receivables**

|                  | 2022          | 2021          |
|------------------|---------------|---------------|
| EUR              | 8,078         | 7,766         |
| USD              | 5,732         | 3,465         |
| JPY              | 556           | 612           |
| AUD              | 1,607         | 2,137         |
| GBP              | 55            | 630           |
| Other currencies | 3,295         | 1,731         |
|                  | <b>18,323</b> | <b>18,341</b> |

**Trade and other payables**

|                  | 2022          | 2021          |
|------------------|---------------|---------------|
| EUR              | 13,737        | 13,720        |
| USD              | 3,545         | 2,463         |
| JPY              | 98            | 30            |
| AUD              | 131           | 56            |
| GBP              | 540           | 362           |
| Other currencies | 123           | (174)         |
|                  | <b>18,174</b> | <b>18,487</b> |

In accordance with external market sources, not taking into account the hedge rates, the following significant exchange rates were applied during the year:

|     | 2022   |        | 2021   |        |
|-----|--------|--------|--------|--------|
| USD | 1.1623 | 1.1675 | 1.1101 | 1.1725 |
| JPY | 130.63 | 123.75 | 135.17 | 128.91 |
| AUD | 1.5723 | 1.6254 | 1.4829 | 1.6412 |
| GBP | 0.8504 | 0.8927 | 0.8460 | 0.8521 |

**Sensitivity analysis**

A strengthening of the JPY, USD, AUD and GBP against the euro at 31 March 2022 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. A weakening would have the same, but opposite effect. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Currencies other than JPY, USD, AUD and GBP are considered not material.

**PROFIT OR LOSS, NET OF TAXES**

31 March 2022

|                   |    |
|-------------------|----|
| JPY (1% movement) | 11 |
| USD (1% movement) | 8  |
| AUD (1% movement) | 38 |
| GBP (1% movement) | 29 |

31 March 2021

|                   |    |
|-------------------|----|
| JPY (1% movement) | 10 |
| USD (1% movement) | 34 |
| AUD (1% movement) | 41 |
| GBP (1% movement) | 30 |

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group adopts a policy of ensuring that at least 80% of its interest rate risk exposure is at a fixed rate. To achieve this the Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

**Sensitivity analysis to variable rate instrument**

As a result of the Group's hedging policy for changes in interest rates, the impact of a change of 100 basis points in interest rates would be limited.

**27. List of subsidiaries**

A list of material subsidiaries of the Group is set out below:

| Name of subsidiary                       | Place and country of incorporation | Shareholding |      |
|--|------------------------------------|--------------|------|
|  |                                    | 2022         | 2021 |
| Lucas Bols Amsterdam B.V.*               | Amsterdam, The Netherlands         | 100%         | 100% |
| DELB B.V.*                               | Amsterdam, The Netherlands         | 100%         | 100% |
| Galliano B.V.*                           | Amsterdam, The Netherlands         | 100%         | 100% |
| Vaccari B.V.*                            | Amsterdam, The Netherlands         | 100%         | 100% |
| Pisang Ambon B.V.*                       | Amsterdam, The Netherlands         | 100%         | 100% |
| Bokma Distillateurs B.V.*                | Amsterdam, The Netherlands         | 100%         | 100% |
| Beleggingsmaatschappij Honthorst II B.V. | Amsterdam, The Netherlands         | 100%         | 100% |
| Pyloteag B.V.*                           | Amsterdam, The Netherlands         | 100%         | 100% |
| Lucas Bols USA Inc.                      | Wilmington, U.S.A.                 | 100%         | 100% |
| Pessob SAS                               | Paris, France                      | 100%         | 100% |
| Tequila Partida B.V.*                    | Amsterdam, The Netherlands         | 100%         | 0%   |
| Tequila Partida LLC                      | Oakland, U.S.A.                    | 100%         | 0%   |

\* For these subsidiaries the Company has issued a guarantee as mentioned in Article 401 Part B, Book 2 of the Netherlands Civil Code



## 28. Commitments and contingencies

### Commitments

#### Nuvo

In December 2017, Lucas Bols and London Group entered into strategic partnership regarding liqueur brand Nuvo. Under that partnership Lucas Bols obtains the global distribution rights for Nuvo and will work with London Group to further build and distribute the brand. Lucas Bols will be responsible for buying, sourcing and commercial activities, as well as defining the appropriate distribution channels for the brand. London Group, controlled by spirit entrepreneur Mr. Raphael Yakoby, will be responsible for strategic marketing, including social media and product development.

The transaction fits Lucas Bols' asset light business model, as it strengthens the company's existing distribution platform with limited additional investments required.

As part of the transaction, Lucas Bols made an upfront payment of USD 0.5 million and shall pay London Group yearly royalties. The upfront payment is capitalised in intangible assets and is amortised over 6.5 years. The agreement also includes a put and call option structure that enables Lucas Bols to acquire the brand in 2023/24 (expected in June 2023). The put and call option has an exercise price based on the brand's financial performance of the Group's financial year ending 31 March 2023.

### Contingencies

The credit facility of Lucas Bols incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of the company's issued share capital or voting rights, the company is subject to a repayment commitment.

The Company forms part of a Dutch fiscal unit with its consolidated subsidiaries in respect of corporate income tax and value added tax. Consequently, the Company is jointly and severally liable for all debt arising from the fiscal unit. The Company is fully liable for all obligations in relation to bank loans of its subsidiaries. The Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code for its subsidiary Lucas Bols Amsterdam B.V. and for the subsidiaries of Lucas Bols Amsterdam B.V., namely Bokma Distillateurs B.V., Galliano B.V., Vaccari B.V., Pisang Ambon B.V., DEFB B.V., Pijlsteeg B.V. and Tequila Partida B.V. respectively.

## 29. Related parties

### Transactions with key management personnel

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to the remuneration report in the annual report.

The Management Board and the Supervisory Board member's compensation (including the pension obligations as referred to in Section 2:383(b) of the Netherlands Civil Code) that was charged to the Company and Group companies in 2021/22 is as follows:

|                                      | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021  | 2021  |
|--------------------------------------|------|------|------|------|------|------|-------|-------|
| Compensation of the Management Board |      |      |      |      |      |      |       |       |
| Salary                               | 482  | 482  | 280  | 290  | -    | 55   | 772   | 827   |
| Variable remuneration                | 224  | -    | 138  | -    | -    | -    | 362   | -     |
| Pension                              | -    | -    | 28   | 28   | -    | 6    | 28    | 35    |
| Other                                | 95   | 95   | 20   | 20   | -    | 23   | 115   | 138   |
| Total                                | 801  | 677  | 477  | 338  | -    | 84   | 1,278 | 1,000 |

The total compensation of the Management Board in 2021/22 amounted to EUR 1.3 million (2021/22: EUR 1.0 million).

Huib L.M.P. van Ooijen has no separate pension agreement with the Company. Frank J. Cox participated in the Company's pension arrangements as referred to in note 11 and Joost K. de Vries had a defined contribution pension agreement.

The Management Board of the Company controls 5.28% of the voting shares of the Company.

|                                       | 2022 | 2021 |
|---------------------------------------|------|------|
| Compensation of the Supervisory Board |      |      |
| Dirk Doyler*                          | -    | 11   |
| Relph Wisbrun                         | 40   | 40   |
| Marina Wyatt                          | 35   | 35   |
| Alexandre Oldroyd                     | 35   | 35   |
| René Hoof Graafland**                 | 45   | 43   |
| Total                                 | 155  | 164  |

\* Dirk Doyler stepped down as chairman of the Supervisory Board at the Annual General Meeting of Shareholders held on 9 July 2020.

\*\* René Hoof Graafland has been appointed as chairman of the Supervisory Board at the Annual General Meeting of Shareholders held on 10 July 2019.

### Other related party transactions

|  | 2022     | 2021     | 2021    | 2021    |
|--|----------|----------|---------|---------|
| Sale of goods and services               |          |          |         |         |
| Joint ventures                           | 16,471   | 13,373   | 1,428   | 976     |
| Purchase of goods, services and brands   |          |          |         |         |
| Joint ventures                           | (28,401) | (23,366) | (1,712) | (3,784) |
| Others                                   |          |          |         |         |
| Joint ventures dividends received        | 1,100    | 900      | -       | -       |
| Joint ventures capital contribution      | -        | 2,598    | -       | -       |
| Joint ventures loan and related interest | 24       | 24       | -       | 598     |
| Other related party loans                | -        | -        | 232     | 232     |

Balances are expected to be settled in cash within two months of the end of the reporting period.

None of the balances is secured. An expense was recognised in the current year in respect of amounts owed by related parties. Refer to note 25. In relation to the financing of the joint venture in India a guarantee has been issued for an amount of EUR 1.6 million (INR 132 million).

## 30. Subsequent events

There were no material events after 31 March 2022.



# Company financial statements 2021/22

## Company balance sheet of Lucas Bols N.V.

Before profit appropriation

| Account                              | 2022             | 2021           |
|--------------------------------------|------------------|----------------|
| <b>Assets</b>                        |                  |                |
| Investments in subsidiaries          | 3 171,877        | 130,953        |
| Deferred tax assets                  | 4 2,670          | 2,670          |
| <b>Total non-current assets</b>      | <b>174,547</b>   | <b>133,623</b> |
| Receivables from group companies     | 5 61,178         | 51,178         |
| Cash and cash equivalents            | -                | -              |
| <b>Total current assets</b>          | <b>61,178</b>    | <b>51,178</b>  |
| <b>Total assets</b>                  | <b>225,526</b>   | <b>184,802</b> |
| <b>Equity</b>                        |                  |                |
| Share capital                        | 1,487            | 1,248          |
| Share premium                        | 157,787          | 129,695        |
| Treasury shares                      | -                | -              |
| Currency translation reserve         | (289)            | (237)          |
| Hedging reserve                      | (287)            | (880)          |
| Other legal reserves                 | 7,630            | 7,630          |
| Retained earnings                    | 47,417           | 56,014         |
| Result for the year                  | 11,771           | (8,558)        |
| <b>Total equity</b>                  | <b>6 226,526</b> | <b>184,802</b> |
| <b>Liabilities</b>                   |                  |                |
| Other non-current liabilities        | -                | -              |
| <b>Total non-current liabilities</b> | <b>-</b>         | <b>-</b>       |
| Trade and other payables             | -                | -              |
| <b>Total current liabilities</b>     | <b>-</b>         | <b>-</b>       |
| <b>Total liabilities</b>             | <b>-</b>         | <b>-</b>       |
| <b>Total equity and liabilities</b>  | <b>226,526</b>   | <b>184,802</b> |

## Company profit and loss account of Lucas Bols N.V.

| Account  | 2022          | 2021           |
|--|---------------|----------------|
| Revenue*   | 1,433         | 1,164          |
| Cost of sales  | -             | -              |
| <b>Gross profit</b>  | <b>1,433</b>  | <b>1,164</b>   |
| Distribution and administrative expenses*                    | (1,433)       | (1,164)        |
| <b>Operating profit</b>                                      | <b>-</b>      | <b>-</b>       |
| Share of profit of participating interests, after income tax | 3 11,771      | (8,558)        |
| Finance income   | -             | -              |
| Finance costs  | -             | -              |
| <b>Net finance costs</b>                                     | <b>-</b>      | <b>-</b>       |
| <b>Profit before tax</b>                                     | <b>11,771</b> | <b>(8,558)</b> |
| Income tax expense   | -             | -              |
| <b>Other profit after income tax</b>                         | <b>-</b>      | <b>-</b>       |
| <b>Net profit / (loss)</b>                                   | <b>11,771</b> | <b>(8,558)</b> |

\* The amounts represent the compensation of the Management Board and Supervisory Board members, recharged to Lucas Bols Amsterdams B.V.



# Notes to the Company financial statements ended 31 March 2022 and 2021

## 1. Basis of preparation

The Company's financial statements are prepared in accordance with the provisions of Part 9, Book 2, of the Netherlands Civil Code. The Company uses the option of Article 382 B of Part 9, Book 2, of the Netherlands Civil Code to prepare the Company financial statements, using the same accounting policies as those used for the consolidated financial statements. Valuation is based on recognition and measurement requirements of IFRS as adopted by the EU, as explained further in the notes to the consolidated financial statements.

For the principles of valuation of assets and liabilities and for the determination of the result, reference is made to the notes to the consolidated financial statements.

## 2. Significant accounting policies

### Financial fixed assets

Investments in subsidiaries are accounted for in the Company financial statements according to the equity method. They are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Reference is made to the basis of consolidation accounting policy in the consolidated financial statements.

### Profit of participating interests

The share in the result of participating interests consists of the share of the Company in the results of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

### Amounts due from group companies

Amounts due from group companies are stated initially at fair value and subsequently at amortised cost. Amortised cost is determined using the effective interest rate. The company recognises a credit loss for financial assets (such as a loan) based on an expected credit loss (ECL) which will occur in the coming twelve months or – after a significant decrease in credit quality or when the simplified model can be used – based on the entire remaining loan term. For intercompany receivables the ECL would be applicable as well, however this could cause differences between equity in the consolidated and separate financial statements. For this reason, the company elected to eliminate these differences through the respective receivable account in the separate financial statements.

## 3. Investments in subsidiaries

| Equity   | 2022    | 2021    |
|--|---------|---------|
| Balance at 1 April   | 130,953 | 139,852 |
| Issue of share capital   | 28,341  | -       |
| Effective portion of changes in fair value of cash flow hedges, not of tax | 703     | (175)   |
| Currency translation of foreign interests                                  | (52)    | 10      |
| Actuarial gains / (losses) through equity                                  | (39)    | (176)   |
| Profit/(loss) of subsidiaries  | 11,771  | (8,558) |
| Balance at 31 March  | 171,677 | 130,953 |

The Company only holds a direct interest in Lucas Bols Amsterdam B.V. A list of other (indirect) participating interests is disclosed in note 27 of the consolidated financial statements.

## 4. Deferred tax asset

Deferred tax assets in regard to carry-forward tax losses that have been recognised are expected to be utilised in the next two years.

## 5. Receivables from Group companies

The balance is a receivable from a Group company. The receivable is classified as current if it is expected to be recovered within twelve months. The amount is not due yet, nor is there any impairment risk.

## 6. Equity

For a specification of shareholders' equity, see note 20 of the consolidated financial statements. The retained earnings at 31 March 2022 amount to EUR 47.4 million (31 March 2021: EUR 58.0 million). Prior to the acquisition of the remaining shares of Passoë SAS the net profit of Passoë SAS was allocated to other legal reserves as the Company was not allowed to freely distribute these profits under the shareholders' agreement with Rémy Cointreau Group. On 2 December 2020 the Company executed the call/put option and acquired the remaining shares of Passoë SAS from Rémy Cointreau Group becoming the sole shareholder of Passoë SAS. French legislation requires the Company to form a legal reserve, amounting to 10% of the Company's investment in Passoë SAS, for an amount of EUR 7.6 million (31 March 2021: EUR 7.6 million).

The Management Board, with the approval of the Supervisory Board, have decided to refrain from proposing a final dividend to be paid in 2022 with respect to 2021/22 financial year. The net profit shall be allocated to retained earnings, subject to the approval of Supervisory Board and the Annual General Meeting of Shareholders.

## 7. Compensation of the Management Board and the Supervisory Board

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to note 28 of the consolidated financial statements.

At 31 March 2022 Lucas Bols N.V. had zero persons employed (31 March 2021: zero).



## 8. Fees for audit and other services

In accordance with article 302a of Part 9, Book 2, of the Netherlands Civil Code, the total audit cost can be specified as follows:

|   | ERNST & YOUNG ACCOUNTANTS LLP |      | OTHER SERVICES |      | TOTAL |      |
|---|-------------------------------|------|----------------|------|-------|------|
|   | 2022                          | 2021 | 2022           | 2021 | 2022  | 2021 |
| Fees for audit of financial statements and other services |                               |      |                |      |       |      |
| Audit of financial statements                             | 287                           | 258  | 27             | 27   | 314   | 286  |
| Other assurance services                                  | -                             | 28   | -              | -    | -     | 28   |
| Total   | 287                           | 286  | 27             | 27   | 314   | 313  |

Audit fees of Ernst & Young Accountants LLP amount to EUR 287 thousand (2020/21: EUR 258 thousand) for Lucas Bols N.V. and no other assurance services of Ernst & Young Accountants LLP have been provided (2020/21: EUR 28 thousand). No other non-audit services were rendered by Ernst & Young Accountants LLP (2020/21: nil)

## 9. Contingent liabilities

The Company forms part of a Dutch fiscal unit with its consolidated subsidiaries in respect of corporate income tax and value added tax. Consequently, the Company is jointly and severally liable for all debt arising from the fiscal unit. The Company is fully liable for all obligations in relation to bank loans of its subsidiaries. The Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code for its subsidiary Lucas Bols Amsterdam B.V. and for the subsidiaries of Lucas Bols Amsterdam B.V., namely Bokma Distilleurs B.V., Galliano B.V., Vaccari B.V., Pisang Ambon B.V., DEE B.V., Pijlsteeg B.V. and Tequila Partida B.V. respectively

## 10. Subsequent events

There were no material events after 31 March 2022.

Amsterdam, 24 May 2022

Management Board:  
Huub L.M.P. van Doorne (CEO)  
Frank J. Coek (CFO)

Supervisory Board:  
D. René Holt Grankland (Chairman)  
Mairia M. Wyatt  
Alexandra L. Oldroyd  
Ralph Wisbrun

Address:  
Lucas Bols N.V.  
Paulus Potterstraat 14  
1071 CZ Amsterdam  
The Netherlands

Tinde register Amsterdam: 34242707

## Other information

### Statutory provision with respect to appropriation of result

#### Appropriation of profits according to the provisions of the articles of association

Pursuant to article 31 of the Articles of Association, the Management Board may, subject to the prior approval of the Supervisory Board, determine which part of the profits shall be reserved. The General Meeting may resolve to distribute any part of the profits remaining after reservation in accordance with the above. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved.

The Management Board may, subject to the prior approval of the Supervisory Board, resolve to distribute interim dividend on Shares.

Any distributions on Shares shall be made in such a way that on each Share an equal amount or value will be distributed.



## Non-GAAP measures

Certain discussions and analyses set out in this Annual Report include measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. We believe this information, along with comparable GAAP measurements, is useful to investors and other stakeholders because it provides a basis for measuring our operating performance, and our ability to reduce net debt and invest in new business opportunities. Management also uses these measures, along with the most directly comparable GAAP financial measures, in evaluating operating performance.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures.

### Earnings before interest and taxes (EBIT)

EBIT is net profit before net finance costs and the income tax expense. Thus, EBIT is defined as operating profit plus share of profit of joint ventures. We believe this measure provides valuable additional information because it includes our share in profit of joint ventures, and we are of the view that our joint ventures are an integral part of Lucas Bols' operations. In addition, EBIT is a key measure used internally.

The reconciliation of EBIT to net profit is as follows:

|                      | 2022          | 2021       |
|----------------------|---------------|------------|
| Net profit/(loss)    | 11,771        | (6,558)    |
| Add back:            |               |            |
| - Income tax expense | 5,682         | 5,270      |
| - Net finance costs  | 5,156         | 3,449      |
| <b>EBIT</b>          | <b>22,609</b> | <b>181</b> |

### Earnings before interest, taxes, depreciation and amortisation (EBITDA)

EBITDA is net profit before net finance costs, the income tax expense, depreciation and amortisation. Thus, EBITDA is defined as EBIT (refer above) excluding depreciation and amortisation. We believe this measure provides valuable additional information because it allows investors and other stakeholders to analyse the profitability between companies and industries by eliminating the effects of non-operating decisions like interest expenses, tax rates and non-cash items like depreciation and amortisation, hence facilitating focus on operating performance. In addition, EBITDA is a key measure used internally.

The reconciliation of EBITDA to net profit is as follows:

|                      | 2022          | 2021          |
|----------------------|---------------|---------------|
| Net profit/(loss)    | 11,771        | (6,558)       |
| Add back:            |               |               |
| - Income tax expense | 5,682         | 5,270         |
| - Net finance costs  | 5,156         | 3,449         |
| - Depreciation       | 1,608         | 1,694         |
| - Amortisation       | 263           | 223           |
| - Impairment         | -             | 8,911         |
| <b>EBITDA</b>        | <b>24,480</b> | <b>10,989</b> |

### Free operating cash flow (FOCF)

FOCF is net cash from operating activities minus cash used for the acquisition of property, plant and equipment and intangible assets. FOCF reflects an additional way of viewing our liquidity that we believe is useful to investors and other stakeholders because it represents cash flows that could be used for distribution of dividends, repayment of debt or to fund our strategic initiatives, including acquisitions, if any.

The reconciliation of FOCF to net cash from operating activities is as follows:

|  | 2022          | 2021          |
|--|---------------|---------------|
| Net cash from operating activities               | 15,784        | 12,081        |
| -/- Acquisition of property, plant and equipment | (109)         | (705)         |
| -/- Acquisition of intangible assets             | (38)          | -             |
| <b>Free operating cash flow</b>                  | <b>15,637</b> | <b>11,376</b> |

### Cash conversion ratio

Cash conversion ratio is defined as (i) FOCF divided by (ii) operating profit excluding depreciation, amortisation and impairment expenses. We believe this measure is an important financial health indicator, providing valuable information on the actual liquidity of Lucas Bols, and more specifically on its ability to convert operating profits (excluding depreciation, amortisation and impairment expenses) into cash. It helps investors and other stakeholders to assess the quality of Lucas Bols' earnings.

- 2021/22: EUR 15,637 thousand / (EUR 20,434 thousand + EUR 1,871 thousand) = 70.1%; and
- 2020/21: EUR 11,376 thousand / (-/- EUR 346 thousand + EUR 10,828 thousand) = 108.5%

### Net debt

Net debt is the net of (i) the sum of bank loans drawn (at face value) and bank overdrafts and (ii) cash and cash equivalents. Net debt is a measure that provides valuable additional information on the Group's net debt position and leverage, and is a measure in common use elsewhere. Moreover, it is a key measure to banks, investors and analysts, amongst others.

Net debt is calculated as follows:

|                                  | 2022          | 2021          |
|----------------------------------|---------------|---------------|
| Bank loans drawn (at face value) | 85,500        | 98,000        |
| Bank overdrafts                  | 750           | 13,203        |
| Less: cash and cash equivalents  | (25,588)      | (18,827)      |
| <b>Net debt</b>                  | <b>60,662</b> | <b>82,376</b> |

### Working capital

In the consolidated statement of cash flows, reference is made to net changes in working capital. Working capital is defined as inventories plus trade and other receivables minus trade and other payables, excluding accrued interest payable.

|                                | 2022          | 2021          |
|--------------------------------|---------------|---------------|
| Inventories                    | 17,624        | 13,295        |
| Trade and other receivables    | 19,323        | 16,341        |
| Trade and other payables       | (18,174)      | (16,457)      |
| Less: accrued interest payable | 314           | 583           |
| <b>Working capital</b>         | <b>19,087</b> | <b>13,762</b> |



Net changes in working capital in the consolidated statement of cash flows is the movement in working capital from the table aforementioned adjusted for trade and other payables and trade and other receivables that do not relate to operating activities. The adjustments for 2021/22 amount to EUR 351 thousand negative (2020/21: EUR 2,045 thousand negative).

#### Measures at constant currency

Certain measures, both GAAP and non-GAAP measures (including but not limited to revenue, gross profit and EBIT), are also stated, compared and/or analysed at constant currency. This means that the impact of fluctuations in foreign currency exchange rates is excluded. We calculate constant currency values by translating both the current and the prior period local currency amounts using same exchange rate. Lucas Bols' management believes measures in constant currencies provide additional insights into the underlying operating performance of the Company. This approach is in common use elsewhere.

Refer to note 26 of the consolidated financial statement for further information on primary foreign currencies and significant exchange rates applied during the year.

#### One-off items/Normalisations

Several non-GAAP measures are adjusted to exclude items defined as one-off due to their nature and/or frequency of occurrence. Adjusting a measure for such one-off items results in a normalised measure. We believe normalised measures provide valuable additional information on underlying performance, which allows investors and other stakeholders to better analyse performance between companies and industries by eliminating non-recurring affects (both gains and losses). Normalised measures are also used for internal decision making.

#### 2021/22 one-offs are

- Setup costs of Maxium BoLux N.V. of EUR 78 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 18;
- Costs relating to the Fit-for-Growth operating model of EUR 248 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 7;
- Acquisition costs relating to the acquisition of Tequila Partida LLC of EUR 288 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 5;
- Gain relating to the curtailment of our defined benefit pension plan due to the change in pension scheme of EUR 461 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 11;
- Expenses of EUR 1,904 thousand relating to the financing of the BolsKyndel joint venture in India (included in net finance costs, hence affecting net profit and (net) earnings per share). The local bank in India providing part of BolsKyndel's financing will cease business. Consequently, and to prevent a significant interest cash drain in case of re-financing, the joint-venture partners agreed to settle all outstanding loans pro rata and account for a corresponding loan to the partner in BolsKyndel's local accounts. Because COVID-19 recovery is taking place too slowly whilst complexity, costs and unpredictability of doing business in India have increased further, the loan (EUR 1,570 thousand) and interest pre-paid on behalf of BolsKyndel (EUR 334 thousand) are not considered recoverable and hence expensed. Refer to note 25 and 26; and
- Income tax expense following the remeasurement of deferred tax liabilities as a consequence of a change in the future Netherlands tax rate of EUR 880 thousand (in income tax expense, hence affecting net profit and (net) earnings per share). Refer to note 12.

The 2021/22 one-offs relating to the curtailment of our defined benefit pension plan, BolsKyndel pre-paid interest and the remeasurement of deferred tax liabilities are non-cash items. The 2021/22 one-off relating to the BolsKyndel loan is a non-cash item for 2021/22, but is expected to lead to a cash outflow after the year under review.

#### 2020/21 one-offs are

- Impairment of EUR 8,911 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 17;
- 'Bargain buy' gain on increased shareholding Avandis of EUR 1,721 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 18;
- Impairment of the BolsKyndel joint venture in India of EUR 736 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 18; and
- Income tax expense following the remeasurement of deferred tax liabilities as a consequence of a change in the future Netherlands tax rate of EUR 3,937 thousand (in income tax expense, hence affecting net profit and (net) earnings per share). Refer to note 12.

All 2020/21 one-offs are non-cash items.

#### Organic change percentages for measures

For certain measures, both GAAP and non-GAAP measures (including but not limited to revenue, gross profit and EBIT), an organic change percentage is provided and/or analysed. Organic change percentages compare measures at constant currencies (refer above) and exclusive of one-off items (refer above).



## Five-year overview

|                                    | 2022       | 2021       | 2020       | 2019       | 2018       |
|------------------------------------|------------|------------|------------|------------|------------|
| <b>Results</b>                     |            |            |            |            |            |
| Revenue                            | 92.0       | 57.3       | 84.0       | 87.0       | 92.2       |
| Gross profit                       | 51.4       | 30.1       | 47.7       | 49.3       | 57.1       |
| Gross margin                       | 55.9%      | 52.5%      | 56.7%      | 56.6%      | 62.0%      |
| Normalised operating profit        | 20.6       | 8.6        | 17.6       | 19.9       | 22.6       |
| Normalised operating profit margin | 22.4%      | 14.9%      | 20.9%      | 22.8%      | 24.6%      |
| Normalised EBIT                    | 22.8       | 8.1        | 18.6       | 20.8       | 23.6       |
| Normalised net profit/(loss)       | 14.7       | 3.3        | 11.3       | 12.8       | 14.7       |
| Net profit/(loss)                  | 11.8       | (8.6)      | 9.2        | 16.5       | 20.4       |
| <b>Cash flow</b>                   |            |            |            |            |            |
| Free operating cash flow           | 16.6       | 11.4       | 15.8       | 11.8       | 18.7       |
| Cash conversion ratio              | 70.1%      | 108.5%     | 82.2%      | 58.9%      | 81.0%      |
| <b>Balance sheet</b>               |            |            |            |            |            |
| Working capital                    | 19.1       | 13.8       | 18.3       | 18.8       | 14.4       |
| Total equity                       | 225.5      | 184.8      | 193.7      | 192.2      | 183.6      |
| Net debt                           | 60.7       | 92.4       | 99.3       | 103.6      | 104.2      |
| <b>Results</b>                     |            |            |            |            |            |
| # of shares issued at 31 March     | 14,972,766 | 12,477,298 | 12,477,288 | 12,477,298 | 12,477,298 |
| Weighted average # of shares       | 13,238,276 | 12,477,298 | 12,477,298 | 12,477,298 | 12,477,298 |
| Normalised earnings per share      | 1.11       | 0.26       | 0.90       | 1.02       | 1.18       |
| Net earnings per share             | 0.89       | (0.69)     | 0.74       | 1.32       | 1.64       |
| Total dividend per share           | -          | -          | 0.35       | 0.60       | 0.60       |
| <b>Employees</b>                   |            |            |            |            |            |
| Number of FTEs                     | 68         | 62         | 71         | 74         | 73         |

# Independent auditor's report

To the shareholders and supervisory board of Lucas Bols N.V.

## Report on the audit of the financial statements 2021/22 included in the annual report

### Our opinion

We have audited the financial statements for the year ended 31 March 2022 of Lucas Bols N.V. based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

### In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2022 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code

### The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2022
- the following statements for the year ended 31 March 2022: the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information

### The company financial statements comprise:

- the company balance sheet as at 31 March 2022
- the company profit and loss account for the year ended 31 March 2022
- the notes comprising a summary of the accounting policies and other explanatory information

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under these standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Lucas Bols N.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrag- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

### Our understanding of the business

Lucas Bols N.V. is a listed company based in Amsterdam and through its subsidiaries and joint ventures, primarily involved in the development, bottling, distribution, sales and marketing of liqueurs and spirits worldwide. The group is structured in components and we tailored our group audit approach accordingly. During the year 2021/22, the company acquired 100% of the membership interests of Tequila Partido LLC. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### Materiality

|                          |  |
|--------------------------|--|
| <b>Materiality</b>       | €835,000 (2020/21: €700,000)   |
| <b>Benchmark applied</b> | Approximately 5% of profit before tax (2020/21: 5% of normalized profit before tax)  |
| <b>Explanation</b>       | Based on our professional judgement we consider an earnings-based measure the most appropriate basis to determine materiality. The users of the financial statements of listed entities tend to focus on profit before tax (PBT). We believe that PBT is an important metric for the financial performance of the company. In comparison with previous year, the materiality benchmark is no longer normalized nor adjusted as we consider the impact of COVID-19 on the company less significant. |

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 41,750, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Scope of the group audit

Lucas Bols N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements. Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

In establishing the overall approach to the audit, we determined the audit procedures required to be performed by us, as group auditors or by Ernst & Young Global member firms and other audit firms, both operating under our instructions.

We have performed full scope audit procedures at the entities in the Netherlands, France and United States of America. We used the work of other EY auditors when auditing the non-consolidated joint ventures Avandia B.V. and Avandia C.V. Furthermore we used the work of non-EY auditors when auditing Moxxum Nederland B.V. In total these procedures cover 99% of the group's total assets and 98% of revenue.

By performing the procedures mentioned above at entities of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

### Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the consumer products industry. We included specialists in the areas of IT audit, accounting, forensic and income tax and have made use of our own actuaries and valuation experts.

### Our focus on climate risks and the energy transition

Climate objectives will be high on the public agenda in the next decades. Issues such as CO<sub>2</sub> reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO<sub>2</sub> footprint. The management board of Lucas Bols N.V. discusses in section Corporate Social Responsibility of the Report of the management board its sustainable development goals.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in estimates and significant assumptions by Lucas Bols N.V., including those related to the valuation of long-lived and indefinite life assets. Furthermore, we read the Report of the management board and considered whether there is any material inconsistency between the non-financial information in section Corporate Social Responsibility and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks or the energy transition to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 March 2022.

### Our focus on fraud and non-compliance with laws and regulations

#### Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

#### Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the management board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to the section on risk management and control of the management board report for management's (fraud) risk assessment and the supervisory board report in which the supervisory board reflects on this (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.



As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. For the presumed risk of fraud in revenue recognition, we refer to our audit response in the key audit matter 'Revenue recognition'. For the risk related to management override of controls we have used data analysis to identify and address high-risk journal entries. We also performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 (e) to the financial statements, including key assumptions underlying the recognition of a brand name in a business combination. We refer to our audit response in the key audit matter 'Accounting for the acquisition of Tequila Partida LLC'.

We considered available information and made enquiries of relevant executives, directors, legal counsel and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

**Our audit response related to risks of non-compliance with laws and regulations**  
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities, if any, and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

**Our audit response related to going concern**  
As disclosed in section '(e) statement of compliance in note 2 to the consolidated financial statements and the 'in control statement' in the annual report, the management board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months.

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional skepticism. We considered whether the management board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the company's ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

**Our key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter on the COVID-19 pandemic, which was included in our last year's auditor's report, is not considered a key audit matter for this year as we deem the estimation uncertainties no longer significantly increased because of the COVID-19 pandemic. Following the acquisition of Tequila Partida LLC, a new key audit matter for accounting of the acquisition of Tequila Partida LLC has been identified.

|   |   |  |
|---|---|--|
| <p><b>Accounting for the acquisition of Tequila Partida LLC</b><br/>During the financial year 2021/22, the acquisition of Tequila Partida LLC by Lucas Bols N.V. was completed. This acquisition was accounted for as a business combination and the consideration was € 10,948 thousand, as disclosed in Note 5 of the financial statements. The company allocated the consideration primarily to brands € 8,435 thousand, inventories € 1,528 thousand and goodwill of € 441 thousand.</p>  | <p>We obtained an understanding of the business acquisition and evaluated the company's process regarding the accounting for the acquisition of Tequila Partida LLC, including the valuation model, the completeness and accuracy of the data used within the valuation model and of the underlying significant assumptions used to develop such fair value measurement estimates.</p> <p>We evaluated the applied accounting treatment in accordance with IFRS 3 'Business Combinations'. Furthermore, in order to test the fair value of brands, inventories and goodwill, our audit procedures included, among others, evaluating the company's valuation model, the methodology and the significant assumptions used, assessing the appropriateness of forecasts used and testing the completeness and accuracy of the underlying data supporting such assumptions and estimates. We involved our valuation specialists to assist with our assessment of the valuation. These valuation specialists also assessed the reasonability of certain significant assumptions, including the royalty rates and the discount rates, against market observable information. We performed a physical stock take to substantiate existence of the inventories.</p> | <p>We consider the identification and measurement of the identifiable assets and liabilities related to the acquisition and the remaining goodwill of Tequila Partida LLC reasonable. The disclosures of the business combination are adequate and in line with the requirements of EU-IFRS.</p> |
| <p><b>Accounting for business combinations</b><br/>Accounting for business combinations involves a number of judgments, such as the identification of intangible assets, the choice of valuation techniques and underlying assumptions, as well as the allocation to cash generating units. The use of different techniques and assumptions could produce significantly different estimates. The significant assumptions used within the valuation model for intangible assets included revenues, royalty rates, and discount rates. We considered the potential risk of management override of controls or other inappropriate influence over the financial reporting process and also given the size of the amounts involved and the inherent complexity, we considered this as a key audit matter.</p> | <p>Lastly, we have evaluated the adequacy of the disclosures related to business combinations. In particular we evaluated the disclosures on provisional amounts for the items for which the accounting may be adjusted retrospectively.</p>  |  |



|   |  |  |
|---|--|--|
| <p><b>Valuation of "Dutch brands"</b><br/>As at 31 March 2022 brands and related goodwill amount to € 307 million or 78% of total assets of which € 41 million is related to Dutch Brands. As disclosed in note 3 (j) and 17, the carrying amount of brands and related goodwill is not amortized, since the assets have an indefinite useful life. In accordance with IAS 36, these assets are tested for impairment at least annually.</p> <p>The management board performed their annual impairment test for brands and goodwill with a material carrying amount. The management board uses assumptions in respect of growth rates in the markets in which the company operates and economic conditions such as expected market share developments, pricing and margin developments, expected terminal growth rates, expected tax rate and discount rate.</p> <p>We consider these impairment tests a key audit matter because this process is complex and requires significant management judgments on future market and economic trends.</p> | <p>Our audit procedures included, amongst others, evaluating the appropriateness of the impairment methodology applied by management related to the valuation of intangible fixed assets in accordance with IAS 36 'Impairment of Assets' and whether the methodology has been applied consistently or whether changes, if any, are appropriate in the circumstances. We focused specifically on Dutch brands considering the prior year impairment.</p> <p>We obtained an understanding of the impairment assessment process and evaluated the design of key controls over the data and assumptions used in this area relevant to our audit. With the assistance of our valuation specialists we tested the discount rate, evaluated appropriateness and consistency of the valuation method and tested key assumptions used in the impairment tests including projected future income and earnings, performed a retrospective review, and tested the allocation of the assets, liabilities, revenues and expenses to each of the cash-generating units.</p> <p>Finally, we performed independent calculations to validate the sensitivity analysis as referred to in Note 17 of the consolidated financial statements and evaluated the disclosures.</p> | <p>We consider the management board's impairment tests as appropriate and conclude that key assumptions and estimates used in the impairment tests are reasonable and are adequately disclosed in line with the requirements of EU-IFRS.</p> |
|---|--|--|

|   |  |  |
|---|--|--|
| <p><b>Revenue recognition</b><br/>Lucas Bols N.V. records revenue when control transfers to customers according to the terms of sale, the sales price is agreed or determinable and receipt of payment can be assumed. Related disclosures and accounting policies of the consolidated financial statements are included in Note 3 (b) and Note 6.</p> <p>Sales transactions are usually subject to "ex-works" or other common shipping terms based on which title and risks of ownership transfer to the buyer prior to delivery of the product at the client's premises. Appropriate revenue recognition requires careful evaluation of the status of deliveries as of the balance sheet date to determine which revenue should be recognized in the current year and which revenue should be recognized in the next year.</p> <p>This item was significant to our audit because revenue is an important measure to users of the financial statements and the recognition process requires proper cut-off of sales transactions. Moreover, when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition.</p> | <p>Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies related to revenue recognition, determination of transaction prices and satisfaction of performance obligations in accordance with IFRS 15 'Revenue from contracts with customers' and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances.</p> <p>We obtained an understanding of the processes related to revenue recognition. We performed substantive audit procedures to address the risk through tests of details of samples of sales transactions, test of credit notes, cut-off testing, data-analytics and analytical procedures. We also ensured that assumptions included in the sales adjustments analyses are properly supported.</p> | <p>Based on the procedures performed, we did not identify any evidence of material misstatement in the revenue recognized for the year ended 31 March 2022 in accordance with EU-IFRS.</p> |
|---|--|--|



## Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements and ESEF

### Engagement

We were engaged by the general meeting as auditor of Lucas Bols N.V. on 3 September 2015 as of the audit for the year 2015/16 and have operated as statutory auditor ever since that date.

### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

### European Single Electronic Reporting Format (ESEF)

Lucas Bols N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Lucas Bols N.V., complies in all material respects with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

## Description of responsibilities for the financial statements

### Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.



Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

#### Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the supervisory board, carrying out the duties of an audit committee, in accordance with Article 1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 24 May 2022

Ernst & Young Accountants LLP

Signed by D.K. Noorl



*Lucas Bols*

**Annual account Lucas Bols N.V. 2022-2023**

ANNUAL REPORT

# LUCAS BOILS



2022 — 2023



# INDEX

# ANNUAL

# REPORT



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Statement – This copy of the annual report of Lucas Bols N.V. for the year ended 31 March 2023 is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF single reporting package is available at: [www.lucasbols.com](http://www.lucasbols.com).





The Lucas Bols Company is a leading global cocktail and spirits player with a strong position in the worldwide cocktail market. Our mission is to create great cocktail experiences around the globe.

At the Lucas Bols Company it is all about creating great cocktail experiences around the globe. As Masters of Taste we combine over four centuries of craftsmanship and heritage with our creative spirit of Amsterdam to discover new flavours and cocktails. This allows us to build leading cocktail and spirits brands. Our key assets are our three premium Global Cocktail Brands (Bols, the World's First Cocktail Brand, Passoã and Galliano) and our portfolio of Regional Liqueurs & Spirits brands.

The Lucas Bols Company is active in over 110 countries worldwide. The Bols brand includes the number one liqueur range globally (not including the US). We are also the world's largest player in the genever segment, and our portfolio of brands includes the number-one passion fruit liqueur Passoã and the ultra-premium Tequila Partida brand.

Our flexible and asset-light business model enables us to focus fully on innovation and strategic marketing to build the Lucas Bols brands. At the Lucas Bols distillery we create new flavours and adapt old recipes in line with today's cocktail trends. We enthusiastically operate the Lucas Bols experiences such as the House of Bols, the Bols Cocktail Academy, the Bols Around the World competition and the Wynand Fockink tasting tavern, which play a leading role in developing the cocktail market.

**Lucas Bols. Masters of Taste**

**Our heritage and craftsmanship dates back almost four-and-a-half centuries, to 1575 in Amsterdam. Since then, we have been mastering the art of mixing and blending, creating beautiful flavours for our genevers and liqueurs. We invite you to open your senses and experience the past, present and future of the Lucas Bols Company.**

1575

The Bols family establishes distillery 't Lootsje in Amsterdam and starts distilling liqueurs.

1700

Grandson Lucas Bols turns the distillery into an international company and creates over 300 liqueur and genever recipes.

20th  
century

Acquisition of regional brands, such as Dutch genevers, Pisang Ambon and Coebergh.

2006

Return of the Lucas Bols head office to Amsterdam and addition of new bartender brands such as Galliano.

1664

The Bols family start producing genever which plays an important role in the emergence of the cocktail culture in the US in the 19<sup>th</sup> century.

1816

The widow of the last male Bols heir sells the Company, on condition that the Lucas Bols name forever be used on all its products.

2004

Launch of the iconic Bols Liqueurs bottle, made by & for bartenders to improve efficiency and ease of use and its distinctiveness.

2007

Opening of the House of Bols Cocktail & Genever Experience and the Bols Cocktail Academy in Amsterdam.



2008

International relaunch of Bols Genever, based on the original recipe from 1820.

2016

The Lucas Bols Company adds Passoá, the world's number 1 passion fruit liqueur to its Global Cocktail Brands portfolio.

2020

Launch of non-alcoholic Damrak Virgin 0.0. and global relaunch of Bols Liqueurs, crafted with natural botanicals.

2022

Acquisition of ultra-premium Tequila Partida brand, world's highest rated tequila brand portfolio.

2015

Celebration of 440 years of Lucas Bols history and listing on the Euronext Amsterdam stock exchange.

2019

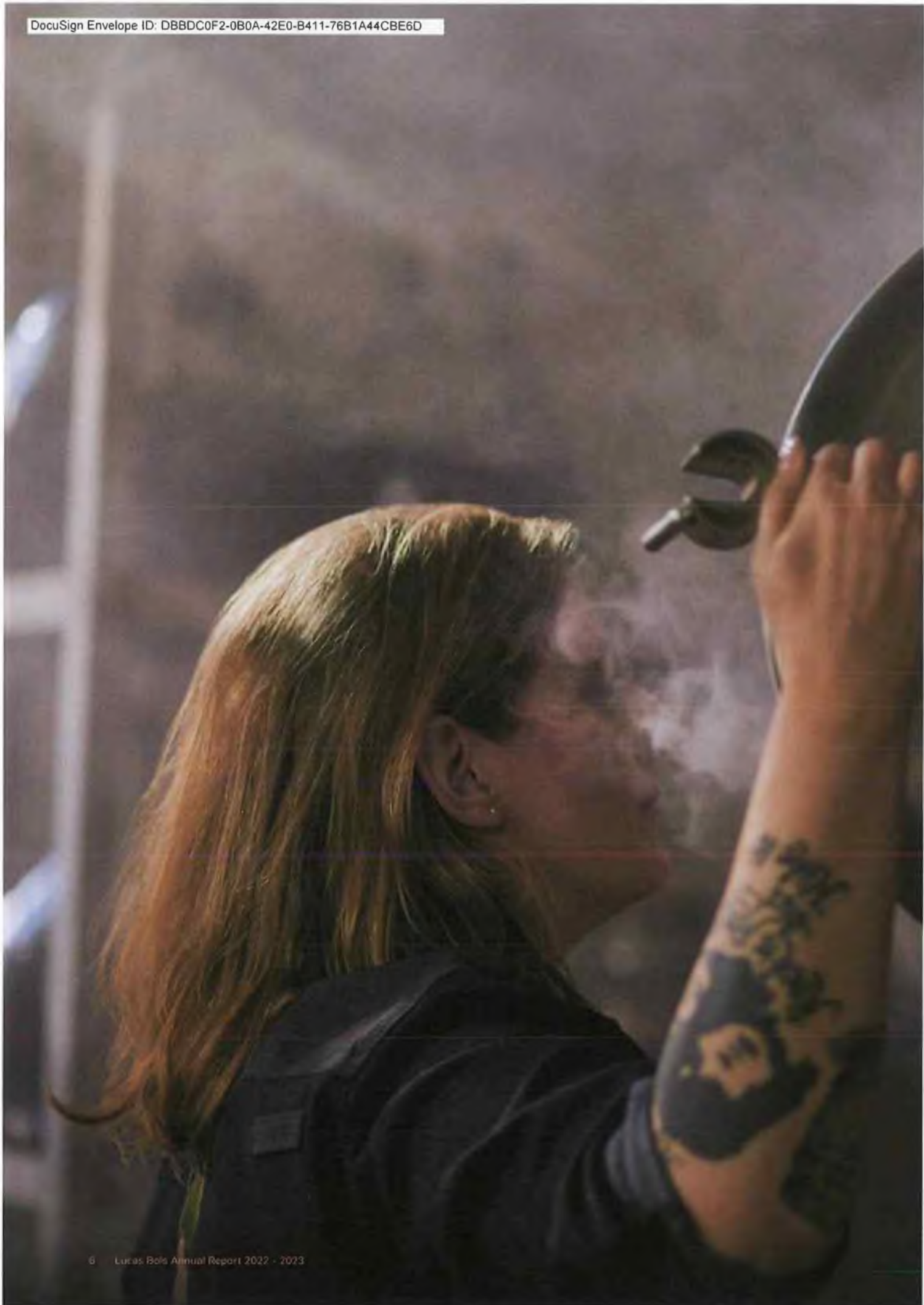
Addition of Nuvo, the sparkling liqueur, to the Regional Liqueurs & Spirits portfolio.

2021

Launch of innovative Bols Ready-to-Enjoy Cocktail Tubes and multi-serve bottles in 5 cocktail flavours.

2023

The Lucas Bols Company strengthens its no- and lower-alcohol cocktails positioning by acquiring Fluère, a leading non-alcoholic spirits brand.





# Financial Highlights

>€100  
mln

Revenue  
(in € mln)

100.6

2021/22: 92.0

Gross margin  
(in % of revenue)

51.7

2021/22: 55.9

Normalised operating profit\*  
(in € mln)

15.1

2021/22: 20.6

Free operating cash flow\*  
(in € mln)

6.8

2021/22: 15.6

Normalised net profit\*  
(in € mln)

10.1

2021/22: 14.7

Dividend per share  
(in €)

0.34

2021/22: -

\* These items are non-GAAP measures, normalised numbers, including one-off items. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 173.

## Company Highlights



**Masters  
of Taste  
since 1575**



**448 years of  
craftsmanship**



**More than  
25 brands**



**Sold in over  
110 countries  
worldwide**





## Brand Highlights



**World's No.1  
liqueurs range**

Not including the US



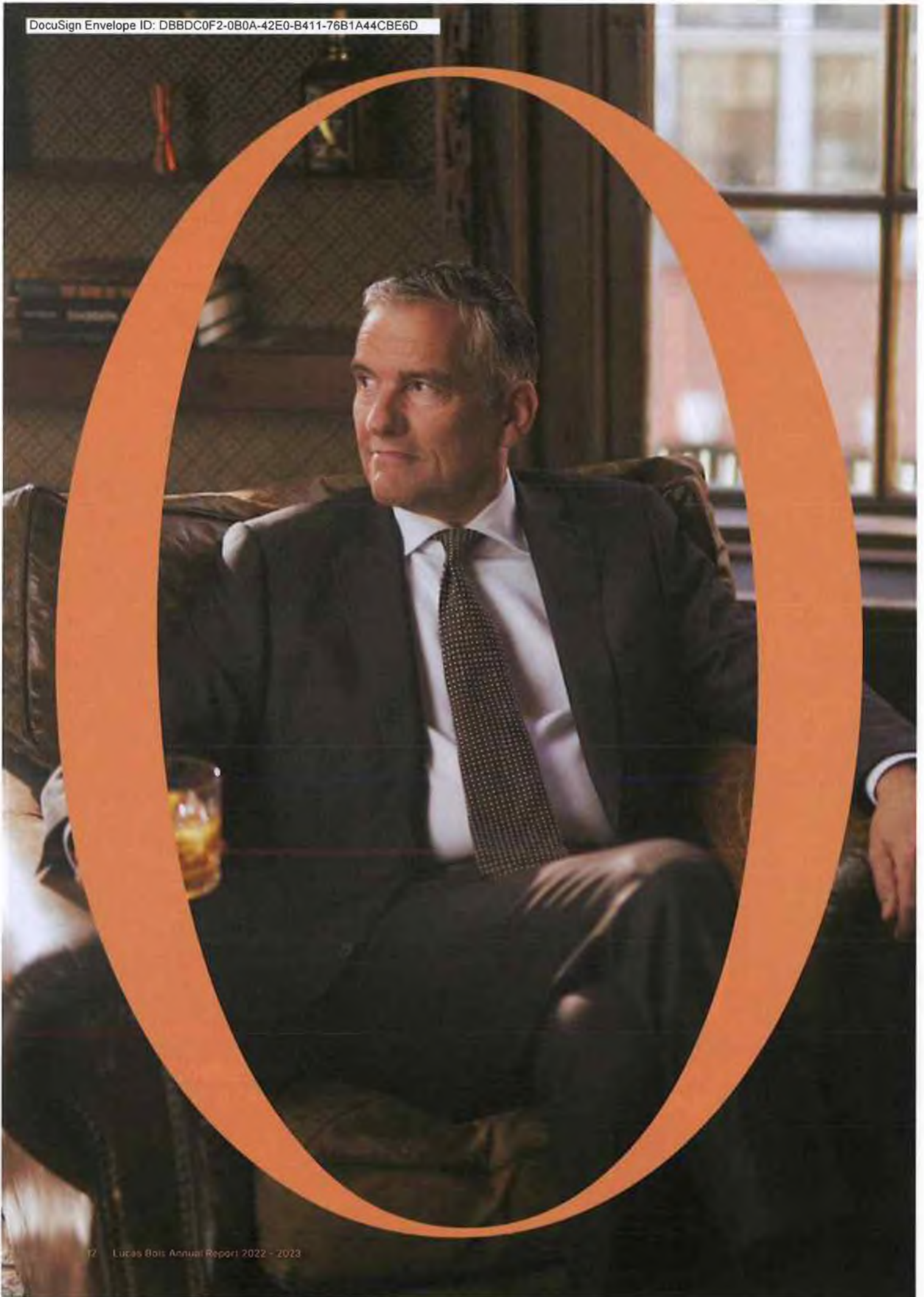
**World's No.1  
genever**



**World's highest rated  
tequila brand portfolio**



**World's No.1  
passion fruit liqueur**





## Interview with the Management Board

### What are your main reflections on the past financial year?

"I think it is fair to say that in the past few years we have operated in the most difficult and challenging context our industry has experienced for quite some time," CEO Huub van Doorne commenced. "I am grateful to the entire Lucas Bols team for their collective drive to weather these storms."

"Zooming in on the first half of the past financial year, the business showed a solid performance, benefiting from the recovery in Japan and travel-related markets as restrictive measures and other effects of COVID-19 faded out in these markets too," CFO Frank Cocx said. "Strategic marketing and premiumisation initiatives enabled us to capitalise on this strong momentum."

"Although global supply chain disruptions had already started during the pandemic, issues got worse when the war broke out in Ukraine," he continued. "The pricing and availability of raw materials heavily impacted this year's performance, most notably in the US where industry-wide glass shortages meant that our brands were out-of-stock in some outlets and we incurred additional costs. In the second half of the financial year the situation intensified even further, mainly as a result of input cost inflation due to the energy crisis. This put additional pressure on our cost base, resulting in a decline in our profit margins."

"In this very challenging environment we continued to leverage our brand equity, as is reflected in the 9% increase in revenue for the full year. We were able to successfully increase prices across our key brands and markets. Compared with the pre-pandemic period,

revenue grew by 20% thanks to our strong cocktail proposition, successful premiumisation strategy and valuable additions to our platform, such as the ultra-premium brand Tequila Partida," Huub van Doorne added.

"Our Fit for Growth strategy, which we implemented two years ago, clearly paid off: the average case rate increased by 27% in three years with gross profit per case going up by 16% in that period. I believe we can truly say that our fundamentals are now stronger than before," he concluded.

### What did you find to be the most challenging?

"Just when the on-trade and travel were really getting back on track, supply problems arose due to global shortages of raw materials," Frank Cocx said. "This posed serious challenges for our ability to deliver products

to certain markets. A very clear example was the industry-wide shortage of glass. By taking decisive action, including a temporary move of production to the Netherlands, we managed to maximise the availability of our products. This could not prevent sales of the Bols Liqueurs range in the US from being affected as well as incurring incremental logistics costs and working capital."

"Revenue grew by 20% compared to the pre-pandemic period."

"At the same time input costs increased even further from the already high levels we saw during the pandemic," Huub van Doorne continued. "This put considerable pressure on our profit margins. To mitigate part of the impact we took actions including expanding our contingency options, investing in planning capabilities, forward-buying and building safety stock levels."

"The strong and flexible supply chain partnerships proved yet again to be very important in these circumstances, as was the resilience and problem-solving attitude of the Lucas Bols teams worldwide," Frank Cocx stressed. "I am proud of the fact that we were able to continue to deliver to all our markets worldwide, with the exception of the US."

#### **How was this reflected in the markets worldwide?**

"There are big differences in how our markets performed in the past financial year," Huub van Doorne noted. "On the one hand we saw a strong recovery in Japan and in the South-East Asian markets, particularly in Vietnam and Thailand. A large number of European markets – including Italy and Spain – also did very well, as did the Eastern European markets excluding Russia where we ceased all business following the start of the war. On the other hand, as discussed above, our US sales suffered from industry-wide glass shortages. Meanwhile, weakening consumer purchasing power started to impact the US and other markets including France and the UK in the second half of the financial year. By now, most of the accounts temporarily lost in the US as a consequence of the glass shortages are re-gained, with the remaining parts expected to be re-gained in the near future."

#### **What were the brand highlights this past financial year?**

"We have signature cocktails in place for all our Global Cocktail Brands and some of our Regional Liqueurs & Spirits," Frank Cocx explained. "They promote brand equity and drive the number of menu listings in the on-trade. A great example is the Espresso Martini, a signature cocktail for our Galliano Espresso. The Espresso Martini is a very popular and growing cocktail that was one of the key drivers behind Galliano's outstanding performance. The Pornstar Martini remains a key growth driver for the Passoã brand. The roll-out to Italy, Spain and Eastern Europe translated into high growth numbers in these markets. Our new ultra-premium brand Tequila Partida also performed well, with a substantial number of additional points of distribution."

"Bols Cocktails showed a good recovery, mainly in Japan and South-East Asia," Huub van Doorne elaborated.

"The recovery was also supported by new retail listings in the US, the Netherlands and Belgium for the Bols Ready-to-Enjoy Cocktail Tubes and multi-serve bottles. This year the Tubes will also be available at several outdoor festivals and the Ready-to-Enjoy Espresso Martini is available on KLM flights where we also have a new cocktail listed in business class."

"Another highlight I would like to mention," Frank Cocx added, "is the record number of visitors we welcomed at the House of Bols Cocktail & Genever Experience. It is great to see that after two years of COVID-19 measures so many people found their way back to our unique experience to enjoy a vibrant and innovative outing. Not only a great testament to the strength of our brands but it creates many brand ambassadors around the world. Our authentic Wynand Fockink tasting tavern also reported record-high numbers in the past financial year."

"Furthermore we organised a brand summit in October 2022," Frank Cocx continued. "We welcomed many of our distributors to exchange ideas and share thoughts and insights on the Lucas Bols brands and brand strategies."

#### **Can you elaborate on innovation and new introductions?**

"Innovation and creating new experiences is at the heart of our DNA," Huub van Doorne firmly said. "This past year we introduced limited-edition packaging for Passoã, which boosted the brand's visibility in retail and may potentially benefit travel retail at a later stage. This year we introduced a new signature cocktail for Galliano: Galliano Vanilla Mule, a refreshing, lower-alcohol cocktail served in a large spritzer glass. Another great signature cocktail that we started to introduce directly after the acquisition of the Fluère brand in December 2022 is a no-alcohol cocktail crafted with Fluère Smoked Agave and Fluère Bitter, inspired by the Paper Plane cocktail."



"And of course we are constantly expanding existing brands to new markets," Frank Cocx added, "such as the Passoã brand that we launched in China and South-Korea in March 2023. Another important launch I would like to mention is Bols Vodka in the US. This will boost our position in vodka-based cocktails, one of the largest segments of the cocktail market."

#### **How are the new additions to the Lucas Bols family of brands doing?**

"We see exciting developments with Tequila Partida, which gives us access to the fastest growing spirits category in the US," Frank Cocx said. "22/23 was the first full year Tequila Partida was part of our portfolio and it reported a solid performance. It is now fully integrated into the Lucas Bols platform and we managed to significantly grow the number of points of distribution. This, together with the potential for further premiumisation, brings many opportunities for Tequila Partida to flourish. In the next financial year we will start to explore bringing the brand to other markets."

"Fluère became part of the portfolio only recently, in January this year," Huub van Doorne continued. "This acquisition is strategically very important given the strong trend and focus on no- and lower-alcohol cocktails. Fluère is highly-regarded both by bartenders and consumers and it gives us the opportunity to play a leading role in this rapidly growing segment of the cocktails market. As such, I strongly believe Fluère will help us in our mission to create great cocktail experiences around the globe. Such experiences should be for everyone and on every occasion," he stressed, passionately. "We will focus on getting the bartender community acquainted with Fluère and ensuring they fall in love with the numerous beautiful no- and lower-alcohol cocktail creations using the five Fluère products, also in great combinations with our liqueurs range. I really look forward to unlocking the brand's full potential and exploring synergies between Fluère and our other cocktail brands."

#### **Can you elaborate on the sale of Avandis?**

"In December we completed the sale of Avandis, our production joint venture in Zoetermeer, to Refresco," Frank Cocx said. "This allows us to fully focus on

what we do best: building brands. As we have a co-manufacturing agreement in place, blending and bottling is fully secured and we expect to leverage Refresco's strong global position when it comes to sourcing, production and innovation. The transition to new ownership went very smoothly, with few to no hiccups in production. This is a great achievement from the teams on both sides. We are confident that Refresco offers the best environment for Avandis to thrive and we very much look forward to continuing our long-lasting relationship with Avandis."

#### **How did the Lucas Bols Company shape its ESG (Environmental, Social, Governance) strategy?**

"Sustainability is vital to the resilience and growth of our business and critical for attracting the very best people," Frank Cocx firmly stated. "Responsible consumption has always been an essential element in our strategy to create long-term value – it is our 'license to operate'. In 22/23 we spent significant time

designing a more explicit, measurable and profound ESG strategy. Although the strategy will and should evolve over time we have started embedding it in the day-to-day operations of the Lucas Bols Company. We look forward to also working together on this with our business partners too as their cooperation is really needed in achieving the ambitions we have set."

"Sustainability is vital to the resilience and growth of our business."

"Amongst other things we have defined three clear strategic ESG pillars," Huub van Doorne elaborated. "Our first pillar addresses 'people' and commits to empowering the Lucas Bols community by further improving diversity, inclusivity, well-being, development and the role we take in the communities we operate in. The second pillar is all about 'planet': themes such as packaging, CO<sub>2</sub> reduction and sustainably-sourced ingredients are at the core of our ambitions in this regard and are key to safeguarding sustainable craftsmanship. Our last pillar is called 'pleasure' and deals with how we inspire responsible cocktail consumption."

"I am proud of the steps we have taken to further shape our ESG strategy and we are committed to progressing our sustainability agenda more in the years to come," Frank Cocx concluded.



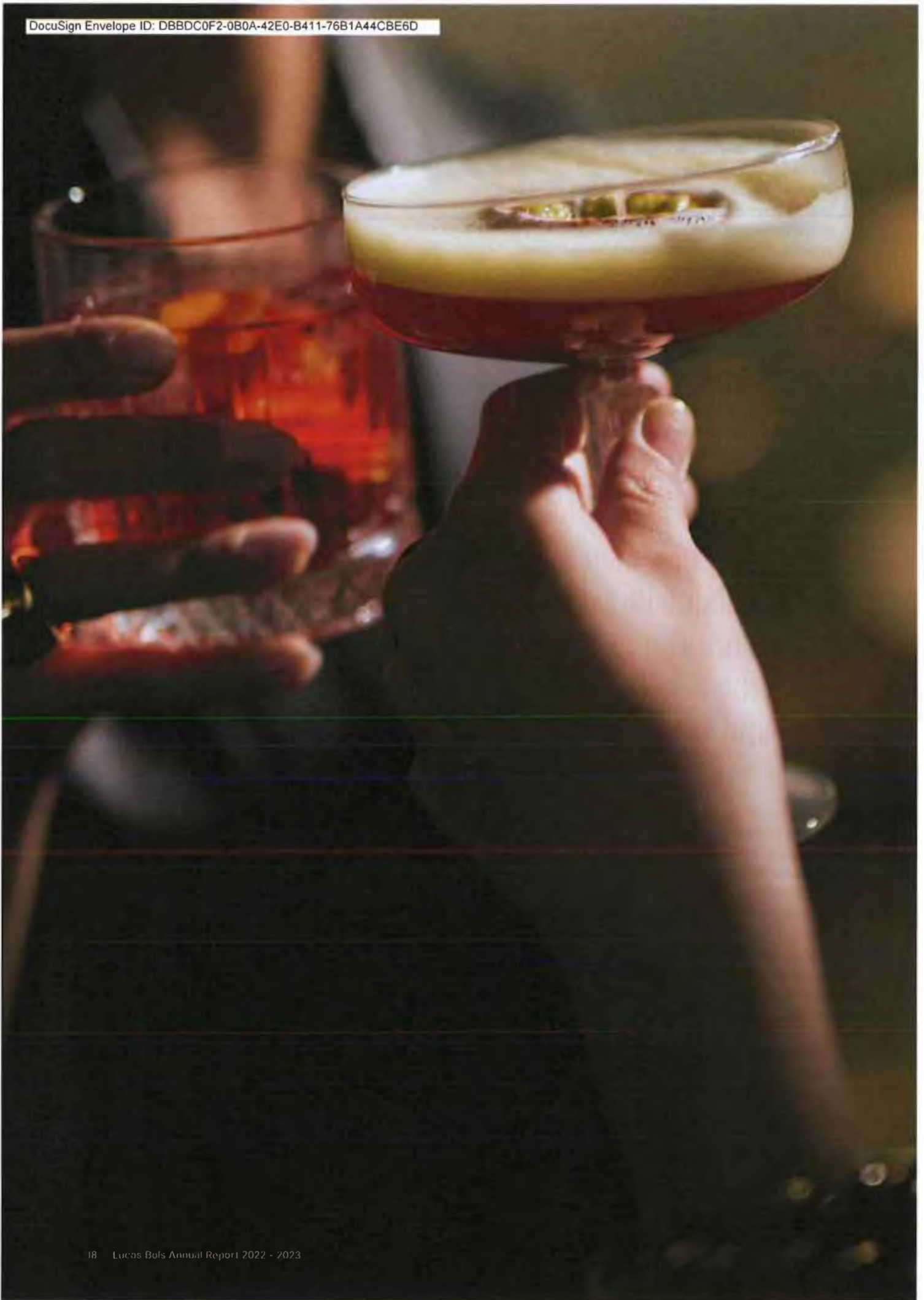
**What is your take on the future and more specifically the 23/24 financial year?**

"The past couple of years our people have spent a lot of time braving the pandemic and tackling supply chain challenges whilst completing many substantial projects to strengthen our operations and grow our global cocktail presence," Frank Cocx commenced. "With the pandemic behind us and supply chains steadily recovering it is now time to reap the full benefits of these projects. The focus in 23/24 will therefore be on the organic development of our business and on embedding the benefits of projects undertaken over the last three years. Of course we will continue our efforts to mitigate the effects of ongoing inflation by managing input costs and implementing additional sales price increases."

"The Fluère acquisition is important given the trend on no- and lower-alcohol cocktails."

"We believe that the further growth and premiumisation of Tequila Partida, the launch of Fluère, the introduction of Bols Vodka and the expansion of retail listings for Bols Ready-to-Enjoy Cocktails will allow our US business to get back to its growth trajectory and consequently also drive overall growth for the Lucas Bols Company. We also expect the ongoing growth in Asian markets to fuel growth in the Emerging Cocktail Markets," Huub van Doorne added.

"At the Lucas Bols Company, we cherish our great heritage and our long history of craftsmanship. In June 2025 we will reach our 450<sup>th</sup> anniversary. We look forward to celebrating this special moment with all who have contributed to achieving this milestone. Exciting details of the celebrations will be announced in the next twelve months as part of our 450<sup>th</sup> anniversary countdown," he enthusiastically concluded.





# Key figures

| IN € MILLION UNLESS OTHERWISE STATED<br>FOR THE YEAR ENDED 31 MARCH | 2023       | 2022       |
|---|------------|------------|
| <b>Results</b>  |            |            |
| Revenue   | 100.6      | 92.0       |
| Gross profit  | 52.0       | 51.4       |
| Gross margin  | 51.7%      | 55.9%      |
| Normalised operating profit <sup>1</sup>                            | 15.1       | 20.6       |
| Normalised operating profit margin <sup>1</sup>                     | 15.0%      | 22.4%      |
| Normalised EBIT <sup>2</sup>  | 16.3       | 22.8       |
| Normalised net profit / (loss)                                      | 10.1       | 14.7       |
| Net profit / (loss)   | (16.2)     | 11.8       |
| <b>Cash flow</b>  |            |            |
| Free operating cash flow  | 6.8        | 15.6       |
| Cash conversion ratio   | 40.9%      | 70.1%      |
| <b>Balance sheet</b>  |            |            |
| Working capital   | 27.3       | 20.4       |
| Total equity  | 206.6      | 225.5      |
| Net debt  | 59.6       | 60.7       |
| <b>Results</b>  |            |            |
| # of shares issued at 31 March                                      | 14,972,756 | 14,972,756 |
| Weighted average # of shares  | 14,972,756 | 13,328,276 |
| Normalised earnings per share                                       | 0.68       | 1.11       |
| Net earnings per share  | (1.08)     | 0.89       |
| Total dividend per share  | 0.34       | -          |
| <b>Employees</b>  |            |            |
| Number of FTEs  | 70         | 66         |

<sup>1</sup> Excluding one-offs. For further information about the one-offs, please refer to our commentary on non-GAAP measures as of page 173.

<sup>2</sup> These items are non-GAAP measures. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 173.

# Shareholder information

## Share listing

The shares of Lucas Bols N.V. have been listed on the Euronext Amsterdam stock exchange since 4 February 2015. Lucas Bols shares are traded under the symbol BOLS, ISIN code NL0010998878.

## The Lucas Bols share

|   | 22/23         | 21/22         |
|---|---------------|---------------|
| Number of outstanding ordinary shares at 31 March | 14,972,756    | 14,972,756    |
| Share price low                                   | € 9.52        | € 9.00        |
| Share price high                                  | € 11.50       | € 12.26       |
| Closing share price on 31 March                   | € 11.30       | € 10.74       |
| Proposed total dividend per share                 | € 0.34        | -             |
| Market capitalisation at 31 March                 | € 169,192,143 | € 160,807,399 |

## Share capital

All of the issued shares of the Lucas Bols Company are ordinary shares with a nominal value of € 0.10 each. At 31 March 2023 the share capital consisted of 14,972,756 ordinary shares which have been fully paid-up.

## Major shareholders

Pursuant to the Dutch Financial markets Supervision Act (Wet op het financieel toezicht) shareholders are obliged to give notice of interests exceeding or falling below certain thresholds, starting with 3%, to the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten (AFM)). AFM was notified of the following statements of interests of 3% and over in the Lucas Bols Company up to 31 March 2023:

| SHAREHOLDER  | SHAREHOLDING |
|--|--------------|
| Dreamspirit B.V. (controlled by Mr. H.L.M.P. van Doorne) | 5.22%        |
| Edelweiss Holdings plc                                   | 3.17%        |
| Enix NV  | 15.01%       |
| John and Marine van Vlissingen Foundation                | 5.01%        |
| Lazard Frères Gestion SAS                                | 5.01%        |
| Nolet Holding B.V.                                       | 25.00%       |



## Dividend policy

Lucas Bols' dividend policy and practices take account of both the interests of the shareholders and the expected further development of the Company.

The dividend pay out ratio will depend on the Company's recent financial performance and financial position, organic and acquisitive growth opportunities and macro-circumstances. Under the policy, the intention is to pay a ratio of 40% to 50% of full-year net profit and to pay any such dividend in two semi-annual instalments.

The Lucas Bols Company intends to distribute an interim dividend in the third quarter of each financial year equal to 40% of net profit over the first half year of that respective financial year and to declare a final dividend in the second quarter of the following financial year after adoption of the annual accounts by the Annual General Meeting of Shareholders.

There can be no assurances that a dividend will be proposed or declared in any given year.

## Investor relations

The Lucas Bols Company feels it is of great importance to maintain an active dialogue with its shareholders and other stakeholders. The aim is to give existing and potential shareholders, analysts and the financial press a broader insight into the Company and the sector we operate in. We do this by providing relevant financial and other information in a timely manner and to the best of our ability. To this end, the Lucas Bols Company ensures that relevant information is provided equally and simultaneously to all interested parties.

Analyst presentations regarding the half-year and full-year results publications can be followed by webcast to provide broad and easy access. From time to time the Lucas Bols Company engages in bilateral contacts with existing and potential shareholders and analysts. These contacts can have the form of investor conferences, company visits and one-on-ones. The purpose of these contacts is to explain the strategy and performance of Lucas Bols and thus ensure that correct and adequate information is disseminated about the Company.

## Financial calendar

7 July 2023 Annual General Meeting of Shareholders  
16 November 2023 Publication half-year results 23/24

## Prevention of insider trading

In consequence of its listing on Euronext Amsterdam the Lucas Bols Company is obliged to have regulation in place to prevent the use of insider knowledge by its managers, employees or other 'insiders'.

The compliance officer sees to it that the legislation relating to insider knowledge is adhered to and other compliance risks are observed. The Lucas Bols Company has an Employee Share Participation Plan (see page 127). Frank Cocx (CFO) is the Company's compliance officer.

# Global presence The world is our stage



Cocktail Markets  
27.4% Sophisticated  
57.0% Developed  
15.6% Emerging







Our **Global Cocktail Brands** portfolio consists of three premium brands, each holding a leading position in the spirits industry: Bols Cocktails, Passoã and Galliano.







## **Bols. The world's first cocktail brand.**

**Based in Amsterdam since 1575, Bols' high-quality products blend over four centuries of craftsmanship and experience. Bols has been part of the global cocktail culture since the first wave in 1862 and still actively engages with the international bartender community to create new drinks and experiences for their customers. Bols also inspires consumers to make and drink cocktails at home with its wide variety of products, flavours and innovative cocktail concepts.**

### **Bols** **Liqueurs**

Bols Liqueurs comprises more than forty unique premium liqueurs, widely used by bartenders to create cocktails. Bols Liqueurs are also consumed in mixed drinks and cocktails at home and are crafted with natural botanicals such as herbs, spices and fruits. The key markets for the Bols Liqueurs range include the US, Japan, China, Germany, the Netherlands, the UK and Scandinavia.



### **Bols** **Genever**

The Bols family first produced genever in 1664. Genever played an important part in the rise of the cocktail in 19th-century America. It is the rich content of our unique Bols malt spirit that makes it perfect for mixing and making cocktails. Nowadays Bols Genever is back in cocktail bars in over thirty countries around the world with the US, the UK and the Netherlands being the most important markets.



### **Bols** **Vodka**

Tapping into our Lucas Bols craftsmanship and distillation expertise, Bols Vodka was developed to create the best mixable vodka. Its natural wheat distillate base and charcoal filters result in an extraordinary high level of purity, making Bols Vodka perfect for mixing and preparing cocktails. The key markets for Bols Vodka are Scandinavia, the US, Canada and the Netherlands.



**Bols Ready-to-Enjoy Cocktails. Magically simple.**  
The launch of the revolutionary Bols Ready-to-Enjoy Cocktails in 21/22 marked a new journey: Bols as a consumer brand. With an industry that is shifting towards quality in-home entertainment, Bols brings home the magic of cocktails with these Ready-to-Enjoy Cocktails in three steps: Chill, Pour & Garnish. Each of the five Bols Ready-to-Enjoy Cocktails feature an expertly-crafted blend of premium Bols spirits and liqueurs, with 100% natural flavours and no preservatives. Bols Ready-to-Enjoy Cocktails are available in truly innovative 200ml Tubes and 375ml and 700ml bottles.

### **Bols Cocktails Tubes**

The Tubes serve one to two cocktails, are sustainable and designed to preserve exceptional taste and quality and boast a premium black design. They create a new, premium segment within the fast-growing category of ready-to-serve cocktails. The Bols Cocktails Tubes are available in retail stores, online and a few airlines and provide a great solution for gifting, festivals, (boutique) hotels and certain on-trade premises.



### **Bols Cocktails Multi-serve bottle**

The Bols Cocktails multi-serve bottles allow for five to seven (700ml) and three to five cocktails (375ml) respectively, and can be poured directly out of the chilled bottle. As restaurants and bars are struggling to recruit, retain and properly train bar staff and mixologists the Bols Cocktails multi-serve bottles help such restaurants and bars to continue their high-quality cocktail service without compromising guest experience.









## Passoã. The Passion Drink.

Created in 1985 and now the world's number one passion fruit liqueur, Passoã is perfect for making easy mixes and more sophisticated cocktails such as the original Pornstar Martini. The natural and refreshing flavours of Passoã's unique Brazilian passion fruits shine through in any mix and cocktail and are right on-trend. Passoã is known for its attractive red colour and iconic black bottle with a recognisable sunset logo and fresh passion fruit visuals. The key markets for Passoã are the UK, France, the Netherlands, the US, Puerto Rico and Belux, and new markets are entered every year.

### Passoã Pornstar Martini

Originally created with Passoã, the Pornstar Martini is the number one cocktail in the UK, the fastest growing cocktail in many cocktail markets around the world and one of the most searched cocktails online. Often the best-selling cocktail at the bar, this fancy flavourful new classic is a shaken cocktail traditionally served with a shot of champagne. Passoã has become a premium brand for both the professional bartender and consumers with this unique, signature cocktail.

### Passoã & Tonic

Passoã & Tonic is a refreshing lower-alcohol cocktail with great colour that is easy to make anytime, anywhere: a fresh fruity light alternative to Gin & Tonic. For a low-sugar alternative, tonic can be replaced with soda water. Passoã & Tonic is also available in a can for on-the-go consumption. Another easy and fresh example is the Passoã Rosé Sangria, a modern exotic spin on the most sharable cocktail.



## Galliano. Spirito Italiano.

**Galliano traces its roots back to 1896 Tuscany, Italy. It is the true Italian spirit with the iconic shaped bottle, inspired by the columns of the ancient temples of Rome. Galliano offers the finest Italian flavours and lifestyle, to be celebrated with friends and family. The range consists of Galliano L'Autentico, Vanilla, Espresso, L'Aperitivo, Amaretto and Sambuca (white & black), all of which have received the highest quality rating in the Difford's Guide. Galliano is mostly consumed in refreshing apéritifs and after-dinner cocktails. Its key markets are the US, Canada, Australia, New Zealand, Scandinavia and Germany.**

### Galliano Espresso Martini

A well-known classic cocktail, growing rapidly in popularity. It is currently the no. 4 in Difford's Guide's "the world's top 100 cocktails". If you are looking for the most extravagant Espresso Martini, use Galliano Espresso. It is the only espresso liqueur in the market, with a full-flavoured palate similar to a real espresso. Galliano Espresso is a perfect blend of dark-roasted Arabica and Robusta beans to give this cocktail the length and intensity it deserves. For those who love coffee.



### Galliano Hot Shot

Another way to turn your dinner into a party is to serve the rich and incredibly tasty signature Galliano Hot Shot. This surprisingly delicious and great-looking after-dinner treat will surely impress your guests. It is a simple drink to make, consisting of Galliano Vanilla, hot coffee and cream. Started in Scandinavia, but now gaining traction around the world.



### Galliano Vanilla Mule

'Aperitivo hour' is there to enjoy refreshing cocktails with friends. Galliano let you enjoy this Italian tradition of pre-dinner drinks with its new signature serve: the Galliano Vanilla Mule. A refreshing summer drink, tapping into the trend of light and refreshing cocktails. By replacing vodka with Galliano Vanilla it provides a lower-alcohol twist to the original Moscow Mule recipe. The Galliano Vanilla Mule is served in a big 'spritzer' glass to showcase the beautiful golden color of the drink.









Our **Regional Liqueurs & Spirits** portfolio consists of more than 20 brands, including Pisang Ambon, Tequila Partida, Nuvo, Henkes, Fluère, Bols Dutch Genevers, Bokma, Coebergh and Hartevelt.

These brands are important cash generators, and some have the potential to develop to a new Global Cocktail Brand. The brands are categorised into International Liqueurs & Spirits and Domestic Liqueurs & Spirits.

## International Liqueurs & Spirits brands.

The international portfolio includes well-known brands such as Pisang Ambon, Tequila Partida, Nuvo, Henkes, Vaccari, Damrak and the non-alcoholic spirits brand Fluère. Most brands are “local heroes” and have a strong position in specific markets. Investments are made to drive regional brand development, with the objective for certain brands to become a Global Cocktail Brand.

### Pisang Ambon Banana Liqueur

Founded in 1948 based on an original Indonesian recipe, Pisang Ambon is the banana liqueur. It has an emerald-green colour and comes in a legendary square bottle. The brand is a tribute to its Indonesian roots (Ambon island near Bali) and 'pisang' (Indonesian for banana). In 2021 Pisang Ambon was re-vamped with a 100% natural and even smoother banana flavour and a new eye-catching, premium packaging. Pisang Ambon's key markets are the Benelux, France and Scandinavia, where the brand's 75th birthday will be celebrated this year.

Pisang Ambon. Break free from the ordinary!

### Nuvo Sparkling Liqueur

Nuvo Sparkling Liqueur defines luxury and is the ultimate accessory when celebrating life. It is crafted with ultra-premium French vodka, a touch of sparkling wine and infused with a proprietary blend of fruit nectars. Nuvo's ultra-premium bottle stands out on any table, is the perfect gift and can be enjoyed over ice or in a mix with tequila, vodka or champagne. In 2022 the Nuvo Rose Vodka Spritzer was launched. This premium canned cocktail extends the brand's presence in the growing ready-to-drink category. The brand is currently sold in the US and selected markets in Latin America.

Nuvo. L'esprit de Paris





NUVO

L'ESPRIT DE PARIS®

SPARKLING  
LIQUEUR

15% ALC BY VOL





## Henkes Gin

Henkes is a brand with a fascinating and proud history dating back to 1824. The brand was first exported as early as in the mid-19<sup>th</sup> century and gained global recognition and notable awards since.

Henkes Gin is a juniper-berry gin with sweet and citrus notes and is best served with tonic. Henkes has been successfully positioned as a value-for-money brand: high-quality spirits at an affordable price. This makes the brand very accessible in its current markets (mainly Africa and the Netherlands) with several opportunities to grow the brand in new markets.

*When it's time for tradition,  
it's time for Henkes*



## Damrak Gin

Made in our distillery near Damrak square (in the heart of Amsterdam), Damrak Gin combines seventeen botanicals (including juniper berry, Valencia orange peel and coriander) and is distilled five times to provide an exquisite smooth taste. In 2020, Damrak was the world's first gin brand to launch a 0.0 gin as a non-alcohol alternative: Damrak Virgin 0.0. Although at 0% alcohol, the spirit contains 100% of the recognisable Damrak Gin botanicals flavour and is used in a wide variety of cocktails. Exceptionally smooth with a twist of orange, Damrak Gin and Virgin 0.0 are widely appreciated and easily mixed to create a sophisticated drink – with or without alcohol. The US, the Netherlands and BeLux are currently the most important markets.

*Damrak. The Best DAM Gin*



## Tequila Partida.

Tequila Partida (founded in 2005) is inspired by its namesake, Enrique Partida, a third-generation agave farmer and considered a master in his community. The liquid is made from only blue agave grown in the Tequila Valley (near a dormant volcano) applying unique harvesting, cooking and distillation techniques. Tequila Partida is world's highest rated tequila brand portfolio, and tequila remains the ultimate ingredient to the US no. 1 cocktail the Margarita. In addition the brand is right-on-trend when it comes to ultra-premium tequilas being enjoyed neat more often.

### Tequila Partida La Familia

Considered by experts as simply 'the best line of tequilas money can buy' it is widely used to create great tasting cocktails such as the Margarita. Part of the La Familia product range is aged in ex-bourbon, American white oak casks to enhance the fresh natural agave flavour and colour.



### Tequila Partida Roble Fino

The Roble Fino product range is considered 'the single malt of tequila'. These unique tequilas are first aged in ex-bourbon casks and they additionally spend time in the finest ex-single malt, sherry-seasoned casks. This releases unique flavours which is why Roble Fino is best savoured neat in a tequila sipping glass.





## New! Fluère.

Fluère, a leading non-alcoholic spirits brand created in 2018, lives its brand values: mindful, cosmopolitan, intriguing and adventurous. Its premium products are highly regarded and consequently the brand takes pride in the first-rate reviews and many medals and awards won. Fluère is made with the same complex distilling techniques used for spirits and high-end perfume houses, applying superior distillation methods and using best-in-class ingredients, including the finest botanicals. Fluère is available in over 20 countries, including Europe and the US. Fluère's range comprises five products in a stunning bottle design: Original, Spiced Cane, Raspberry, Smoked Agave and the new Bitter apéritif. The no- and lower-alcohol market is a rapidly growing category: health consciousness and mindful drinking continue to be on the rise and social occasions become increasingly diverse.

## No-alcohol cocktails

Fluère is the perfect answer to no-alcohol cocktail demand because of its mature taste and unique 'after bite'. The Fluère range enables the crafting of exciting no-alcohol alternatives to well-known cocktails such as the Paper Plane, Gin & Tonic, Espresso Martini and many more. Fluère's signature no-alcohol cocktail is the Paper Train crafted with both Fluère Smoked Agave and Fluère Bitter. The original Paper Plane is rapidly growing in popularity and entering the top 20 of the Difford's Guide 'the world's top 100 cocktails'.



## Lower-alcohol cocktails

Fluère also addresses the increasing demand for lower-alcohol variants of well-known cocktails such as the Margarita, Dry Martini, Old Fashioned, Espresso Martini and Negroni. By using the Fluère range these cocktails can be crafted with equal alcoholic units as beer without compromising the flavour and experience. Specifically interesting to try is Fluère's variant of the Margarita. By replacing the base spirit tequila with Fluère Agave, this all-time favourite can now be prepared at only 6.1% ABV strength, resulting in a smoother variant with subtle smokiness.





New



## Domestic Liqueurs & Spirits.

Our domestic brands have a strong sense of heritage and are important cash generators. They include premium Dutch Genever brands and the exclusive Bols KLM Delft Blue miniature houses. Other Domestic brands such as Coebergh, Zwarte Kip Advocaat and Wynand Fockink (with its range of artisanal genevers and liqueurs) demonstrate our entrepreneurial spirit and leading market position.

### Bols & Bokma Dutch Genever & Vieux

Genever is the centuries-old local Dutch spirit, and one of the largest spirit categories in the Netherlands. The Lucas Bols Company is the market leader in genever by operating a range of iconic brands such as Bols, Bokma, Hartevelt, Hoppe, Floryn and Legner. The premium Bols and Bokma genevers have distinctive packaging and a rich heritage, each with a wide range of products varying from the traditional unaged young and old genevers to specialty and aged genevers such as Corenwyn oak cask blends, Bourbon cask blends and Rye genever.

Vierkant achter Bokma



### Coebergh Wild Berries

Founded in 1877, Coebergh is a traditional flavoured genever brand with black berries. The Coebergh portfolio consists of Coebergh Classic (a fruity liqueur with red fruits and black berries as a base), a Coebergh Red Fruit liqueur (which has additional cranberries and is lower in ABV) and the soft and fresh taste Coebergh 0.0 (launched in 2021, containing no-alcohol). Coebergh is traditionally enjoyed with orange juice, but also tastes great on the rocks, with sparkling wine and/or soda water.

De traditionele wilde bessenlikeur







Lead the development of the cocktail market



Develop our regional liqueurs & spirits



Worldwide growth of our cocktail brand



Leverage operational excellence



## Mission & strategy

Our Mission at the Lucas Bols Company is to create great cocktail experiences around the globe. We combine almost four-and-a-half centuries of craftsmanship with the creative spirit of Amsterdam to discover new flavours and cocktails. Every day. Allowing us to build leading cocktail and spirits brands for today's bartenders and consumers. This is how we create long-term value at the Lucas Bols Company. Lucas Bols. Masters of Taste.

# Our strategi

**Our strategic objective as Ma  
develop the cocktail market  
To accomplish this we focu  
pillars, which are anchored  
ESG responsibilities as a**



## Lead the development of the cocktail market

As market leader it is important for the Lucas Bols Company to drive cocktail innovation and trends in order to grow the cocktail market around the globe. We have an active innovation programme, continuously updating and launching new flavours and packaging as well as introducing new-to-market concepts, which allow for great new cocktail experiences. We closely engage with the global bartending community, creating new trends in the cocktail market together. We work with retailers and engage directly with influencers and consumers to support and inspire cocktail consumption at home. Initiatives – increasingly online – such as the Bols Cocktail Academy and the Bols Around the World global competition capture the interest of the bartending community and consumers alike – we take pride in training new Masters of Taste!



## Worldwide growth of our cocktail brands

To grow the equity of our Global Cocktail Brands (Bols Cocktails, Passoã and Galliano) we focus on growing the global and local cocktail markets. We aim to increase our market share in current cocktail markets by increasing distribution penetration, investing in brand awareness and opening up (digital) direct-to-consumer sales. Besides building our existing cocktail markets we enter into (and expand in) Emerging Cocktail Markets with our brands.



# four c pillars

As Masters of Taste, it is our goal to grow and protect our spirits and our cocktail brands. This is reflected in the following strategic pillars in our overarching view on growth, addressed on pages 72-79:



## Develop our Regional Liqueurs & Spirits

Within our portfolio of Regional Liqueurs & Spirits brands we drive regional brand growth for our local heroes. We develop clear roles and strategies for the various brands, also within our domestic genever & vieux portfolio. This helps to increase competitiveness and protect the contribution of these brands. We also optimise profitability and cash generation throughout the chain by constantly challenging pricing and costs. The ultimate objective for this portfolio is to develop certain existing brands into new Global Cocktail Brands by investing in brand-strategy development and awareness.



## Leverage operational excellence

Our asset-light business model with a mix of in-house and outsourced activities provides optimal flexibility and creates a strong, scalable platform for brand development. We successfully further leverage this platform by adding selected brands through distribution agreements (e.g. regarding our distribution platform in the US), through strategic partnerships with brand owners and by acquiring new brands such as Tequila Partida and Fluère. At the foundation of our asset-light business model are the long-term partnerships with distributors, production and supply chain partners.

# Value creation model

## Creating great cocktail experiences around the globe

### Input

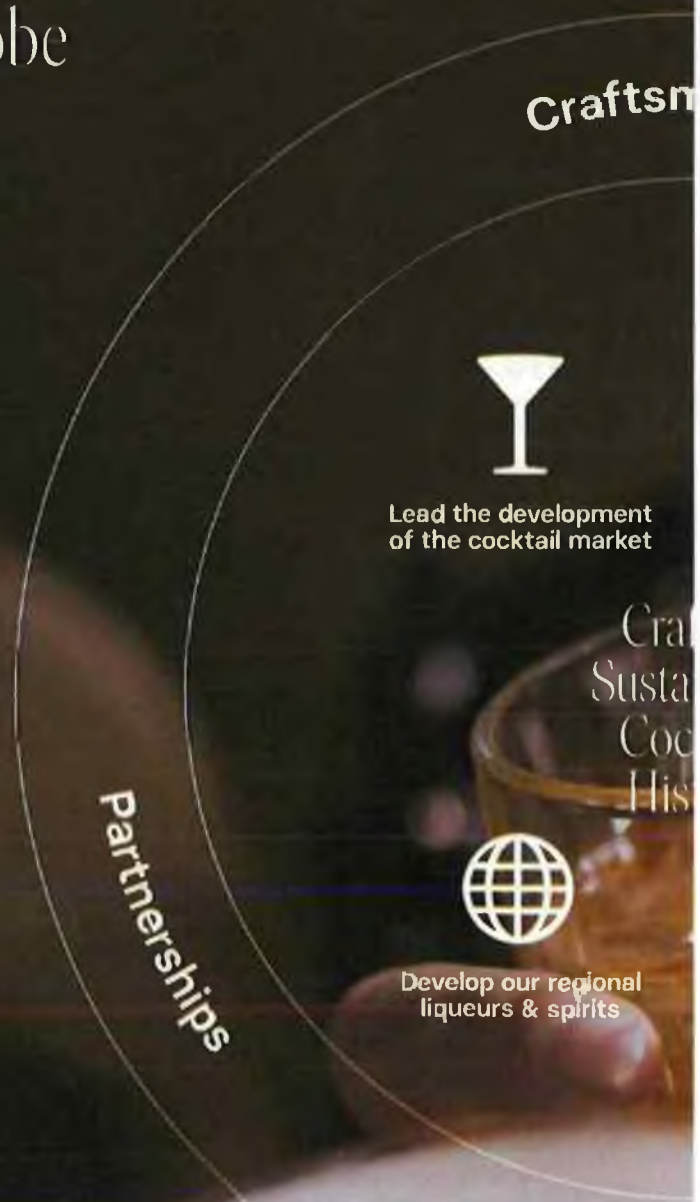
Brand / Intellectual capital  
Brand identity / heritage /  
recipes and craftsmanship / R&D

Human capital  
Employees / skills / entrepreneurship

Relationship capital  
Partnerships in production, logistics  
and local marketing & distribution /  
bartender community

Natural capital  
Best raw materials

Financial capital  
Equity / debt





Partnership



Worldwide growth of our cocktail brands

Building an iconic cocktail story



Leverage operational excellence

Brand Building

### Output

#### Brand value

Brand awareness / relevance / loyalty / innovation

#### Employee engagement

Employee motivation / satisfaction / brand ambassadors

#### Top #1 cocktail brand

Preferred, best distributed, cocktail brand / optimal route to market / brand ambassador network

Superior quality products  
Great drinks and cocktails

Financial performance  
Profitable growth / dividend





Creating value  
Value Creation at the  
Lucas Bols Company is  
attained through three  
unique and strong assets:  
craftsmanship, brand building  
and long-term partnerships.

We build value through our brands using our rich heritage and strong brand identity. We use our extensive experience of extracting and devising flavours to create great recipes. In our distillery (and in close cooperation with our blending and bottling partners) we use the finest raw materials to make the high-quality products for which the Lucas Bols Company is renowned. Our global distribution partnerships are essential in making sure our drinks are available around the world. Together with our employees and brand ambassadors we work hard every day to fulfil our mission – to create great cocktail experiences around the globe.

## Craftsmanship

At the Lucas Bols Company we are Masters of Taste. Extracting and creating flavours and spirits is what our company is all about. Building on our heritage dating back to 1575, the Lucas Bols Company has mastered the art of distilling, mixing and blending natural ingredients into a wide range of exciting flavours and cocktails.

### Best in class quality

Our motto, *semper idem* (always the same high quality), is upheld by the Lucas Bols Master Distiller and her team. The team combines the art of selecting the right ingredients with their expertise and curiosity to create hundreds of recipes suited to modern-day consumers and bartenders. The art of mixing and blending has been passed down through generations of master distillers and continues to be an internally trained craft. At our Lucas Bols distillery in the center of Amsterdam, our team of distillers produces the essential flavour distillates for the various Bols Genevers, Bols Liqueurs, Damrak Gin and other brands.

### Innovation

Innovation has been key to the success of the Lucas Bols Company over the past four centuries. This is a continuous process, meaning that the Company's pipeline is always filled with new flavours, spirits, cocktails and products to be launched at the appropriate time and in relevant markets. This creative spirit is embodied throughout the Lucas Bols Company and is guided by our experienced Research & Development team. The agile team acts quickly with relevant innovations, tapping into the needs of bartenders and consumers. Our latest innovations include Bols Ready-to-Enjoy Cocktails (premium cocktails in multi-serve bottles as well as innovative, recycled PET Tubes) and the launch of a Passoã limited edition.

## Brand building

Our strong and well-known Global Cocktail Brands are number one brands for bartenders and consumers alike. Our unique brand marketing is key to achieving this, through a mix of inspiration, education and experiences and new consumer campaigns.

### Experiences & Consumer campaigns

The House of Bols in Amsterdam plays a key role in marketing the Bols Cocktails brand and helps create Bols Cocktails fans and brand ambassadors all over the world. The House of Bols provides a journey into the history of the Lucas Bols Company and its brands and initiates visitors into the world of cocktails and the Dutch spirit of genever. This year we welcomed 60.000 cocktail enthusiasts at the House of Bols – a record number in line with the growth experienced at Wynand Fockink.

Following global trends and other indicators that social media usage among the target group of our Global Cocktail Brands continues to increase we have greatly intensified our social media efforts. Key objectives were to increase our social presence, enrich our digital assets to connect deeper with our followers, to adopt a test-and-learn approach to continually improve our global investments and to synchronise global and local digital efforts to reach our target group at multiple touch points. By doing so, combined with much more responsive and humanised community management, we have reached more people than ever before in our key markets, improved brand awareness and increased the followers base for all our Global Cocktail Brands.

### Education & Inspiration

Bartenders globally are trained at our Bols Cocktail Academy in Amsterdam and by our Bols Global Brand Ambassadors on tour around the world to make the best cocktails and create the best cocktail experiences. These programmes reinforce Bols Cocktails as the world's first cocktail brand.

Through the Bols Cocktail Academy we continued to stay in constant touch with the bartending scene and bartenders globally. We educated, engaged and committed this important group by sharing information on new products and innovative drink recipes, amongst which via live and online seminars. The Bols Cocktail Academy in Amsterdam operates 12 cocktail stations and we can host up to 36 students accordingly to physically teach them how to make the perfect serve, maintaining our position as leading cocktail brand.



Another exciting highlight is the re-launch of our global cocktail competition. We challenge bartenders from all over the world to create the new Bols Cocktails icon cocktail. This culminates in a three-day cocktail celebration in Amsterdam with the Bols Cocktail Academy at the heart of it. We inspire bartenders with cocktail seminars by world cocktail authorities and bartender lifestyle seminars by experts in their trade.

## Long-term partnerships

The Lucas Bols Company operates an asset-light business model. Under this operating model, the only activities performed in-house are those which are unique to Lucas Bols or those which must be undertaken in-house. As such, a crucial role is assigned to long-term partnerships. Distillation, innovation and product development, strategic marketing, brand development and distribution in the US are considered core in-house activities. There are three areas where partnerships are particularly essential to achieve our business objectives: the blending and bottling of our products, logistics and the in-market distribution and marketing of our brands globally.

### Blending and bottling partners

The creation of new products and recipes as well as the selection and extraction of ingredients are the responsibility of the Lucas Bols distillery under the leadership of our Master Distiller. The final blending and bottling of our products is outsourced to strategic partners in various countries around the globe, including the US, Argentina, South Africa, Canada, and France. The vast majority of our products will (also after the sale of Avandis to Refresco) be blended and bottled at Avandis in the Netherlands. The blending and bottling process takes place under the auspices of, and is subject to, quality control by the Lucas Bols Master Distiller and the product development and quality teams.

### Logistics

The Lucas Bols Company works with long-term partnerships to ensure efficient and reliable logistical services globally. Most notably the Company has an active relationship with our key logistics provider in the Netherlands for warehousing and transportation.

### Distribution partners

The Lucas Bols Company has a distribution model tailored to the specific needs of its brands in each market where the Company is present.

In the Netherlands, Belgium and Luxembourg the distribution of our brands is handled by our 50-50 joint venture with Edrington (Maxxium), while the Lucas Bols brands in the key US market are distributed through our wholly-owned subsidiary Lucas Bols USA, Inc. In other markets we have strong, longstanding relationships with distribution partners to ensure the route-to-market for our products, including local sales and marketing. Such distributors are carefully selected and evaluated on a market-by-market and brand-by-brand basis.

## Stakeholder dialogue

The Lucas Bols Company has a global reach, which means that we impact people around the world. As part of our asset-light business model we also have numerous strategic partnerships in various areas, and we consider these to be important stakeholders. Engaging with our stakeholders is therefore essential to build and maintain trust, develop an understanding of our business challenges, establish goal alignment and develop solutions jointly. An open and constructive dialogue with these stakeholders is crucial to optimising our ability to create value. Such dialogue helps us recognise important trends and developments in society and our markets at an early stage, in order for us to take this information into account when making decisions. Embracing open dialogue makes it possible to identify opportunities and risks early on and it ensures that the Lucas Bols Company remains responsive to the wants and needs of its various stakeholders.

The stakeholder matrix on the following page lists our most important stakeholders and why they are relevant to us. It also describes what their expectations are, the intended outcome of dialogue and how we engage with them.

The Company frequently interacts with all key stakeholders, both periodically and ad hoc. The Management Board is often involved in these interactions. The relevance and type of dialogue differs per stakeholder. Sometimes direct one-on-one contact is most appropriate (for example with employees and business partners), while indirect communications might be more effective where other stakeholders are involved (for example consumers). On other occasions a combination is preferred: we interact with many bartenders and bar owners around the world both through our distribution partners and our own Bols Cocktail Academy.


# Stakeholder matrix

|  | Relevance to the Lucas Bols Company   | Relevance to stakeholders / Important expectations  | Intended outcome of dialogue   | Means of communication  |
|--|---|---|--|---|
| Employees                                | Bring the Lucas Bols brands to life, really make the difference and add to the Company's value creation   | Inspiring, inclusive and safe working environment, where sufficient attention is paid to employee well-being  | Motivated and dedicated people that are true ambassadors for our brands and the Company  | One-on-ones, team sessions, Management Drives, ways of working cycle, Code of Conduct   |
| Consumers                                | Buy and enjoy our products responsibly. Define and accelerate trends that are relevant to us  | High-quality products and cocktail inspiration to enjoy at special moments  | Loyal consumers who are part of our community, both through on-trade and in-home cocktail consumption  | Campaigns and brand activation programmes online and offline, messaging on the package  |
| Bartenders and bar owners                | Work with our products to create and serve drinks and cocktails. Promote our products. Co-creation of new products and initiation and detection of trends   | High-quality products that deliver bartender and customer satisfaction and are a source of education and inspiration  | Loyal customers and brand ambassadors and sources of inspiration to develop new drinks and products  | Social media, marketing tools and the Bols Cocktail Academy (physically and virtually). Through Bols Around the World and our distributors                                      |
| Retailers and wholesalers                | Promote our products and make them available to consumers and outlets   | Provide their customers with unique and high-quality products at a fair price   | Product positioning in line with brand strategies, a clear commercial strategy   | Marketing, business contacts mainly through distributors, online (including social media)   |
| Blending and bottling partners/suppliers | Blend and bottle our products according to Lucas Bols recipe to make them available throughout the world. Reliable and consistent quality. Timely delivery of finished products                     | Loyal partners that operate in a long-term setting based on fair business principles. Products and services that their employees and stakeholders are proud to work with          | Value-based, long-term reliable and transparent partnerships contributing to delivering high-quality products on time                        | Monthly and/or quarterly reviews, periodic reporting and information supply, business contracts, quality standards, projects, Code of Conduct                                   |
| Partners in logistics                    | Ship and deliver our products according to Lucas Bols demand & supply planning, i.e. the correct volumes in the right state of quality, at the right time and at the right place                    | Loyal partners that operate in a long-term setting based on fair business principles. Products and services that help the partners in logistics grow their business strategically | Value-based, long-term reliable and transparent partnerships contributing to delivering high-quality products on time and at the right place | Monthly and/or quarterly reviews, periodic reporting and information supply, business contracts, quality standards, projects, Code of Conduct                                   |
| Distribution partners                    | Make our brands available and promote them according to Lucas Bols centrally-defined strategies. Tailor-made local in-market sales and marketing approach   | Loyal partners that operate in a long-term setting, providing customers with unique and high-quality products that complement their portfolio at a fair price                     | Value-based, long-term reliable and transparent partnership contributing to the development of our brands in global markets                  | Monthly and/or quarterly reviews, periodic reporting and information supply, business contracts, quality standards, projects, brand, sales and marketing plans, Code of Conduct |
| Shareholders                             | Provide the trust and capital we need to maximise returns and to develop our Company and brands in the long term  | Receive a long-term return on investment, in a transparent setting  | Maintain confidence and long-term commitment   | Corporate website, press releases, financial reporting, investor presentations and gatherings, AGMs, roadshows, cocktail markets days   |
| Banks                                    | Provide the trust and funding we need to develop our Company and brands in the long term  | Creditworthy company with a balanced and consistent risk/reward profile   | Long-term relationship and fair terms, consistent with our risk profile  | Corporate website, periodic meetings and reporting, press releases, financial reporting   |
| Government bodies                        | Responsible for setting the laws and regulations relating to excise duties, responsible consumption of alcohol (including drinking age regulation), import restrictions, etc.                       | Trade and income from excise duties; partner in programmes regarding responsible consumption of alcohol   | Fair and balanced laws and regulations, effective programmes regarding responsible consumption of alcohol                                    | Contact is primarily driven by our local distributors   |
| NGOs                                     | Responsible for giving input into laws and regulations relating to responsible consumption of alcohol (including drinking age regulation, alcohol tax/excise) and other sustainability topics, etc. | Partner in programmes regarding responsible consumption of alcohol and other sustainability topics  | Fair and balanced laws and regulations, effective programmes regarding responsible consumption of alcohol and other sustainability topics    | Overall contact is coordinated centrally with most of detailed contact driven by our local distributors   |



# SPICE UP YOUR AFTER DINNER MOMENT

ENJOY THE TRUE ITALIAN ESPRESSO MARTINI  
OR DELICIOUS HOT SHOT

DRINK  SMART™

# Composit Managem

## Chief Executive Officer (CEO) Mr. H.L.M.P. (Huub) van Doorne

(current term expires in 2026)

Huub van Doorne (1958) initiated a buy-out of Lucas Bols in 2005, as a result of which the Lucas Bols Company became independent and returned to Amsterdam in April 2006.

Huub is vice-chairman of Spirits NL, the Dutch spirits industry organisation. Huub also holds Board positions within the Lucas Bols joint ventures: he is chairman of the Supervisory Board of Maxxium Nederland, chairman of the Supervisory Board of Maxxium BeLux and member of the Board of BolsKyndal. Until the completion of the sale of Avandis to Refresco (December 2022) he was member of the Supervisory Board of Avandis. Furthermore, Huub is member of the Supervisory Board of Het Aambeeld N.V.



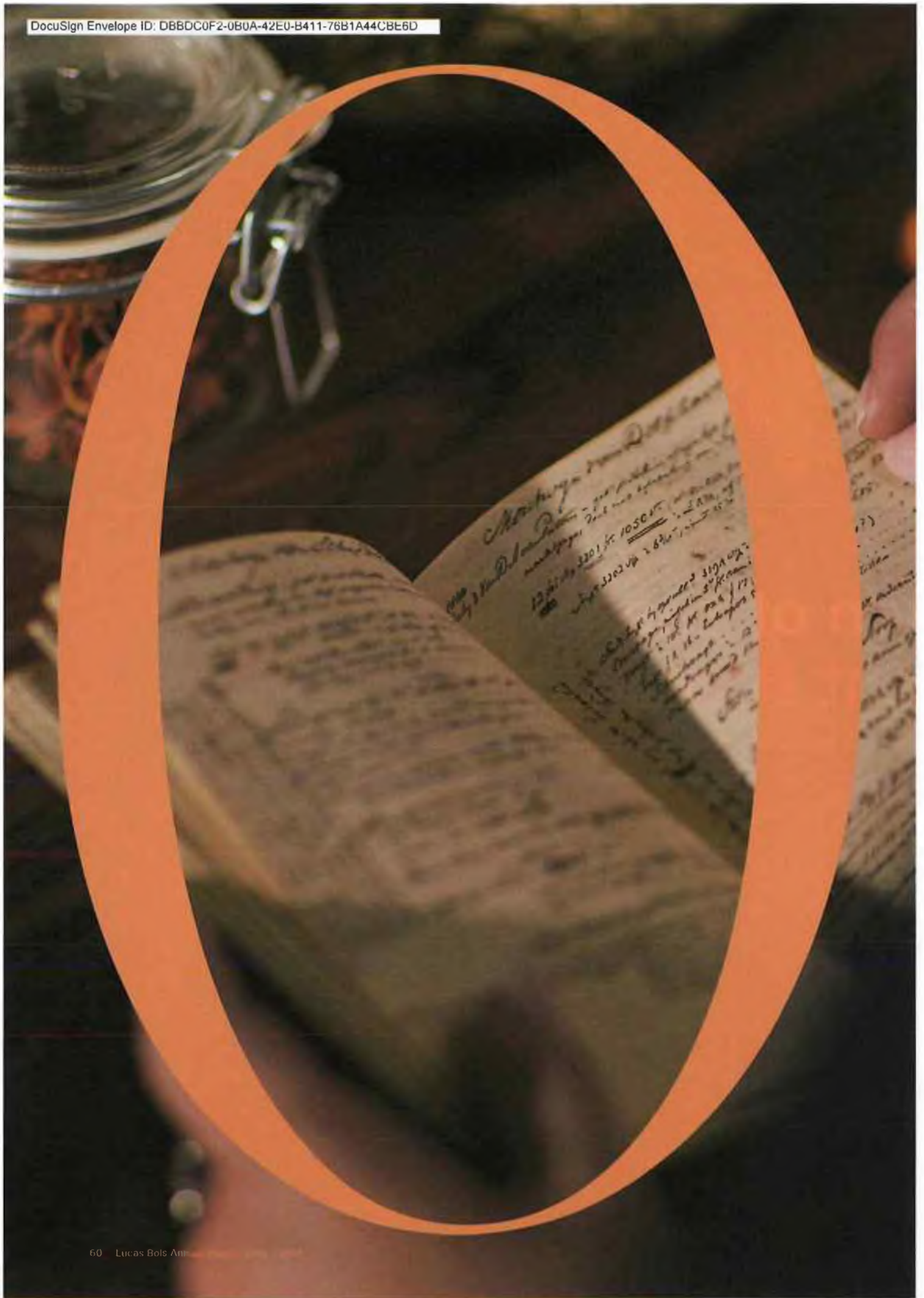
# ion of the ent Board

## Chief Financial Officer (CFO) Mr. F.J. (Frank) Cocx

(current term expires in 2024)

Frank Cocx (1981) joined the Lucas Bols Company on 1 April 2020 and teamed up with Huub to navigate the Lucas Bols Company through the COVID-19 pandemic and supply challenges whilst implementing the Fit for Growth operating model and undertaking strategic acquisitions. He is also actively involved in the development and implementation of the Company's ESG strategy.

Frank is member of the Supervisory Board of Maxxium Nederland, member of the Supervisory Board of Maxxium Belux and member of the Board of BolsKyndal. Until the completion of the sale of Avandis to Refresco (December 2022) he was member of the Supervisory Board of Avandis. In addition, Frank is member of the Supervisory Board of Stichting Kinderfeest.





# Report of the Management Board

22/23 was a milestone year for the Lucas Bols Company with revenue breaking through the € 100 million barrier. Robust recovery in Japan and South-East Asia as well as a strong performance in Southern and Eastern Europe boosted sales. Revenue also benefited from the acquisition of Tequila Partida, our effective premiumisation strategy, sales price increases and exchange rate fluctuations. The € 100.6 million of revenue achieved in 22/23 means we have grown revenue 20% compared to the pre-pandemic 19/20 year, notably driven by sales growth on our Lucas Bols USA distribution platform and a renewed focus on the Global Cocktail Brands under the Fit for Growth strategy.

The year under review was, however, also marked by substantial adverse impacts of global supply disruptions. Unprecedented input cost inflation phased in over the year significantly reduced gross margins despite our ability to successfully effectuate sales price increases. Even though the gross margin came in 420bps lower than the year before we were able to realise a 4% increase in gross profit per case sold thanks to our strong brand positioning and premiumisation strategy.

Global supply disruptions also interrupted the accelerated US growth trajectory. Sales in the US were held back materially by industry-wide glass shortages, particularly in the first half of the financial year. The majority of accounts lost at the time has since been restored, with Tequila Partida also paving the path for

further growth in the US in 23/24 and beyond. The glass shortage in the US also resulted in € 1.4 million of one-time logistics costs and a very high stock build at year end, putting additional pressure on 22/23 cash generation.

These challenges and overall macro-economic and geopolitical turbulence did not keep us from stepping up our brand investments, aimed at both the immediate and medium term. These investments combined with lower gross margins and increased logistics costs (partly non-recurring) have temporarily softened our

operating profit. Supported by further revenue growth, expected gross margin improvements (mainly in the second half of the year) and container rates that are coming down we aim for 23/24 operating profit to approach 21/22 levels.

Although cash generation was not as high as in previous years we were able to further reduce net debt. The even healthier balance sheet resulting from this and the comfort brought by successfully extending

our financing arrangements to November 2025 allow us to propose a full-year dividend pay-out of 50% of normalised net profit, i.e. at the upper end of our dividend policy.

In addition to the implementation of Fit for Growth and the acquisition of Tequila Partida (funded by a successful equity raise in December 2021) last year, the 22/23 financial year of the Lucas Bols Company was

“Revenue broke through the € 100 million barrier.”

also marked by important strategic milestones. Firstly, to fully focus on our core activity of creating great cocktail experiences around the globe we sold our 50% share in Avandis to Refresco. The associated long-term manufacturing contract entered into ensures we will reap the benefits of Refresco's size, scale and expertise. Secondly, we formalised the sustainability objectives that have always been part of our DNA into an ESG strategy with KPIs and targets. Embedding this strategy and the required governance is an important topic for the 23/24 financial year. Lastly, effective 1 January 2023 we acquired Fluère, a leading non-alcoholic spirits brand: right at the heart of our third strategic ESG pillar ('Inspire responsible cocktail enjoyment').

## Business review

### Supply chain

After the war in Ukraine broke out the global disruptions in the supply chain that started during the COVID-19 pandemic intensified, adversely impacting performance in the 22/23 financial year. Shortages of raw materials (for example glass) imposed serious challenges in terms of material requirements and production planning as well as product availability. In the US, the industry-wide glass shortage also resulted in out-of-stocks in the August to October 2022 period. To minimise that impact substantial volumes of Bols Liqueurs for the US market were produced in the Netherlands, leading to € 1.4 million of incremental logistic costs and significant additional working capital investments.

At the same time input costs increased dramatically – adding to the already high cost levels experienced during COVID-19. Cost increases were mainly noted for alcohol, glass, aluminium, sugar and paper, further increasing pressure on our margins and profit. In addition, headwinds on logistics costs intensified during the first three quarters of the year, only to come down on certain shipping lines in the last quarter. Combined with a more expensive shipments mix (mainly driven by the US, Japan and Australia) and the incidental logistic costs for US Bols Liqueurs this resulted in much higher overall logistics costs levels compared to previous years.

We continued our decisive actions to mitigate the impact. We expanded our contingency options (in relation to sourcing, production and logistics), invested in planning capabilities (both at the Lucas Bols Company and our sourcing and production partner Avandis (now called Refresco), planned and allowed for extended lead times (raw material purchasing,

production and shipping), built safety stock levels if and when deemed necessary and agreed price increases with our customers. Prices for key raw materials were increasingly hedged or locked in otherwise – in certain instances also a requirement to ensure availability.

Thanks to these measures and our strong and flexible supply chain partnerships we were able to minimise raw material shortages, production disruptions or logistical issues. As a result we were generally able to deliver our products to markets around the world, even under these challenging circumstances. The exceptions to that are the notable out-of-stock situation in the US (August to October 2022) and Passoã in a number of European markets (June to August 2022), both instances leading to missed sales. Our 22/23 costs also suffered from the global supply disruption: significantly-increased input costs put pressure on our profit margins whilst the logistics headwinds substantially increased our logistical costs, further reducing operating and net profit.

### Route to market

After creating Maxxium BeLux and entering into an exclusive distribution agreement with Maverick Drinks (distribution of the Bols and Galliano brands in the UK market) last year we appointed a new distributor in Portugal, Turkey and Indonesia.

### Commercial Initiatives

All our Global Cocktail Brands operate with a clear focus on one or more signature cocktails to grow the number of menu listings in the on-trade accounts and strengthen rotation. For Passoã this signature-cocktail focus means we put the Pornstar Martini at the heart of what we do, whilst the Galliano Hot Shot and the Galliano Espresso Martini play a crucial role in growing the Galliano brand. For Bols Cocktails, signature drinks build around the ever-popular Margarita cocktail, for example. For all signature cocktails we have prepared and actively communicated toolkits to our on-trade partners, and are simultaneously accelerating in-home consumption. In that regard consumer communication is increasingly important: this is our way to explain – with a little help from our bartender community – how to make these cocktails. We also reach our consumers directly by expanding our in-home portfolio with the Bols Ready-to-Enjoy Cocktails: a true premium innovation in the growing ready-to-drink category. The Bols Ready-to-Enjoy Tubes and multi-serve bottles are currently listed at retailers in the US, the Netherlands and Belgium, amongst others.



In certain markets we have tailored our brand and product portfolio. Examples are the launch of Passoã in China and the introduction of Bols Vodka in the US, to complement our cocktail offering and more effectively market our overall Bols Cocktails proposition. This will further build Bols Cocktails' brand position as the world's first cocktail brand. We continued to develop our wide product range whilst tailoring our portfolio to each individual market.

This year was also marked by the introduction of a limited edition packaging for Passoã in six markets, which created great visibility and excitement about the brand in retail. For the occasion, targeted PR and influencer launch events took place in US, the Netherlands and Belgium, generating great coverage.

Our brands were also starring at a number of relevant trade events such as large on-trade fairs. Consumers were made aware of our brands at festivals and dedicated parties and celebrations. To improve direct-to-consumer communication we hired a dedicated social media manager. Digital marketing plans are now continuously optimised, with a strong focus on growing the follower base on social media platforms and driving consumers to stores.

In October 2023 we organized a brand summit for most of our distribution partners. We took this opportunity to align with our global community to ensure excellent execution of our brand the strategies in the various market places. We spent significant time engaging with bartenders around the world, both virtually and physically. The Bols Cocktail Academy is supported by an e-learning platform and we have started Bols Around The World competitions in multiple markets locally.

## Brands

### Global Cocktail Brands

#### Bols Cocktails

Bols Cocktails – the world's first cocktail brand – is truly about cocktails and is positioned accordingly across our markets. The cocktail range includes Bols Liqueurs, Bols Vodka, Bols Genever and our latest innovation: Bols Ready-to-Enjoy Cocktails.

Excluding the US, the Bols Cocktails portfolio showed solid growth across its key markets. The brand is predominantly positioned in the on-trade channel,

so the gradual lifting of COVID-19 measures (mainly the re-opening of the on-trade) positively impacted 22/23 performance, mainly in Europe, Japan and other Asia markets expect for China.

The Bols Liqueurs range performed above expectations (excluding the US), partly on the back of the re-opening of the on-trade. More particularly, high double-digit growth was achieved in Japan and across Scandinavia. Bols Vodka also showed double-digit growth, driven by its launch in the US and a promising recovery in the Netherlands.

In North America, the Bols Cocktails brand was heavily impacted by glass shortages on the Bols Liqueurs for the US market. However, in the past year we successfully gained listings in both the on-trade and off-trade across key markets with key cocktail liqueur flavours. We also launched Bols Vodka in the second quarter perfectly integrating it into our signature cocktail strategy with vodka-based cocktails still growing in popularity.

The Developed Cocktail Markets reported double-digit growth in depletions on the Bols Cocktails brand. Growth versus last year was primarily driven by Japan where on-trade has fully opened up after a long period of strong COVID-19 restrictions. Also Scandinavia shows a good performance, mainly driven by the Nordic free zone, that is in full recovery of the COVID-19 restrictions, next to that the Swedish on-trade is growing due to a focused drink strategy with digital support. Switzerland has seen higher brand investments in the on-trade with dedicated partnerships, resulting into increased sales and listings. In Italy the growth is mainly due to the expansion of our flavour portfolio within existing customer base.

The Emerging Cocktail Markets showed mid single-digit growth in overall depletions, but high single-digit growth if China (which was hampered by COVID-19 issues during 22/23 still) is excluded. Growth mainly took place in South Korea and through the recovery of South-East Asia. With China opening up slowly-but-surely we expect to leverage the strong positioning of our Bols Cocktails brand in 23/24.

With last year's introduction of the Bols Ready-to-Enjoy Cocktails range in the US and the Netherlands we continue to increase focus on the consumer and sales to the off-trade – fully in line with our long-term cocktail strategy. Our first consumer communication

campaign was well received and particularly appreciated by our trade partners for our geo-targeted approach in both markets.

We are still experiencing the strong effect of the new packaging design for Bols Liqueurs with natural botanicals. We will continue to focus on a clear signature drinks strategy for each market, selecting which cocktails are most likely to appeal to local consumers and focusing our communication primarily on these drinks.

#### Passoã

Passoã consolidated the strong gains achieved last year, with single-digit growth in both volume and revenue. Strong performance in several key markets were partially offset by a slow-down in growth in the UK. The brand had a difficult year in the UK with a challenging economic and competitive environment, mainly in retail and e-commerce. The Netherlands, Italy, Spain and Scandinavia were the main growth engines in 22/23.

The continuation of the growth trajectory in the Netherlands, historically a more mature market, is a testament to the success of the strategic shift towards a more premium, cocktail-oriented brand. It also underlines the brand's perfect fit with current consumer trends: the popularity of passion fruit, lower-alcohol cocktails (e.g. easy-mixes with Passoã & premium tonic). It is exciting to see the growing appeal of the Pornstar Martini cocktail outside the UK. In Italy and Spain Passoã benefited from the return to full on-trade capacity and a great tourist season.

Consistent investments were made to increase brand awareness and consideration and attracting new consumers. This included the launch of the Passoã Sunset limited edition in six markets, creating great visibility in retail. For that occasion PR- and influencer-launch events took place in the US, the Netherlands and Belgium, which generated great coverage. By an increasing number and more effective social media campaigns in the UK, France, Belgium, the Netherlands and Australia we strongly grew our presence on social media, including our Instagram

followers base. Brand-building investments were also focused towards presence at summer events and bars as well as a strong festive-season presence in retail (e.g. folders, store displays).

#### Galliano

Galliano broke through the 100,000 standard cases depletions barrier, clearly outperforming performance in earlier years and showing continuing strong growth across the brand's key markets. Galliano's solid performance in Australia and New Zealand was driven by retail sales as consumers kept socialising at home with Galliano Sambuca. Recently Galliano launched a refreshing summer drink called the Galliano Vanilla Mule, an easy mix of Galliano Vanilla topped with ginger beer (or ginger ale) and fresh lime juice. This taps into the trend of light and refreshing drinks and further strengthens the vanilla flavour along with Sambuca in the Pacific region.

The Galliano brand achieved outstanding results in Scandinavia in the past years, leveraging the original Galliano Hot Shot signature serving ritual. Before the pandemic the Galliano Hot Shot was mainly focused on the on-trade, but the retail share in total volumes has now doubled and this momentum continued when lockdown measures were lifted. We successfully drove in-home consumption via newly-created online videos aimed to increase awareness and consideration among consumers (at-home, after-dinner) and boost sell-out, particularly in Sweden. The on-trade channel is also getting back on track with strong initiatives. An appealing example of that is the National Galliano Hot Shot Day, with over 89 bars in Scandinavia taking part and a total of more than two million consumers reached via an online campaign and influencer events.

“Our Global  
Cocktail Brands  
operate with a clear  
focus on signature  
cocktails.”

In the US the Galliano brand saw double-digit year-on-year growth supported by an increase in the number of distribution points for Galliano L'Autentico. We also realised a significant step-up in distribution and rotation for Galliano Espresso, activating the Espresso Martini,



one of the most popular cocktails at the moment. This was backed by social media campaigns to support the Galliano Espresso rebranding (formerly known as Galiano Ristretto). Furthermore, increasing awareness was achieved through an impactful cocktail competition surrounding coffee cocktails in cooperation with StarChefs, an essential resource within the restaurant and bar industry.

From a global perspective the use of social media is embedded in the key countries to further increase awareness and consideration for the brand and is centered around the three leading cocktails: the Galliano Vanilla Mule, the Galliano Espresso Martini and the Galliano Hot Shot.

## Regional Liqueurs & Spirits brands

The Regional Liqueurs & Spirits portfolio combines the International Liqueurs & Spirits and the Domestic Liqueurs & Spirits (including our traditional Dutch Genever & Vieux brands) sub-portfolios. It also comprises the business-to-business concentrate offering, our Experiences (e.g. the House of Bols and Wynand Fockink) and the exclusive Bols KLM Delft Blue miniature houses.

Overall the Regional Liqueurs & Spirits portfolio performed well: growth was achieved even adjusted for the addition of Tequila Partida. The strong organic increase in International Liqueurs & Spirits sales was driven by Vaccari, Pallini, Nuvo and Damrak Gin, amongst other brands. The Domestic Liqueurs & Spirits showed a more or less stable performance, with the impact of the ongoing decline in the Genever & Vieux segment being offset by Henkes sales in Africa, strong growth of the Bols KLM Delft Blue miniature houses, and other factors.

### Tequila Partida

The Company acquired the Tequila Partida brand effective 1 January 2022 and took over the distribution

in the US market from 1 April 2022 onwards. During the first months of the year under review we focused on distributor transition matters and supply issues as well as repositioning the brand's pricing to ultra-premium levels. After these challenges were addressed and the integration was successfully completed we grew the number of distribution points and rotation. With an ongoing focus on product and brand quality Tequila Partida was able to further expand its outstanding position, as evidenced for example by the many awards and medals won during the year. Distribution in Mexico was reactivated at top retailers and on-trade accounts.

Although the transition and global supply issues have delayed reaping the benefits of the acquisition, the Company's positive medium and longer-term outlook for the brand's performance remains unchanged.

### Pisang Ambon

Historically, Pisang Ambon has a strong retail presence in markets such as France, the Netherlands and Belgium. The retail channel witnessed a spike in sales during the pandemic, which partially reversed in 22/23 resulting in a small decline of the brand's overall performance. The post-pandemic retail decline was almost fully offset by the impact of increased promotional activities as well as the communication plan regarding the relaunch in 2021, positioning the brand as the world's leading banana liqueur and leveraging an improved liquid and upgraded packaging design. By communicating a stronger link to cocktails (including easy-mix recipes) the brand now also has a growing base in the on-trade channel and in-home cocktail consumption.

“Tequila Partida's pricing is re-positioned to ultra-premium levels.”

### Nuvo

Nuvo's performance in 22/23 exceeded that of the year prior. In the US, where the brand is retail-oriented, growth was achieved on the back of both the original sparkling liqueur and the introduction of the Rosé Vodka Spritzer RTD. This growth was supported by e-commerce and direct-to-consumer activation programmes across various key US states. Despite difficult macro-economic and political circumstances

in key markets the brand was also able to increase revenue in Latin America.

#### **Vaccari**

Before the pandemic Vaccari was primarily an on-trade brand. With a change in focus, building on the brand's solid brand awareness, significant off-trade business was gained during the pandemic. With the on-trade reopening in 22/23 Vaccari's performance benefited from strong results in both channels, continuing the growth trajectory started in 21/22. New social media campaigns and a strong on-trade plan in Mexico further strengthened the brand and its trade performance in that market. Dedicated on-trade efforts also paid off in Ireland and the Netherlands.

#### **Henkes**

The strength of Henkes' brand equity continued into 22/23. Overall revenue increased year-on-year and mainly West Africa performed very well with double-digit growth. In South Africa we changed our distribution partner. This resulted in a temporary slow-down of sales. In 23/24 we invest in the brand, amongst others through a new communication campaign, the launch of a recycled carton gift pack and new consumer propositions.

#### **Damrak**

Damrak Gin is a predominantly on-trade-driven brand. With bars and restaurants fully re-opened in 22/23 after the lockdown measures were lifted the brand was able to show growth compared to 21/22. Damrak Virgin 0.0 saw positive momentum following intensified communications and activations surrounding Sober October and Dry January but also faced a rapid increase in competition in the growing non-alcoholic spirits category. We continue to increase overall Damrak brand awareness, for example by claiming the unique 'power of two' combination: Damrak Gin & Damrak Virgin 0.0.

#### **Genever & Vieux brands**

In the year under review we noted an acceleration of the ongoing decline of the Genever & Vieux category in the Netherlands. In addition, 22/23 was adversely impacted by the full-year effect of the Dutch National Prevention Agreement (implemented in July 2021, limiting promotional discounts to 25%, amongst other consequences) whilst increased price competitiveness – mainly from private labels – and the effect of severe input cost inflation impacted business profitability in this category. By continuing our strategy to effectively

differentiate the various sub-categories (young, old, aged/specialties and vieux) and our brands in those sub-categories we were able to minimise the volume decline in our brands and remain the market leader in this category. Hoppe Vieux also kept its leading position in the vieux category.

While the Dutch National Prevention Agreement reduced the price competitiveness of our brands in the short term, there could be opportunities for higher-equity brands such as ours in the medium term. Our brands could for example act as category captains, strengthening our position in a very competitive landscape. Such opportunities are supported by extensive consumer research and could lead to us gaining market share in the medium term whilst exploring opportunities for future growth.

#### **Other**

The Bols KLM Delft Blue miniature houses grew to beyond pre-pandemic levels as (business) travel picked up. When international restrictions on travel and tourism were eased or cancelled and on-trade measures in the Netherlands were lifted we intensified our campaigns to attract visitors to our House of Bols Cocktail & Genever Experience and to Wynand Fockink. This resulted in record revenue and visitors, ahead of pre-pandemic levels.

## **Market clusters**

#### **Sophisticated Cocktail Markets (US, Canada and Puerto Rico)**

Bols Liqueurs sales in the US were seriously impacted by the industry-wide glass shortage, particularly in the first half of the financial year. The supply issues that followed were mitigated to quite an extent by a temporary shift in production to the Netherlands but nevertheless resulted in the loss of a number of accounts. Thanks to the strong position of our Bols Liqueurs in the on-trade, however, we were able to take back important accounts in H2 and are confident that most accounts will be re-gained. Revenue in Puerto Rico (Passoã only) decreased due to high comps and the devastating hurricane Fiona that hit the country in September 2022. The addition of Tequila Partida, the expansion of Bols Ready-to-Enjoy Cocktails, the introduction of Bols Vodka together with the continued strong momentum of Galliano more than off-set the decline in Bols Liqueurs, resulting in modest



revenue growth in North America over last year. Notwithstanding the temporary impact of the glass shortage, the US market continues to be Lucas Bols' key growth driver, as is also evidenced by the 64% revenue growth compared to pre-pandemic 19/20. Excluding Tequila Partida and Pallini, revenue has increased by 20% over this period.

#### **Developed Cocktail Markets (Western Europe, Japan and Australia/New Zealand)**

Almost all key markets of the Developed Cocktail Markets cluster showed strong performance. Japan reported strong growth on the back of the recovery from the pandemic. In addition, many Western European markets, including but not limited to Spain, Germany and Italy, reported significant growth leveraging the strong position of the Bols Cocktails and Passoã brands. Scandinavia also continued to deliver an excellent performance across all Global Cocktail Brands. The UK market saw sales of Passoã soften in a more challenging and competitive post-pandemic retail market. Overall the Netherlands posted stable performance: the impact of the ongoing Dutch Genever & Vieux category decline was offset by growth in other brands and a record year for our Experiences. The House of Bols Cocktail & Genever Experience hit a record 60,000 visitors whilst the Wynand Fockink Tasting Tavern reported its highest ever revenue. Australia/New Zealand, mainly driven by Galliano Sambuca and the Galliano Vanilla Mule, continued its solid performance, also benefitting from travel retail in the region recovering post-pandemic.

#### **Emerging Cocktail Markets (Eastern Europe, Asia (excl. Japan), Latin America and Africa/Middle East)**

The Emerging Cocktail Markets segment posted excellent performance in almost all key markets despite having ceased all business with Russia as soon as the war in Ukraine started (1-2% impact on total revenue). Revenue growth was driven by rapid recovery in South-East Asia, excellent growth in South Korea and a strong business in Eastern Europe. China faced a turbulent year as COVID-19 adversely impacted sales and operations, with business slowly rebounding towards the end of the fiscal year. Africa/Middle East saw revenue decrease due to a tough comparable base and a planned distributor change in South Africa. Although Latin America continues to face uncertainties and challenges this region did well.

## Other

#### **Sale of Avandis to Refresco**

In December 2022 the sale of Avandis (previously a 50/50 joint venture of Lucas Bols and De Kuyper) to Refresco was completed, allowing the Company to fully focus on its core activity: creating great cocktail experiences around the globe. At the same time the transaction provides Avandis the best environment to thrive – under the wings of Refresco, a leading global independent beverage solutions provider.

In addition, Lucas Bols entered into a long-term contract manufacturing agreement with Refresco.

#### **Acquisition of the non-alcoholic spirits brand Fluère**

Effective 1 January 2023, Fluère, a leading non-alcoholic spirits brand, is part of the Lucas Bols portfolio of brands. The acquisition is strategically important: it offers a unique opportunity to broaden the portfolio to leverage changing consumer trends. Health consciousness and mindful drinking continuing to be on the rise and social occasions become increasingly diverse, further driving consumer demand in the rapidly-growing market for no- and lower-alcohol drinks and cocktails. Focus will be on raising Fluère's profile among the bartender community and increasing the brand's on-trade presence whilst strengthening its position in retail.

Fluère's high-quality products are sold in over 20 countries, including many European markets and a limited number of US states. The premium products are highly regarded by both industry and consumers, as evidenced by top-notch reviews and the many medals and awards won.

| KEY FIGURES                           | EXCLUDING ONE-OFF ITEMS* |       |                  | REPORTED |       |                   |
|---------------------------------------|--------------------------|-------|------------------|----------|-------|-------------------|
|                                       | 2023                     | 2022  | % CHANGE ORGANIC | 2023     | 2022  | % CHANGE REPORTED |
| Revenue                               | 100.6                    | 92.0  | 7%               | 100.6    | 92.0  | 9%                |
| Gross margin                          | 51.7%                    | 55.9% | (430) bps        | 51.7%    | 55.9% | (420) bps         |
| Operating profit/(loss)               | 15.1                     | 20.6  | (26)%            | (9.1)    | 20.4  | (145)%            |
| Operating profit/(loss) margin        | 15.0%                    | 22.4% | (690) bps        | (9.1)%   | 22.2% | (3130) bps        |
| EBIT <sup>1</sup>                     | 16.3                     | 22.8  | (28)%            | (11.8)   | 22.6  | (152)%            |
| Net profit/(loss)                     | 10.1                     | 14.7  | (30)%            | (16.2)   | 11.8  | (238)%            |
| Earnings per share (in €)             | 0.68                     | 1.11  | n/a              | (1.08)   | 0.89  | (221)%            |
| Free operating cash flow <sup>2</sup> | 6.8                      | 15.6  | n/a              | 6.8      | 15.6  | (57)%             |
| Net debt                              | 59.6                     | 60.7  | n/a              | 59.6     | 60.7  | (2)%              |

<sup>1</sup> EBIT is net profit before net finance costs and income tax expense. Thus, EBIT is defined as operating profit plus share of profit of joint ventures.

<sup>2</sup> Free operating cash flow is net cash from operating activities minus cash used for the acquisition of property, plant and equipment and intangible assets.

## Financial review

### Revenue

For the 22/23 financial year, Lucas Bols' revenue came in at € 100.6 million, up 9% compared to last year. This growth was driven by the addition of Tequila Partida, increased sales prices, premiumisation, a more favourable mix and positive foreign exchange rate developments (€ 1.8 million).

Revenue of the Global Cocktail Brands was up 6%, to € 69.9 million. Despite the impact of the US glass shortage on Bols Liqueurs, sales growth was achieved on all three Global Cocktail Brands. The Regional Liqueurs & Spirits reported € 30.7 million in revenue: an improvement of 19% year-on-year. The growth of this portfolio is largely driven by the addition of Tequila Partida and the strong performance of Vaccari, Pallini and Nuvo.

All three market clusters reported revenue growth, with the Developed and Emerging Cocktail Markets showing the strongest growth (10% and 11%, respectively). Markets that improved notably include Japan, Australia/New Zealand, Western Europe, South-East Asia and South Korea. Although performance in the Sophisticated Cocktail Markets cluster was held back by the US glass shortage at Bols Liqueurs and lower shipments to Puerto Rico a growth of 7% could be achieved still.

### Gross profit

Gross profit for the full year 22/23 increased to € 52.0 million, from € 51.4 million a year earlier. Gross profit as a percentage of revenue came down 420bps versus the same period last year to 51.7%. Increased

input costs were partially offset by global sales price increases, the successful premiumisation strategy and beneficial foreign exchange developments. Although gross margin came down, gross profit per case increased by 4%.

Gross margin for the Global Cocktail Brands was down 420bps, mainly reflecting increased cost of goods and a negative mix. For the Regional Liqueurs & Spirits there was a decrease of 300bps, mainly driven by increased input costs.

### Operating profit

Normalised operating profit came in at € 15.1 million, down € 5.5 million compared to last year (€ 20.6 million). The € 0.6 million better gross profit was more than offset by intensified brand investments (up € 1.6 million, or 20%, also aimed at the mid term), € 2.7 million higher logistics costs and an increase of € 2.1 million in overhead costs.

€ 1.4 million of the rise in logistics costs relates to the one-time production of Bols Liqueurs for the US market at Avandis rather than at our production partner in the US which was necessary to partially mitigate the impact of the US glass shortages. The overall increase also relates to higher shipping rates, which started to stabilise and even come down towards the end of the year under review.

Overhead costs (excluding commissions and depreciation & amortisation) rose in line with management's expectations. To facilitate and plan for further growth we (prudently) expanded our team in the US and we indexed salaries globally.



In addition, the acquisition of Tequila Partida led to an increase of seven employees (all based in Mexico) and more business travel expenses were incurred after travel restrictions were lifted. Structural reductions in overhead costs realised during the pandemic remain in place: overhead costs (excluding government grants) as a percentage of revenue remained more or less stable compared to last year.

#### Share of profit of joint ventures

Our normalised share of profit of joint ventures came in at € 1.2 million versus € 2.2 million last year. Last year's joint-venture results were boosted by Avandis' net profit and by Maxxium benefiting from the favourable impact of the pandemic on retail sales in the Netherlands.

#### Sale of Avandis to Refresco

In October 2022 Lucas Bols and De Kuyper signed an agreement with Refresco for the sale of their 50/50 joint venture Avandis. In addition, Lucas Bols entered into a long-term manufacturing agreement with Refresco. The gross purchase price for 100% of the shares amounted to € 25.0 million. Adjusted for Avandis' net debt position and working capital, this resulted in a net purchase price of € 10 million (of which approx. € 5 million was paid to Lucas Bols). The carrying value of Lucas Bols' 50% share in Avandis amounted to € 8.8 million, and consequently a non-cash, one-off book loss of € 3.9 million was required to be accounted for. Part of this book loss (€ 1.7 million) relates to the non-cash, one-off 'badwill' that had to be recognised when Lucas Bols acquired half of Herman Jansen's share in Avandis in 20/21.

#### EBIT

Normalised EBIT for the 22/23 financial year was € 16.3 million (21/22: € 22.8 million).

#### Net finance costs

Normalised net finance costs came in at € 2.7 million in 22/23. This is well below last year's net finance costs (€ 3.3 million), reflecting the improved net debt position which more than offsets the significant increase in EURIBOR during the year.

#### Income tax expenses

Income tax expenses amounted to € 3.5 million versus € 4.8 million a year earlier (normalised), mainly as a result of lower profit before tax. The effective tax rate (normalised) was approximately 26.0%, compared to 24.6% a year earlier. The effective tax rate is slightly above the Dutch nominal tax rate due to temporary tax differences and an adjustment for prior years.

#### Net profit

Normalised net profit came in at € 10.1 million for the 22/23 financial year (21/22: € 14.7 million). Normalised earnings per share amounted to € 0.68 (21/22: € 1.11).

#### One-off Items

In 22/23 the following four one-off items were recognised with a net negative impact on profit before tax of € 25.7 million (i.e. an expense):

- € 0.1 million in costs relating to projects such as the sale of Avandis and the acquisition of Fluère (included in distribution and administrative expenses).
- A non-cash book loss of € 3.9 million following the sale of Lucas Bols' 50% stake in Avandis (included in share of profit of joint ventures).
- A non-cash impairment charge of € 24.1 million on the Dutch brands accounted for in the second half of the financial year (included in distribution and administrative expenses). This impairment mainly reflects a substantial increase in the applicable discount rates as a consequence of rising global interest rates. Moreover, the Dutch brands primarily consist of *genever* & *vieux* brands: a price competitive category that has been in decline for years and has faced above-average increases in input costs.
- A non-cash gain of € 2.4 million included in net finance costs pertaining to a reduction in expected earn-out payments on the Tequila Partida acquisition. Although our mid-term plans for the brand are unchanged the distributor transition and supply issues in the US are expected to result in a delay in the realisation of those plans.

Including these one-off items the reported 22/23 net result came in at a loss of € 16.2 million.

|   | GLOBAL COCKTAIL BRANDS |       | REGIONAL LIQUEURS & SPIRITS |       |
|---|------------------------|-------|-----------------------------|-------|
| (IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED 31 MARCH) | 2023                   | 2022  | 2023                        | 2022  |
| Revenue   | 69.9                   | 66.2  | 30.7                        | 25.8  |
| Gross profit  | 39.2                   | 39.9  | 12.8                        | 11.6  |
| Gross margin  | 56.0%                  | 60.2% | 41.7%                       | 44.7% |
| EBIT  | 20.7                   | 27.7  | 8.0                         | 9.3   |
| EBIT margin   | 29.7%                  | 41.8% | 26.0%                       | 35.8% |

### Cash flow

The free operating cash flow decreased from € 15.6 million last year to € 6.8 million this year. Our cash generation was adversely impacted by reduced operating profits, higher income tax paid (mainly payments relating to Passoa's high profits last year) and significant investments in inventory to counter global supply disruptions and to support the integration of Tequila Partida and new product introductions. Although certain investments will sustain we expect to bring down inventory levels in 23/24.

### Equity

Equity decreased by € 18.9 million to € 206.6 million at the end of the 22/23, mainly as a result of the recorded net loss of € 16.2 million and the € 3.1 million interim dividend distribution.

### Net debt

During the 22/23 financial year our net debt reduced to € 59.6 million (31 March 2022: € 60.7 million). Even with a lower EBITDA this resulted in a solid leverage ratio of 3.36x. Lucas Bols fully complied with the bank covenants in place.

### Extension of the financing arrangements

The Company's financing arrangements returned to their original conditions after the temporary COVID-19 amendments expired on 31 March 2023. The original financing arrangements were in place until November 2023. During the second half of the year, management agreed a two-year extension of the financing arrangements with the banks under comparable conditions. This reflects the banks' ongoing support, commitment and confidence to Lucas Bols in challenging macro-economic and banking times.

### Dividend

Lucas Bols will propose to the Annual General Meeting of Shareholders on 7 July 2023 that a final dividend of € 0.13 per share in cash be distributed for the 22/23 financial year. Following the distribution of an interim dividend of € 0.21 in November 2022, the total dividend for the financial year would then amount to € 0.34 per share. This represents a dividend pay-out ratio of 50% of the normalised net profit and is at the upper end of our dividend policy (a pay-out of 40 to 50% of net profit) and is underpinned by a healthy balance sheet, the cash generated from the sale of Avandis and the ongoing strong cash generating capabilities.

## Outlook

In recent years, despite the pandemic and global supply chain issues, we have implemented many considerable projects to strengthen our operations and enhance our global cocktail proposition. Now that the pandemic is behind us and global supply chains are recovering, it is time to reap the full benefits of these projects. As the global political and economic climate remains volatile and costs are expected to remain inflated, we will continue our mitigating efforts to control input costs and implement additional sales price increases.

In a still challenging environment we aim for a revenue growth of our Global Cocktail Brands ahead of our medium-term target of 4-5%, amongst others driven by the return to growth of Bols Cocktails in the US and the growth potential of our cocktail brands in the Developed and Emerging Cocktail Markets. Furthermore, our Regional Liqueurs & Spirits are expected to grow based on the expansion of Tequila Partida and the addition of Fluère, amongst others. We believe in the fundamental strength of our portfolio of brands, the worldwide growth of cocktails and further premiumisation supported by continued investments in marketing and brand building.

We expect gross margin to improve (mainly in the second half of the year) based on further price increases and continue to grow the gross profit per case as a result of premiumisation. We aim for operating profit to return closely to the 21/22 level whilst brand investments remain elevated and logistics costs are expected to moderate now that container rates are coming down and manufacturing of Bols Liqueurs in the US has been restored. As a result of lower working capital investments and a reduction in inventory levels we expect free operating cashflow to improve, allowing a further reduction in net debt.

If the current put or call option in place is executed in June 2023, we would acquire full ownership and control of the Nuvo brand by 1 July 2023.

In line with our policy, we have hedged more than 60% of our expected 23/24 net cashflows in foreign currencies to minimise the impact of foreign currency development.





# Crafting Sustainable Cocktail History



**People**  
Diversity, inclusivity & employee well-being



**Pleasure**  
Responsible hosting & mindful lifestyle



**Planet**  
Emissions, packaging & sourcing



**ESG.** For almost four and a half centuries the Lucas Bols Company has been developing its craft of extracting flavour from natural ingredients to create high-quality drinks – from its humble beginnings in 1575 in the little distillery called 't Lootsje to its leading position in the world of cocktails today. The craft and management have been handed down through generations of family members and employees for the purpose of continuing the legacy of the Company and the brand.

Today our purpose must reach further than our own company, customers and employees: we need to contribute to society and the planet we inhabit. In the past year we therefore further developed, specified and documented the ESG strategy that shapes our Company's purpose and contribution to the world around us. This was done bottom-up – with a diverse internal team – and through extensive external stakeholder engagement. All in all we believe that the Lucas Bols Company has the responsibility and capability to continue to *craft sustainable cocktail history*: today, tomorrow and for the next four and a half centuries to come.

The Management Board promotes a culture in which the Company's ESG efforts are not primarily driven by compliance and reporting requirements. Instead, ESG must be part of our day-to-day work, motivation and inspiration. Although this has always been embedded in our ways of working, it has now been formalised. This is also why we decided to present our ESG strategy in the 22/23 Annual Report and started pursuing the

formal targets we set on relevant KPIs ahead of the applicable compliance and reporting requirements which are expected to become effective for the Lucas Bols Company as of the 25/26 financial year. Inherently this means our KPIs and strategic programmes are still being fine-tuned, both to ascertain compliance and to include new insights as they are presented going forward.

**The Lucas Bols ESG strategy: crafting sustainable cocktail history**

Our mission at the Lucas Bols Company is to create great cocktail experiences around the globe. We combine almost four and a half centuries of craftsmanship with the creative spirit of Amsterdam to discover new flavours and cocktails. This enables us to build leading cocktail and spirits brands for today's bartenders and consumers. Heading towards the Company's 450<sup>th</sup> anniversary we want to continue to *craft sustainable cocktail history* by:

- empowering the Lucas Bols Community;
- respecting our planet and craftsmanship; and
- inspiring responsible cocktail enjoyment.

|   |  |  |
|---|--|--|
|  <p><b>Empower</b><br/>the Lucas Bols Community<br/>We provide an inclusive &amp; diverse working environment to our people and stimulate personal development</p> <p>Material themes: <i>diversity, inclusivity &amp; employee well-being</i></p> <p><b>Stimulate well being &amp; development</b></p> <ul style="list-style-type: none"> <li>• Continue personalized training, development and well being programs for all Lucas Bols Company staff at 1% of total overhead expenses</li> <li>• Contribute up to 16 hours of volunteer work during working days in 2025 per Lucas Bols Company employee (on average)</li> </ul> <p><b>Promote diversity &amp; inclusiveness:</b></p> <ul style="list-style-type: none"> <li>• 40-60% gender balance by 2025</li> <li>• Inclusivity training program in practice by 2025</li> <li>• 5% of our annual bartending courses are awarded through a scholarship to less advantaged &amp; minority students by 2025</li> </ul>  |  <p><b>Respect</b><br/>the planet &amp; craftsmanship<br/>We limit the impact of our craft on the environment and on the people involved</p> <p>Material themes: <i>emissions, packaging, sourcing</i></p> <p><b>Reduce our footprint &amp; emissions</b></p> <ul style="list-style-type: none"> <li>• 20% CO<sub>2</sub> reduction by 2035, net zero by 2050</li> <li>• Maximum recyclable glass bottles and maximum usage of recycled packaging materials by 2030*</li> </ul> <p><b>Use of sustainable key ingredients</b></p> <ul style="list-style-type: none"> <li>• Ensure that 100% of our key sourcing partners respect our principles: product quality standards, Code of Conduct, fair working principles and good land stewardship by 2035</li> </ul> <p>* This is under validation to be realistically quantified</p>  |  <p><b>Inspire</b><br/>responsible cocktail enjoyment<br/>We promote responsible hosting and a mindful lifestyle</p> <p>Material theme: <i>responsible consumption</i></p> <p><b>Support a mindful lifestyle</b></p> <ul style="list-style-type: none"> <li>• A no- or lower-alcohol cocktail alternative in 25 core markets by 2025</li> <li>• 25% no- or lower-cocktail recipes on all our cocktail brand websites by 2025</li> <li>• 100% label transparency on all products by 2030 (main ingredients, ABV%, alcohol per standard serve)</li> </ul> <p><b>Educate responsible hosting</b></p> <ul style="list-style-type: none"> <li>• All participants to the Bols Cocktail Academy are trained on responsible hosting from 2024 onwards</li> <li>• Educate 50,000 consumers annually on responsible hosting in the House of Bols Experience per 2025</li> </ul>  |
|---|--|--|



Within these three strategic ESG pillars we have formulated a set of 13 KPIs and corresponding targets that we aim to achieve in the coming years. They feed into our Company strategy and will weave through all relevant aspects of our business and activities. Projects are set up and initiated to make our strategy come to life and embed the ESG KPIs and targets into our day-to-day business practices.

One of the challenges in making progress towards achieving, measuring and reporting on the ESG targets is our dependency on third-party partners. In certain areas – for example with regard to the objectives we have set on our environmental footprint, CO<sub>2</sub> emissions and sustainable sourcing – this dependency is very high. This presents a significant risk that we aim to address by intensifying our relationship with key partners and aligning objectives, amongst others.



## Our commitments

### 1. Empower the Lucas Bols Community 👤👤👤

**We provide an inclusive and diverse working environment to our people and stimulate personal development.**



We believe that our teams and people are the core assets of the Company and that it is our responsibility to provide them with the means to develop and grow. We encourage our people to create personalised training programmes that satisfy their individual needs and goals. We make an annual budget of 1% of total overhead expenses available to facilitate such training, development and well-being programmes.

The Lucas Bols Company also focuses on the local communities in which we operate – not least Amsterdam, the place where our story began. We take pride in being a part of the Amsterdam community. Accordingly, we support an expanding portfolio of local initiatives that address specific issues within the community, such as loneliness among the elderly. Our staff can volunteer to lend a hand with local initiatives like these (and are incentivised to do so) for up to 16 hours a year during working hours.

The individuality of every person in the Lucas Bols Community is embraced, valued and nurtured. Although we target to maintain a 40-60% gender balance, being a diverse company goes much further than achieving this gender balance. It also concerns working with an

international and culturally diverse staff. This view enhances our recruitment strategy and intensifies our commitment to creating an even more inclusive culture.

To ensure that all employees can function in a safe, open and respectful environment we will provide inclusivity training sessions to all staff members no later than 2025. Leveraging external expertise on the matter, this training will be created based on insights into how our staff experience the inclusive culture at the Lucas Bols Company today. The training sessions will address behavioural aspects, language/tone-of-voice and facilities for current and future employees. They will also focus on how we can be better aware of our own biases.

Another means of empowering the Lucas Bols Community is aimed at bartenders, an important group of stakeholders with whom we interact around the globe directly and/or through our distribution partners. We will set up an international scholarship programme to award bartending training to disadvantaged and minority students across our markets in order to improve equal opportunities in all walks of life by 2025.

## 2. Respect the planet and craftsmanship 🌱

**We limit the impact of our craft on the environment and on the people involved.**



The fundamentals of our craftsmanship have not changed in the past four and a half centuries. Our distilling, macerating and percolation techniques have only been adjusted to modern technology. By further optimising our processes, production and logistics footprint while working together closely with our key supply chain partners we aim to reduce our CO<sub>2</sub> emissions by 20% by 2035 as we head towards a net zero footprint for all scopes combined by 2050.

Working with recyclable packaging has always been an important focus area for us. We have intensified the dialogue with our key glass suppliers to reach the maximum recyclability for our glass bottles by 2030. Glass is a very durable packaging material because it is 100% recyclable and inert, and does not contain or emit any microplastics and minimises waste as the quality of the product is guaranteed for many years. However, glass is energy-intensive to produce and the recycling process can also be energy-intensive. Where possible we will therefore reduce the glass weight per bottle, thus further contributing to the reduction of our CO<sub>2</sub> emissions.

We believe we can also limit our impact by increasing the amount of recycled material we use in our packaging. We will develop rigorous eco-design guidelines to achieve this step-up in recyclability and to guide the design (and re-design) of our packaging. This applies to primary packaging, outer-case packaging, gift packs and point-of-sale materials. Overall it is the Lucas Bols Company's ambition to contribute to the circular economy and design for a sustainable world.

Extracting flavour from natural ingredients has been at the core of who we are and what we do since 1575. It is therefore crucial for us to ensure that all key ingredient sourcing partners respect our principles on product quality as well as those on good land stewardship to safeguard the ecological future of the earth's soil. We also demand that our key sourcing partners provide fair working conditions and respect our Code of Conduct to help ensure that all people and communities involved in our craft are treated fairly and equally. We will incorporate our principles in contracts with key sourcing partners, monitor local practices during our visits and conversations and work together with these partners to make progress in those areas that may not be fully aligned with these principles yet.

We recognise that we are strongly dependent on our key supply chain and sourcing partners to deliver on all of these goals. Nevertheless we believe that our objectives are aligned and that we should and can work together to have a broad, meaningful impact. Our key supply and sourcing partners and key ingredients have been specifically identified and pertain to those sourcing partners and ingredients that contribute the most to our value chain.

## 3. Inspire responsible cocktail enjoyment 🍹

**We promote responsible hosting and a mindful lifestyle.**



Cocktail enjoyment is at the core of our mission to create great cocktail experiences around the globe. This means mindful and responsible consumption, accommodated by responsible hosts.

A mindful lifestyle is crucial to enjoying life. We have set three specific targets to further support a mindful lifestyle. First, it is our ambition to offer a no- or lower- cocktail alternative in 25 core markets by 2025. In addition, at least 25% of the cocktail recipes on our brand websites will be for no- or lower-alcohol cocktails by that same year. These two objectives are an inspirational



manner of promoting no- and lower-alcohol cocktails both to bartenders and consumers. Last, we set up a programme to achieve 100% label transparency on our products by 2030. This transparency pertains at the very least to key ingredients, ABV% and alcohol per standard serve.

Responsible hosting is a skill that we teach bartenders and consumers at the Bols Cocktail Academy and through the House of Bols Experience. We help

bartenders to prepare their bar offering and hosting strategy, urge them to always include no- and lower-alcohol alternatives and insist they help guests make responsible choices to ensure the most enjoyable experience. Our diverse and growing portfolio of no- and lower-alcohol products and transparent labelling, the House of Bols Experience and the Bols Cocktail Academy enable us to reach, inspire and help our communities host responsibly to ensure the most enjoyable cocktail experience.

## Contribution of the Lucas Bols Company to the UN Social Development Goals (SDGs)



**Educate on responsible hosting** through targeted programmes in our Bols Cocktail Academy and House of Bols Experience for our Lucas Bols Company employees, distributors, the bartending community and consumers.

**Support a mindful lifestyle** by providing no- and lower-alcohol cocktail alternatives and transparent labelling.

**Stimulate well-being & development** within the Lucas Bols Community with training, development and well-being programmes for employees and volunteering in local communities.



Remain a gender-balanced company **with a 40-60% male/female gender balance** and continue to offer equal opportunities to people regardless of gender profile – an important aspect in our Code of Conduct.



Work with **sustainable sourcing partners**: key sourcing partners are required to respect our principles with regard to product quality standards, our Code of Conduct, fair working conditions and good land stewardship, and work with us to improve in areas that may not be fully up to our standards yet.



Promote **diversity and inclusion** through equal opportunity policies, communication and evaluation of our staff values, pursuit of gender balance objectives and inclusivity training, as well as focusing on bias awareness.



**Reduction of footprint and emissions** by maximising the use of recyclable glass bottles and using recycled materials as much as possible, for example by following eco-design guidelines for our packaging. Working together with our suppliers of glass and other packaging materials will be crucial to ensure we achieve future targets.



**Reduction of CO<sub>2</sub>** through rigorous production, logistics and packaging optimisation programmes. To reach this goal we are to a large extent dependent on the efforts of our key partners and we will therefore continue to invest in our partnerships.

## Materiality and stakeholder perspectives

To gain insights into the key ESG themes for the Lucas Bols Company we have actively engaged with our employees, strategic partners and a diverse group of other external stakeholders and will continue to do so. Stakeholder and partner engagement is essential to crafting a sustainable cocktail history as our impact is only maximised by working together.

During an interactive and iterative process we gathered insights from the stakeholders mentioned on page 56. Most interviews were held in a one-on-one setting, although we also engaged in live-panel discussions to obtain relevant insights from bartenders, consumers and others. Input was obtained from suppliers and logistics partners through interviews and questionnaires.

Internal stakeholder engagement (i.e. employee engagement) was achieved following a bottom-up strategy-setting approach. Interactive workshops were hosted with staff across the departments and from various geographical locations and levels of seniority.

By carefully bringing together the insights obtained we identified the relevant ESG themes and plotted them in a materiality matrix (see the diagram below). This matrix applies the double-materiality concept as it considers the potential impact on society ('outward') and the potential financial impact ('inward') whilst assessing the stakeholder relevance dimension. The double-materiality concept is still relatively new. Consequently this model continues to be refined as more market practice and further guidance become available.



The size of the bubble reflects stakeholder relevance: the larger the bubble, the greater the relevance. Material themes are denoted by a white circle.



The Company gained an understanding of the impact on society and the financial impact through an extensive evaluation process. The severity (i.e. the scale, scope and irremediable character) and the likelihood of negative and positive impacts were considered when gauging the impact on society. External perspectives (e.g. benchmark analyses, international policy and regulatory developments on ESG and media controversies) were considered and an internal evaluation of risks and opportunities was undertaken to gauge the financial impact. Both the impact on society and financial impact were evaluated using the principles as included in the draft European Sustainability Reporting Standard 2 (ESRS 2) that was recently published by the European Financial Reporting Advisory Group (EFRAG).

The material themes that were carefully selected for the Lucas Bols Company are:

1. Business ethics;
2. Inclusion & Employee well-being;
3. Emissions;
4. Packaging;
5. Sourcing; and
6. Responsible consumption.

These themes were then translated into the three pillars of our ESG strategy:

- Empower the Lucas Bols Community;
- Respect the planet and craftsmanship; and
- Inspire responsible cocktail enjoyment.

Potentially emerging themes will be closely monitored over time. Against this background the Management Board considers 'water', for example, to be an emerging theme that will be closely monitored if or when it becomes material to the Lucas Bols Company.

We recognise that obtaining stakeholder perspectives and validating material themes is a constant process as stakeholder views evolve over time and themes can become more pressing due to internal or external developments. ESG is therefore deeply embedded in our stakeholder analysis and is validated as part of our annual strategic cycle and at other moments.

## Risk management and control

There are inherent risks related to Lucas Bols' business activities and organisation. Because sound risk management is an integral element of good business practice and effective operations, the Management Board promotes a transparent, company-wide approach to risk management and internal controls. This approach focuses on finding the right balance between maximising business opportunities and managing the risks involved. The Management Board considers this to be one of its most important tasks.



# Risk management approach and appetite

Our risk management framework is designed to identify and analyse the risks the Lucas Bols Company faces, including fraud risks, to set appropriate risk limits and controls, and to monitor any developments in the Company's risk environment.

In general the Lucas Bols Company has a low risk appetite, particularly with regard to operational, financial and compliance risks. We carefully and continuously assess the areas in which we allow for some risk. This is limited to a number of strategic areas, and only where there is an appropriate balance between risk and reward.

The implemented risk management framework is the foundation for identifying and mitigating corporate business risks and has been developed to provide reasonable assurance that the risks we face are properly evaluated and addressed. It assures that management is provided with the information it

needs to make informed and timely decisions. While the framework is designed to manage risks it cannot prevent human error, fraud or infringements of laws and regulations with absolute certainty. Lucas Bols' risk management practices are not static: the way we manage risks is constantly monitored and adapted to reflect changes in internal and external circumstances if and when necessary.

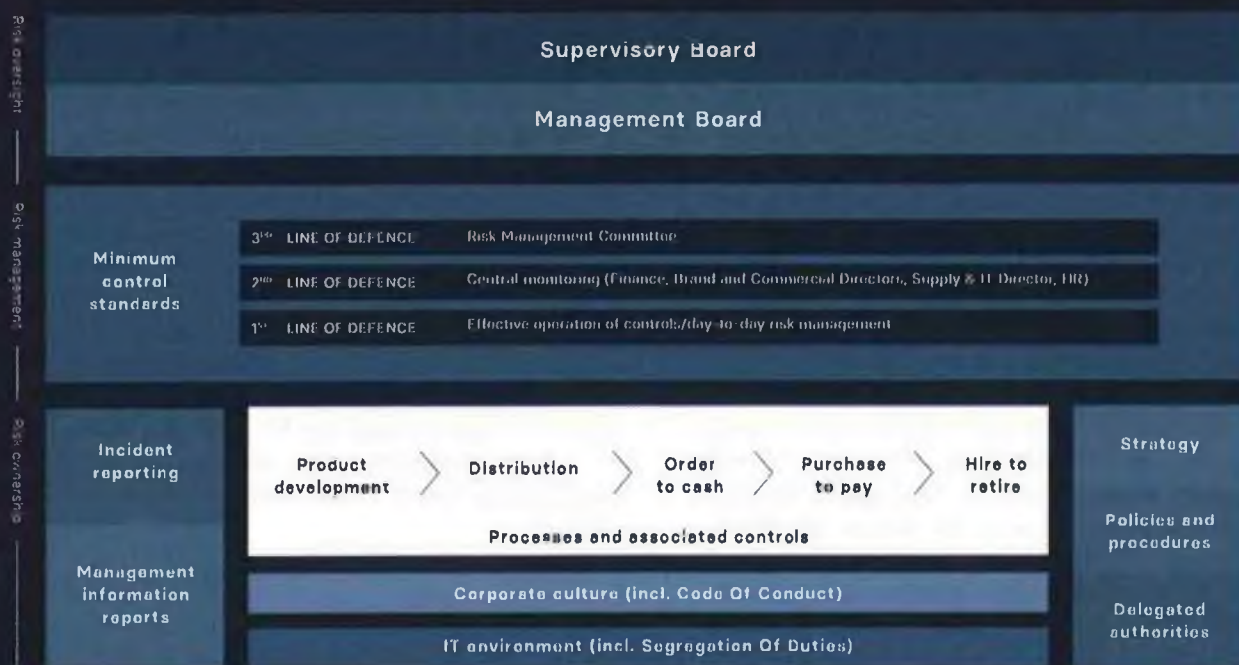
## Risk supervision

Supervising risks and monitoring the risk management function is the responsibility of the Supervisory Board and the Management Board. Risk management is a topic that is frequently discussed in Supervisory Board meetings.

## Risk management

The Lucas Bols Company enforces minimum control standards and has three lines of defence in place to manage risks. The Company's people (mainly management who are frequently briefed on their risk-related roles and responsibilities) play a crucial role in the first line of defence comprising day-to-day risk management and the operating effectiveness of

# Risk Management Framework



controls. Central monitoring by key people in the organisation is the second line of defence. All critical business processes are covered, including but not limited to finance (including tax, treasury and legal), brands, commerce, supply chain, IT, HR and, increasingly, ESG-related matters. The Risk Management Committee forms the third line of defence. The committee is headed by the CFO who is complemented by the Director of Accounting, Reporting & Control and the Corporate Legal Counsel. The independent external auditor gains an understanding of internal controls relevant to the audit but does not express an opinion on the effectiveness of the Company's internal control environment.

#### **Risk ownership**

Our strong belief that risk ownership is part of everyday operations – across all departments and processes – is embedded in the risk management framework. Key in identifying, monitoring and addressing risks are the management information reports the Management Board receives on a weekly, monthly, quarterly, yearly and ad hoc basis. These reports are compiled by the respective directors and managers and provide an in-depth analysis of the performance of brands, markets and critical business processes as well as the relevant risks and opportunities. In addition, deep dives are performed to address specific topics. Controls are widely embedded in the Company's information systems.

We promote certain ways of working to ensure that management information is relevant, accurate and complete. To do so, the input for reports is drawn from various sources (including our distributors, actual shipment information and publicly available market performance data) and is complemented by macro-economic data and information on relevant developments. The periodic evaluation of distributor performance is also considered a key source of input.

Lucas Bols' Brand Market Unit (BMU) set-up is essential to management reporting. Actual performance is reported on separately for each brand in each market (most often a specific country), resulting in a matrix of BMUs. Monthly monitoring is performed diligently and in a detailed manner, with brand and commercial management, finance and the Management Board involved. The reporting cycle includes responding to foreign currency effects arising from our worldwide business activities.

Our forecasting cycles – mid-term plans, annual budgeting and intermediate, continuous forecasting (latest estimates and the monthly opportunities & risk assessment) – also start at BMU level. The annual budget is the result of a diligent process. Our distributors provide forecasts based on their views on their respective market and brands. These are then critically reviewed and challenged by Lucas Bols' management and eventually agreed upon, including the amount and nature of marketing and promotional expenditure required to achieve the forecasts.

#### **Corporate culture and Code of Conduct**

The Lucas Bols Company has a culture of clearly defined responsibilities, open and honest communication and limited hierarchy, which supports the effectiveness of the group's risk management. Both our own communication and business practices and those of our partners across the globe are characterised by integrity and a focus on advocating responsible consumption. We keep track of all marketing and promotional activities of our brands, including those of our distribution and other partners. This includes social media activities undertaken by the Company.

To promote and maintain these high standards the Management Board designed and implemented a Code of Conduct which is updated on a regular basis. This code describes how all Lucas Bols employees should behave and do business in various circumstances and situations, and how inappropriate behaviour can be reported (including to the Company's external confidential counsellor) and/or addressed otherwise. The code is published on the corporate website and is updated and communicated to all employees on a regular basis. One incident related to transgressive behaviour was reported in the year under review and acted upon immediately. No other breaches of the Code of Conduct were reported in the 22/23 financial year.

Furthermore, the Lucas Bols Company has a speak up policy in place to ensure that any violation of existing policies and procedures can be reported freely and without adverse consequences for the person making the allegation. The speak up policy can also be found on the corporate website. No incidents were reported in 22/23.



### **Brand protection, product development and quality control**

The single most important asset we have is our portfolio of brands. To protect the value of the brand portfolio the Lucas Bols Company registers its brands and trademarks across the globe. Potential infringements are constantly monitored and appropriate action (legal or otherwise) is taken if and when necessary. The central marketing communication plans regarding our brands are carefully prepared and reviewed to protect brand value and the Company's strong reputation, and distribution partners are educated and required to operate within the guidelines of these plans.

The value of our portfolio of brands is also protected and grown through product development and quality control. Bringing excellent and innovative products to market at a consistent, high level of quality is at the core of what we do. Our innovation, R&D and quality teams (with an important role for the Master Distiller) develop and innovate our products, create our recipes and carefully decide what ingredients and suppliers to use. Recipes and production methods are only handed over to our bottling partners once they have been finalised and thoroughly tested. The bottling partners then blend and bottle our products as stipulated. We place high standards on the quality-assurance procedures of our partners and ensure these are subject to constant screening. Product samples from bottling locations around the world are routinely tested for compliance with our recipes and quality standards. This process includes numerous quality checks to ensure all products meet the highest standards every single time.

### **22/23 focus areas and other developments in risk management and control systems**

In the year under review we improved our IT governance framework, further increased our focus on cybersecurity and placed additional emphasis on risks and controls relating to human capital.

#### *IT governance framework & Cybersecurity*

To keep up with the ever-increasing pace and impact of external cyber threats the Company revised its IT governance framework substantially during 22/23, also further leveraging the Oracle ERP system that was implemented in 20/21. To support the process of revising the IT governance framework management engaged external specialists, after which the design of the framework was delivered. The policies, processes and key controls resulting from the design were

successfully implemented into day-to-day activities. The IT governance framework ensures that risks are continuously evaluated and requires a detailed evaluation of IT governance at least once a year. This provides further comfort that any mitigating measures taken are sufficient and appropriate. The successful implementation of the revised IT governance framework has resulted in a further decline in the overall risk level.

In addition to designing and implementing a revised IT governance framework the Company continued the intensified cybersecurity programmes it launched in 21/22. For example, various training and awareness sessions on cybersecurity threats and prevention measures were organised for our teams and at certain key business partners. Their respective roles in the prevention of cyber-attacks is now also embedded in the annual training cycle. Moreover, the Company continued with the implementation of mitigating measures (for example regarding access controls) and ongoing evaluation practices.

#### *Human capital*

Human capital was identified as a focus area for 22/23 due to unprecedented global employee turnover rates during and after the pandemic. People appeared to feel less motivated and connected as they worked from home more often, and demand for certain skills and expertise has grown rapidly in many areas of the job market. In light of this and particularly in the context of the Company's asset-light business model, human capital was identified as a 22/23 focus area despite the fact that the impact of these factors on the Lucas Bols Company has been limited thus far.

Management started with a thorough evaluation of the Fit for Growth model that was implemented effective 1 April 2021. The model was assessed to be a strong improvement at all levels of the organisation, with only a limited number of further improvement areas identified.

To continue building employee motivation, commitment and retention, management deployed various soft tools including but not limited to sports activities, summer and Christmas functions, brand events and team gatherings focused on the individual, teamwork and social aspects. The company also introduced a long-term incentive plan for senior management aimed at aligning and incentivising long-term stakeholder value creation whilst enhancing competitive remuneration to help attract and retain talent.

Individual and team-wide assessments were undertaken to draw up a more detailed plan for talent identification, development and retention. Such assessments were often followed up by one-on-one conversations to better understand the respective individual's state of mind, drive, ambition, motivation and energy drains. Remuneration packages were also evaluated for key personnel, whilst knowledge sharing and being part of multi-disciplinary (project) teams was encouraged. Management also increased the training, development and well-being budget, challenging managers to spark talent in their teams and incentivise individuals to develop.

#### **Focus for 23/24**

Management has identified two focus areas for the 23/24 financial year: ESG-related risk analysis & risks and the asset-light business & operating model.

##### *ESG-related risk analysis & risks*

In the year under review the Lucas Bols Company invested significantly in designing and embedding a more explicit and integrated medium and long-term ESG strategy. Further details on ESG can be found in the chapter on ESG (pages 72-79). As part of this process management started undertaking ESG-related risk analyses. In 23/24 we will continue and intensify this effort to better understand the impact of ESG-related risks and the mitigating actions and controls required to address these. We will focus on two 'levels' of ESG-related risks. On the one hand an evaluation will be performed on a strategic level, which should lead to more detailed risk guidance and enhanced transparency and value in reporting. Risk analyses will also be undertaken on a tactical level to set up and implement a governance framework. This should enable the Lucas Bols Company to measure and report reliably on (non-financial) components of our ESG strategy. To demonstrate ongoing progress a preliminary, high-level view on ESG-related risks is already documented on page 86.

##### *The asset-light business & operating model*

The Company's asset-light business & operating model is unique and at the core of the corporate strategy. The Management Board recognises, however, that both external factors (including macroeconomic and geopolitical circumstances, technology, societal factors, stakeholders) and internal factors (including the Company's operating model and operations) have changed significantly in recent years. To assess the ongoing fit of the current model and identify focus and improvement areas if and where needed, management

will assess the various aspects of being asset-light (capital expenditure and working capital employed, route-to-market, supply chain, number of people employed).

In addition to these two focus areas the Company will spend additional time on its sourcing, blending and bottling activities in 23/24. By selling Avandis to Refresco the Lucas Bols Company has outsourced most of these activities to parties in which it has no equity interest. Consequently it has to rely even more on contracts, service-level agreements, controls, reviews and strict ways of working, amongst other things.

## **Key risk factors**

#### **Risks and uncertainties in 22/23**

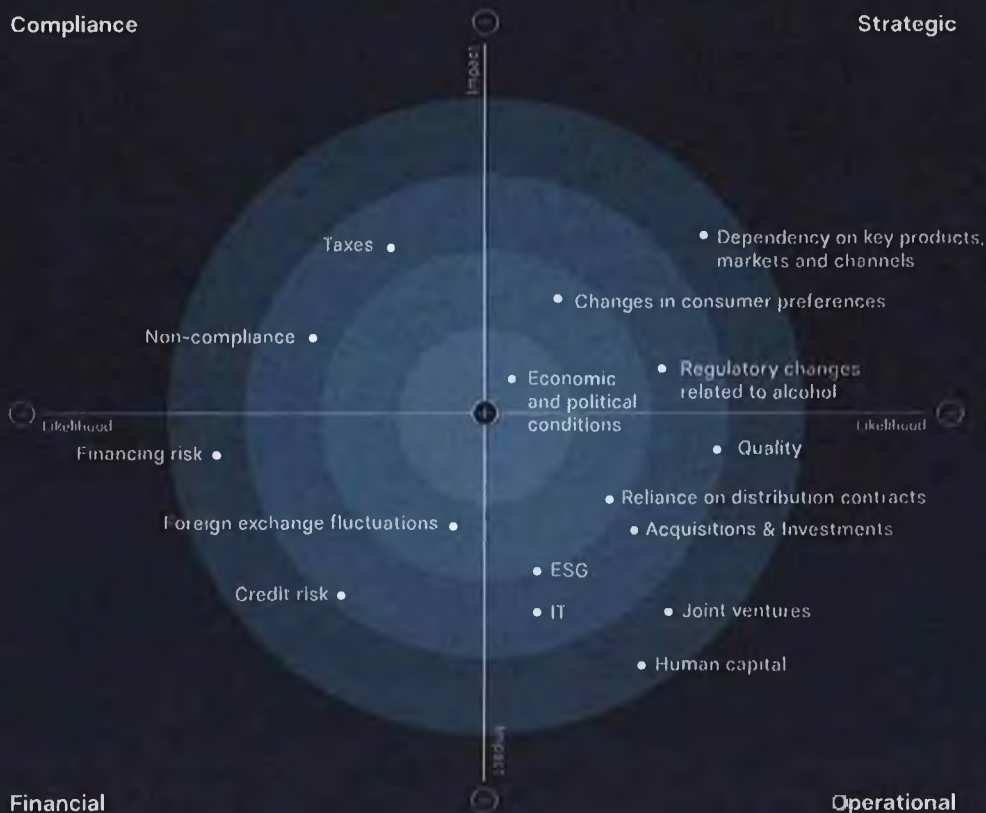
A bottom-up and top-down approach is integrated in the Company's overall management reporting, allowing business and other risks as well as mitigating actions to be reported on formally on both an ad-hoc and quarterly basis. That reporting is then consolidated into the Quarterly Risk Report which serves as a basis for the quarterly Risk Management Committee meeting.

The 22/23 financial year was severely impacted by the war in Ukraine that broke out just before the start of our financial year, adversely affecting macroeconomic and geopolitical circumstances. Although the global scale of the pandemic declined further, it still had a material impact on our operations and performance in the year under review.

##### *The war in Ukraine*

When the war in Ukraine broke out our first priority was the people affected, including our local partners. We immediately ceased all business with Russia, ensured we complied with all sanctions, and closely monitored demand in the bordering regions. The combined contribution of Russia and Ukraine to total revenue was growing but still limited to around 1%. Therefore, the direct impact of the war in Ukraine has been relatively limited. The indirect impact on the Lucas Bols Company operations and performance has been substantial, however.

Firstly, prices of raw materials that had already increased to high levels during the pandemic continued to grow exponentially in 22/23, often driven by scarcity. The combined impact of price increases on alcohol (which is made from grain), glass (heavily dependent on the volatile energy prices), sugar, aluminium and paper,



This diagram illustrates the principal risks grouped by category – the closer to the nucleus the higher the likelihood and the impact.

amongst other ingredients, drove our total costs of goods up by a double-digit percentage. Because some raw materials were hedged for certain periods and we started the year with inventory at a relatively low cost of goods, global input cost inflation impacted the second half of the year much more than the first.

Secondly, global and industry-wide shortages (mainly glass) resulted in temporary out-of-stock situations (predominantly in the US and with regard to the 1.0 litre Passoã bottle for Europe) and consequently caused missed sales and – in some instances – a loss of listings. To minimise the duration and impact of the US out-of-stock situation we produced a large batch of Bols Liqueurs for the US market at Avandis (the Netherlands) rather than in the US, triggering material additional logistics costs and working capital investments. More generally the combination of input cost inflation and longer, more uncertain production and logistic lead times required the Company to gear up working capital investments.

Thirdly, container and other shipping rates increased further in the first half of the year and did not come down until the end of 22/23, leading to a further increase in the Company's logistics costs.

Lastly, macroeconomic and geopolitical circumstances (most notably energy prices and the high levels of overall inflation) started to adversely impact consumer behaviour. Purchasing power and consumer confidence dropped, inevitably also leading to lower demand for some of our brands. Management continuously ran various 'downside' scenarios to model and anticipate any such potential effects and identified mitigating actions that could be undertaken to minimise the impact on the Company's performance and financial position. Management is of the view that the Company's performance, positioning, financial health and suite of identified mitigating actions are sufficient to navigate these downside scenarios.

### COVID-19

The 20/21 and 21/22 financial years were heavily impacted by the global COVID-19 pandemic, mainly due to (on-trade) lockdown measures and severe limitations affecting travel and tourism. The impact of the pandemic on the year under review decreased significantly but has not disappeared altogether. It still affected our business and performance in certain key markets, most notably China. China faced strict local lockdowns, leading to stop-and-go deliveries and reduced consumer demand, particularly in the on-trade. Where possible, management continued mitigating actions and leveraged experiences gained during earlier stages of the pandemic.

In the year under review the Management Board invested to promote the return of a physical presence at our offices in the Netherlands, the US, France and Mexico. Meaningful on-site events and gatherings were held, office lunches were provided and team-building activities were encouraged, while keeping a constant eye on health and safety. Externally the Company focused on re-establishing relationships with strategic partners such as distributors. This resulted in increased travel movements, which are expected to return to pre-pandemic levels in 23/24. A hybrid approach, combining connecting virtually and physically, will be used going forward. This approach also matches the Company's ESG ambition to reduce CO<sub>2</sub> emissions.

### ESG

The Lucas Bols Company's focus on ESG is becoming more apparent every day. In the year under review the Company developed a more integrated and comprehensive ESG strategy and prepared an action plan to expand the risk management and governance framework. A detailed review of the associated risks will take place in 23/24 but management has already acknowledged the expected impact of ESG-related risks on other risks within the current risk diagram and reporting.

A distinction is made between risks associated with compliance & reporting (for example the Corporate Sustainability Reporting Directive (CSRD) expected to become effective as of 2024 with mandatory reporting by the Lucas Bols Company from 25/26 financial year onwards) and risks associated with the impact of ESG-related matters on business continuity and performance.

### Compliance & Reporting risks

The Management Board recognises the need to address CSRD requirements in a timely manner and therefore started a company-wide project to develop a more integrated and comprehensive ESG strategy whilst addressing CSRD reporting and other requirements. In the first phase of the project the ESG strategy was developed, documented and validated with a wide group of internal and external stakeholders. This strategy is reported on in the chapter on ESG (pages 72-79). Management also closely monitors relevant developments such as the European Sustainability Reporting Standards (ESRS) that were recently published by the European Financial Reporting Advisory Group (EFRAG). These standards outline amongst others the expected requirements with regard to CSRD governance and disclosures. In 22/23 significant steps were taken in terms of understanding what these requirements mean for the Lucas Bols Company and what measures are to be put into place to make sure the Company is ready in time. As part of these measures we have temporarily hired an ESG Manager responsible for the implementation of the ESG Governance framework.

### *The impact of ESG-related matters on business continuity and performance: people*

Employees are one of the core assets of the Lucas Bols Company and we believe that a diverse and inclusive workplace can foster further growth. This topic has come under increased scrutiny within society and employees also stress its importance. The Management Board is committed to promoting a diverse workforce, for example by maintaining and improving the level of diversity and enhancing company-wide awareness of the importance of inclusiveness to the overall success of the Company.

### *The impact of ESG-related matters on business continuity and performance: planet*

The Management Board anticipates that the adverse impact of global warming on the raw materials needed for alcohol and sugar, amongst other things, could increase further due to natural disasters such as drought, flooding and forest fires. Although no significant impact has been observed to date, in 21/22 the Management Board started to invest in robust contingency sourcing plans to address any raw material and production capacity shortages. These developments also reiterate the need to lower CO<sub>2</sub> emissions – inevitably an essential part of our



ESG ambition. This will also impact our sourcing, logistics, business travel and packaging operations in the years ahead.

*The impact of ESG-related matters on business continuity and performance: responsible consumption*

The Management Board recognises that due to the nature of the business and the industry, the Company comes across regulatory developments and debates regarding responsible consumption, the adverse effect of alcohol on health, required label transparency and regulatory restrictions on the sale and marketing of alcoholic products. We firmly believe in (and contribute towards) responsible consumption and our ESG strategy actively addresses these risks accordingly. For example, we invest in growing our no- and lower-alcohol footprint, improve label transparency and work with various partners (including bartenders) to promote responsible consumption.

*Data availability*

To report on progress towards the realisation of our ESG targets and CSRD-compliant reporting on material themes in the future it is crucial that relevant data is collected in a timely and reliable manner. The Lucas Bols Company recognises that its high dependency on third parties for the collection of data on certain ESG topics (e.g. emissions) is a significant risk. The Company is aware that third parties may be hesitant to share information or be willing to share information but be unable to do so timely and/or ascertain reliability of that information. To address this risk the Company is in the process of identifying who its key partners are in this respect (e.g. key suppliers, key distributors) and has also started to pursue an alignment of objectives and set preliminary expectations with these partners by leveraging the existing relationship. These are important first steps in working towards reliable data collection processes which will result in reliable, auditable and meaningful reporting.

*Supply chain and raw materials*

The global supply chain disruptions started in 20/21 following the COVID-19 outbreak and intensified when the war in Ukraine broke out.

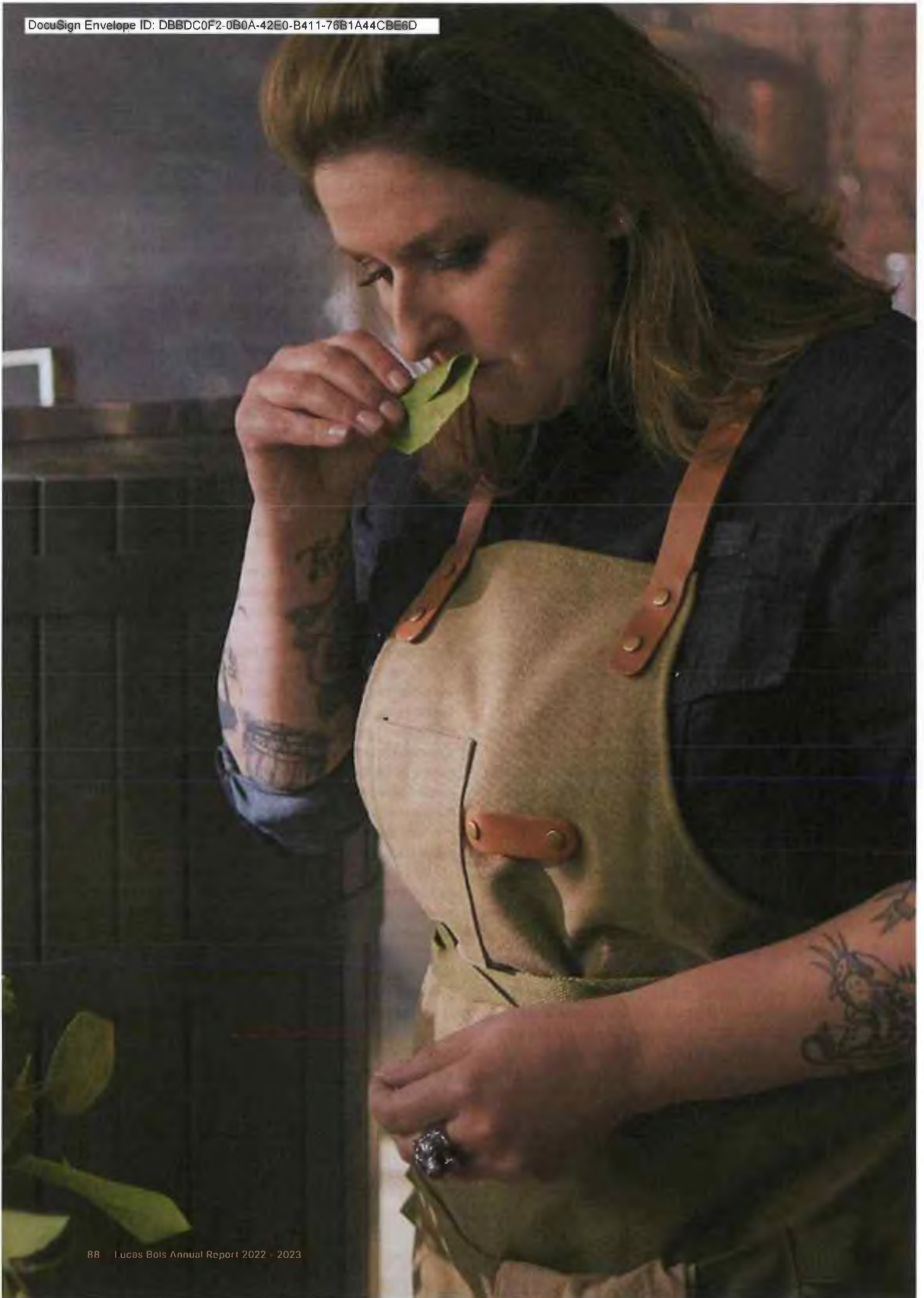
In Western Europe the impact of the war in Ukraine was predominantly marked by dramatic price input cost inflation, mainly in regard to alcohol, glass, sugar, aluminium and paper. This put further pressure on our margins, profit and cash generation.

In the US, industry-wide glass shortages also resulted in temporary out-of-stock situations at the end of the summer of 2022. We took decisive action to mitigate the impact to the maximum extent possible by temporarily moving the blending and bottling of Bols Liqueurs for the US market from the US to the Netherlands. As a result we were able to limit the duration of the out-of-stock situations, albeit at significant additional logistics costs and working capital investments. Throughout the remainder of 22/23 the Company was able to secure sufficient levels of glass and production capacity in the US.

The contingency sourcing and production plans invested in in 21/22 and expanded in 22/23 proved very beneficial for Passoã, where increased demand would have resulted in material out-of-stock situations had we not been able to secure sourcing and production at multiple partners in Europe. More specifically, dual sourcing of Passoã bottles was implemented in 2022 and two production sites can now blend and bottle the growing brand. On top of this, in-house research started to research the use of other materials to cope in the event of any future glass shortages.

Our long-time production and warehousing partner in the US has terminated all third-party co-manufacturing agreements to secure production capacity for their own brands. Following a thorough tender process in 22/23 the Company signed a co-manufacturing and warehousing agreement with a new partner effective 1 June 2023. Given the size and importance of the US market, and hence the scale of production, preparations for the transition commenced directly after signing the contract. During the year under review important steps were taken to ensure an effective handover of production, including the validation of recipes, setting up bottling lines and appropriate IT structures, and the temporary build-up of contingency inventory at the old and new site.

Most global supply chain challenges are expected to persist in the short term and to a certain extent also in the medium term. Input costs for key raw materials remain inflated and although container rates have recently started to come down, overland shipping rates are still very high. The Lucas Bols Company is exposed to this and continues to monitor developments closely. The measures taken will remain in place, as will the intensified day-to-day flexible working relationship with our partners. New additional measures will be implemented if and when applicable.





#### *Dependency on key products, markets and channels*

During the pandemic the Company implemented strategic initiatives to reduce our reliance on and exposure to key products, markets and channels, including an active shift towards direct consumer engagement and sales leveraging the growing trend towards in-home cocktail consumption.

Management further reduced our exposure to and dependency on key products, markets and channels in 22/23, for example by increasing the Company's footprint in the no- and lower-alcohol segment. Demand for no- and lower-alcohol and low-calorie drinks continues to grow – a development at the core of our newly-developed ESG strategy. The Lucas Bols Company responded actively by expanding its brand portfolio with Fluère, the non-alcoholic spirits brand acquired in December 2022. Fluère offers a range of premium no- and lower-alcohol alternatives to existing drinks and cocktails. The Company also increased investments in Damrak Virgin (a no-alcohol gin), leading to expansion to the Belgian market, amongst other things.

To further grow and diversify the Company had already added Pallini Limoncello (distribution partnership in the US) and Tequila Partida (acquisition) to its portfolio, both of which were successfully launched and are growing.

#### *Reliance on distribution contracts*

Our reliance on distribution contracts was reduced in 21/22 by setting up Maxxium BeLux, a 50/50 joint venture between the Lucas Bols Company and Edrington, responsible for distributing both partners' brand portfolios in Belgium and Luxembourg. Through Maxxium the Netherlands, Maxxium BeLux and our wholly owned distribution platform in the US (Lucas Bols USA, Inc.) the Company controls the distribution of almost 40% of its global sales. We appointed new distributors in Portugal, Turkey and Indonesia.

#### *Acquisitions & Investments*

Building on our strong record of successfully integrating brands into the Company and growing them, the Lucas Bols Company acquired Fluère effective 1 January 2023. Fluère is an important player in the fast-growing no- and lower-alcohol drinks segment, tying directly into the Company's ESG ambition to promote responsible and inclusive cocktail enjoyment. The brand is currently sold in more than 20 markets, including the US.

Management is confident that it can leverage the Lucas Bols Company's existing business model, operations and route-to-market to grow the brand both in existing and new markets.

Thorough due diligence was performed as part of the acquisition process, whilst the integration and transition were successfully completed in the fourth quarter of 22/23.

#### *Human capital*

Human capital is of great importance to the Lucas Bols Company. In keeping with our asset-light business model only a relatively small number of people are employed, which is why each of them plays a key role in making the operating model work effectively.

By undertaking the initiatives described above at 22/23 focus areas and other developments in risk management and control systems' the Company has effectively worked on further reducing the impact and likelihood of this risk. Maintaining the Company's strong track record in attracting, recruiting, motivating and retaining knowledgeable, experienced and driven employees and investing in post-pandemic social cohesiveness remain key focus areas.

#### *Financing & Interest rate risk*

The Company's financing and interest rate risks were previously reported separately. Given the interconnectedness, likelihood and impact of these risks they are now presented together.

In recent years the Company prioritised strengthening its financial position, even during the pandemic and in times of unprecedented macroeconomic and geopolitical circumstances. Cost, cash and working capital measures and processes were intensified heavily, no dividends were paid during the pandemic and part of the equity raised in December 2021 was used to deleverage further. As a consequence both business and other cash generation was maximised, resulting in very healthy net debt and leverage metrics with significant undrawn committed bank facilities still being available. Required working capital investments, settling the Company's part of the BolsKyndal financing, resuming dividend payments in November 2022 and the acquisition of Fluère in the year under review did not impact the overall strength of the Company's financial position on 31 March 2023.

The Company's much healthier balance sheet combined with its strong and constructive relationship with financial institutions also enabled management to successfully extend the senior facility agreement in challenging times and at competitive conditions and unchanged covenants. The senior facility agreement now expires in November 2025.

The reduced levels of debt, improved leverage ratio and extension of the senior facility agreement also reduce our exposure to interest rate risks. That being said, general interest rates such as EURIBOR have increased significantly in the past months, partially affecting the overall interest rate applicable under the senior facility agreement.

#### *Joint ventures*

To further reduce our reliance on joint ventures and volatile joint venture results, a focus in 22/23 was on the sale of the Company's 50% share in Avandis to Refresco. Moreover, the Company's exposure to the BolsKyndal (India) joint venture was de-risked in recent years, for example by settling the Company's part of BolsKyndal's high-interest financing, scaling down its business activities and writing off the carrying value of the joint venture on the Company's balance sheet.

In December 2022 Avandis was sold to Refresco, allowing the Company to fully focus on its core business of creating great cocktail experiences around the globe. Blending and bottling is secured through a competitive long-term co-manufacturing agreement with Refresco. The sale lowers the associated joint-venture risks.

BolsKyndal's performance and position had been deteriorating for years and became increasingly unpredictable and non-transparent. In addition, economic and market circumstances gave rise to even more challenges in response to which management decided to unwind the joint venture by demerging it. Progress was made by settling Lucas Bols' share in BolsKyndal's financing (the expense was accounted for in 21/22 whilst the related cash-out took place in 22/23) and initiating a detailed legal demerger plan. This again reduced the joint venture's risk, both financially and legally.

#### **Impact and likelihood of risks in 22/23**

The likelihood and impact of the various risks, adjusted based on insights and developments in 22/23, are illustrated in the diagram on page 85. For the sensitivity analysis of certain risks we refer to note 27 to the consolidated financial statements.

#### **Key risk overview**

The key risks as perceived by the Management Board are outlined below, along with an overview of how these risks are mitigated. The order in which the risks are presented is in no way a reflection of their importance, likelihood or materiality. The actual occurrence of any of the following risks could have a material adverse effect on the Company's business, prospects, financial state or results of operations. The overview also lists the risk appetite of the Lucas Bols Company for each of the main risk categories.

Although the Management Board deems these risks to be the most material, they cannot be considered the only potential risks facing the Lucas Bols Company. All risks are contingencies which may or may not occur and impact the Lucas Bols Company. Additional risks and uncertainties which are not presently known to management or which are currently deemed immaterial may also have a material adverse impact on the Lucas Bols Company.



## Strategic Risk appetite – moderate

Strategic risks for the Lucas Bols Company are primarily related to the risk that investments in markets (mainly through advertising & promotion and working capital) will ultimately not result in adequate returns. The Lucas Bols Company has a moderate appetite for strategic risk: we allow some risk in this area, but there must be an appropriate balance between anticipated risk and reward.

| Risk  | Mitigation   |
|---|--|
| <p><b>Regulatory changes related to alcohol</b></p> <p>Alcohol is under increased scrutiny in a number of markets around the world with some countries having a more negative regulatory approach towards it. The Company is subject to extensive regulations regarding advertising, promotions and access to its products.</p> <p>These regulations or any changes therein could limit our business activities, increase costs and decrease demand for our products.</p>   | <p>The Lucas Bols Company supports a responsible approach to alcohol and considers this a core element of its strategy to grow a sustainable, long-term business. We advocate responsible consumption, encourage socially responsible hosting as part of our sustainability strategy and have introduced various no- or lower-alcohol products. Moreover, by acquiring Fluère we added premium no- and lower-alcohol alternatives to our portfolio.</p> <p>In our home country of the Netherlands the Lucas Bols Company is actively involved in various relevant industry bodies including STIVA, the foundation that actively promotes and controls responsible marketing and consumption of alcoholic products.</p> |
| <p><b>Economic and political conditions</b></p> <p>Lucas Bols' global business is inherently subject to commercial, political and financial risks. The Company also operates in emerging markets, where such risks (including economic and regulatory risks) are even more present. Geopolitical issues and trade and import restrictions may also have negative consequences for our business. Lucas Bols' results are dependent on general economic conditions and are therefore exposed to the risk of economic decline, both globally and in the markets in which we operate.</p> | <p>The Lucas Bols Company aims to diversify its activities in terms of product categories and geographies. The Lucas Bols Company sells over twenty-five brands in more than 110 countries. In addition, Lucas Bols' financial performance is sound with strong operating margins and cash generation and a health balance sheet, each of which can act as a cushion in the event of economic downturn.</p>  |
| <p><b>Dependency on key products, markets and channels</b></p> <p>A few key products and markets provide a significant portion of the Company's revenue and net contribution. Lucas Bols' performance is highly reliant on the on-trade channel. Specific and/or local factors and developments can directly affect the performance of these key products, markets and channels, and potentially have a material adverse impact on the Company's business, results of operations, financial state and prospects.</p>  | <p>The Lucas Bols Company diversifies its business across product offerings, markets and channels. We are specifically increasing our presence in the off-trade channel, for example by focusing more on retail and direct-to-consumer channels such as online sales, and in the no- and lower-alcohol segment.</p>  |

| Risk   | Mitigation  |
|--|---|
| <p><b>Changes in consumer preferences</b><br/>Demand for the Company's spirits products can be significantly adversely impacted by changes in customer and consumer preferences.</p> | <p>Lucas Bols' close ties both with its distributors and the bartending community means that the Company is proactively alerted to changes in consumer preferences at an early stage. The innovative nature of the Company enables it to respond swiftly to any such changes with new flavours and product offerings.</p> |

## Operational Risk appetite – low

Our appetite for operational risks is low: we allow little to no risk as the continuity and quality of our operations and products is paramount and cannot be jeopardised in any way.

| Risk   | Mitigation  |
|--|---|
| <p><b>Quality</b><br/>Inconsistent quality or contamination of the Company's products or similar products in the same categories as Lucas Bols' products can harm the integrity of, or customer support for, the Lucas Bols brands and adversely affect the sales of those brands.</p>   | <p>The recipes in which the ingredients and procedures are defined are fully controlled and protected by the Lucas Bols Company. The Company only partners with certified bottlers and suppliers, and the same generally applies to our joint-venture partners.</p> <p>The Company samples and tests all its products thoroughly, and sound quality control policies, procedures and processes (both preventative and detective) are in place and subject to constant monitoring. This includes audits at co-packers.</p> |
| <p><b>Joint ventures</b><br/>The financial performance of joint ventures (over which the Lucas Bols Company does not have full control) can affect the financial performance of the Lucas Bols Company, either directly or indirectly.</p>   | <p>The Company is used to managing and monitoring joint ventures and other partnerships. These collaborations are closely monitored and governed, for example through direct board involvement (focusing on achieving long-term objectives) and involvement in day-to-day operations if needed.</p>   |
| <p><b>Reliance on distribution agreements</b><br/>The Lucas Bols Company is reliant on the performance of its distribution partners. Lucas Bols' operations can be adversely affected by the poor performance of its distributors or by its own inability to enter into or maintain distribution agreements on favourable terms or at all.</p> | <p>The Company applies very strict criteria for selecting distribution partners. Each distributor and agreement is subject to frequent evaluation (at least annually) by the commercial and financial teams. If improvement areas are identified action will be taken within the contractual terms agreed.</p>  |



| Risk  | Mitigation   |
|---|--|
| <p><b>Environmental, Social, Governance</b></p> <p>The Lucas Bols Company is highly dependent on third parties for the timely collection of reliable data relating to certain ESG matters. Such data is required to report on progress towards the realisation of targets for the KPIs relating to our ESG strategy as well as future CSRD-compliant reporting on material themes. The risks associated with a high dependency on third parties for the availability of relevant data is that the Company cannot measure and report on ESG performance a timely and reliable manner. This could lead to non-compliance, the inability to meet rapidly increasing stakeholder expectations or the inability to successfully execute the ESG strategy, amongst other repercussions.</p> | <p>The Company has revisited and documented its detailed understanding of the value chain and identified key partners (e.g. key suppliers, key distributors). Management has involved these partners in the design of the Lucas Bols Company ESG strategy and will continue to do so as the strategy evolves. Preliminary expectations have also been discussed with key partners, for example by aligning goals and actively addressing expected data requirements and incorporating these in contracts and other agreements if and when possible. With the ESG strategy now being embedded in day-to-day business practice the Company closely monitors progress on data collection at key partners in order to address potential risks if and when they arise.</p> <p>The Lucas Bols Company continues to closely monitor regulatory and societal developments. Regulatory frameworks are reviewed and discussed to identify and respond to emerging regulations. Moreover, most material themes are incorporated in the Company's ESG strategy and (emerging) regulations are embedded in the internal governance framework. Furthermore, stakeholder interviews and benchmark analyses are performed constantly to effectively capture views within society in a timely manner.</p> |
| <p><b>Acquisitions &amp; Investments</b></p> <p>Acquisitions or investments in joint ventures and associates that the Company engages in might not deliver the expected returns.</p>  | <p>Potential acquisitions and investments are aligned with our strategy. Decisions to acquire or invest are based on thorough processes, and expert external support is obtained where necessary. The brands that we invest in are integrated in our management information and reporting systems. Lucas Bols' management and employees are also involved in acquisitions and investments, for example by virtue of Board positions or monthly business review meetings.</p>   |
| <p><b>Human capital</b></p> <p>The Lucas Bols Company operates an asset-light business model and consequently employs a relatively small number of people. The Company's success depends on attracting and recruiting highly skilled individuals and retaining key personnel.</p>   | <p>The Lucas Bols Company has a strong track record in attracting, recruiting, motivating and retaining knowledgeable, experienced and driven employees. The Company's reputation and market position, strategic partnerships and thriving entrepreneurial and international corporate culture are key success factors in this regard.</p>   |

| Risk   | Mitigation  |
|--|---|
| <p><b>IT</b></p> <p>IT security threats, the level of sophistication in digital crime and other cybersecurity risks continue to increase globally, posing a risk to the protection, confidentiality, availability and integrity of data and information. Such risks can affect any Company process, including the order-to-cash cycle.</p> | <p>We invest in hardware, software and people to mitigate the risk of cyberattacks. This enables us to continuously update our defence mechanisms to be effective in a rapidly changing environment. Furthermore, the internal controls we operate are focused on IT and data, including general IT controls and IT application controls (for example regarding outgoing payments).</p> |

## Financial

### Risk appetite – low

We take a prudent stance on financial risk, hedging part of our exposure in order to reduce and limit our risk.

| Risk   | Mitigation  |
|--|---|
| <p><b>Foreign exchange rate fluctuations</b></p> <p>Foreign exchange rate fluctuations can have a material impact on the Company's business, its financial position and the results of operations.</p>   | <p>Each year the Company seeks to mitigate the short-term impact of fluctuations in foreign exchange rates on its cash flow and earnings by entering into hedging agreements. It is our practice to enter into hedging agreements for approximately 60% to 80% of our total foreign exchange rate exposure at the start of each financial year. Foreign exchange rate risks are generally hedged through the application of standard forward contracts.</p>                                   |
| <p><b>Financing &amp; Interest rate risk</b></p> <p>There is a risk that the Company will encounter difficulties meeting the commitments associated with its financing facilities. This can result in liquidity risks and/or not being able to settle financial liabilities by paying in cash or by settling by means of other financial assets. Moreover, changes in interest rates affect the Company's results and cash flow.</p> | <p>The Company's approach to managing liquidity through its treasury process is aimed at ensuring, to the maximum extent possible, that it will meet its financing facility obligations and have sufficient liquidity to settle its financial liabilities when they are due, without incurring unacceptable losses or damaging the Company's reputation. Management invests a great deal of its time managing relationships with banks and other capital market parties and stakeholders.</p> |
| <p><b>Credit risk</b></p> <p>Credit risk pertains to liquid assets, derivative instruments and bank balances. The Lucas Bols Company works with distributors globally, negotiating payment terms as part of the overall agreement. This exposes the Company to customer credit risks, including those relating to outstanding receivables and agreed transactions.</p>   | <p>The Company operates a credit policy and monitors its exposure to credit risk on an ongoing basis. Furthermore, the Lucas Bols Company has a treasury policy in place and only engages with banks with high-credit ratings. Credit checks are performed when negotiations with distributors take place.</p>  |



## Compliance

### Risk appetite – low

The Lucas Bols Company operates in a market that is strongly regulated worldwide. Compliance with laws and regulations is a fundamental condition for the production, distribution and marketing of our high-quality products. Accordingly, we allow only minimal risk in this area.

| Risk   | Mitigation  |
|--|---|
| <p><b>Non-compliance</b></p> <p>Lucas Bols' production and distribution as well as its business and the industry in general are subject to significant government regulations. Moreover, as a publicly listed company the Lucas Bols Company is subject to additional laws and regulations. Failure to comply with relevant regulations (or any changes therein) can result in business disruptions, for example on the supply side, increased costs and potentially legal action.</p> | <p>Lucas Bols closely monitors legal developments in every market in which it is active. Legal compliance is embedded in its risk and control systems. The Company also makes use of external legal counsel. Furthermore, the Lucas Bols Company is an agile organisation that can easily adapt products, packaging, etc. to remain compliant with all regulations.</p> <p>Management monitors legal compliance at head office-level and requires all employees to contribute by adhering to the Code of Conduct, which includes prevention of fraudulent transactions, reporting and corruption.</p> |
| <p><b>Taxes</b></p> <p>Increases in taxes, particularly excise tax rates, can have an adverse effect on demand for – and the financial contribution of – the Company's products.</p>   | <p>Significant excise tax increases in a market tend to have a negative impact for a period of 12 months, after which the business often stabilises and recovers. The consequences of tax changes and resulting changes in buying behaviour are constantly monitored in close cooperation with our distributors. Our market positioning is adjusted if and when necessary.</p>  |

## In control statement

The Management Board is responsible for the design and operation of the internal risk management and control systems. Management has assessed whether the risk management and control systems provide reasonable assurance that the financial reporting does not contain any material misstatements. In accordance with best practice 1.4.3 of the Dutch corporate governance code and with reference to the risk management and control chapter and the financial review on pages 68-70, the Management Board is of the opinion that, to the best of its knowledge:

- the report provides sufficient insights into any deficiencies in the effectiveness of the internal risk and control systems; no deficiencies in the effectiveness of the internal risk and control systems have been identified, as reported on pages 80-96;
- the internal risk management and control systems of the Company, as reported on pages 80-96, provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- there is a reasonable expectation that the Lucas Bols Company will be able to continue its operations and meet its liabilities for at least twelve months; therefore, it is appropriate to adopt the going-concern basis in preparing the financial reporting, as reported on page 70 under net debt and liquidity and as referred to in notes 22 and 23 of the financial statements; and
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of Lucas Bols' operations in the coming twelve months, as reported on pages 84-96.

## Management Board Statement

The Management Board of Lucas Bols N.V. declares that, to the best of its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and result of the Lucas Bols Company and its subsidiaries, and that the report of the Management Board provides a true and fair view of the situation as at 31 March 2023 and of the state of affairs for the 22/23 financial year of the Lucas Bols Company and its subsidiaries, as well as a description of the principal risks and uncertainties the Lucas Bols Company faces.

Amsterdam, 24 May 2023

### Management Board

Huub van Doorne and Frank Cocx



## Corporate governance

The Lucas Bols Company acknowledges the importance of good governance and its vital role in ensuring integrity and maintaining open and transparent communications with stakeholders and other parties interested in the Lucas Bols Company. Our corporate governance is based on principles of integrity, transparency and clear and timely communication. The Management Board and the Supervisory Board are jointly responsible for the corporate governance structure at the Lucas Bols Company, thereby adhering to the Dutch Corporate Governance Code (hereinafter 'the Code') as available on the website of the Dutch Monitoring Commission ([www.mccg.nl](http://www.mccg.nl)).

### Corporate governance declaration

The Lucas Bols Company fully endorses the core principles of the Code and is committed to following the best practices of the Code to the furthest extent possible. However, considering our interests and the interests of our stakeholders, we deviate from a limited number of best practice provisions, which will be specified and explained later in this chapter under the paragraph 'Appointment and dismissal Management Board and Supervisory Board' (best practice provision 4.3.3) and the 'Diversity' paragraph (best practice provisions 2.1.5 and 2.1.6).

### General

The Lucas Bols Company is a public limited company (NV) incorporated and based in the Netherlands and is therefore subject to Dutch legislation as well as its own Articles of Association, internal policies and procedures. The Lucas Bols Company is not subject to the Dutch large company regime. Reference is made to note 28 of the consolidated financial statements for an overview of the Company's subsidiaries. Responsibility for the management of the Lucas Bols Company lies with the Management Board, under supervision of the Supervisory Board.

### Long-term value creation, culture and sustainability

Lucas Bols' strategy and culture are aimed at long-term value creation. To the Lucas Bols Company, long-term value creation is all about building brands and leveraging our strategic platform in a sustainable manner. To create value, Lucas Bols constantly and consciously invests in its brands, through investments in A&P, product development, quality and long-term partnerships.

Strategic endeavours are undertaken bearing in mind of the rapidly changing environment the Company operates in. This environment is impacted by macroeconomic and societal developments, including new technologies and changing business models. To ensure the creation of sustainable long-term, value in accordance with our value creation model outlined on pages 50-51 input is actively gathered from interactions with stakeholders and a continuous evaluation of risks, amongst other sources.

In the year under review the Company developed a more specific and detailed vision on how value creation can be maximised by explicitly incorporating ESG elements into its overall corporate strategy. These elements focus on empowering employees, limiting the Company's impact on the planet and further investing

in responsible consumption of the Lucas Bols Company products. The overall strategy reflects the Company's values and ambition to contribute to sustainable long-term value creation. In developing a more specific and detailed ESG vision the Company engaged with a diverse set of internal and external stakeholders. The perspectives gained contributed significantly to determining the actual or potential impact of the Company on the environment and society, taking into account the double materiality concept.

A further elaboration on creating long-term value can be found in the value creation model included in the Strategy chapter, the interview with the Management Board, the relevant chapter on ESG and the reports of the Management Board and the Supervisory Board.

### Risk management and control framework

The Lucas Bols Company promotes a transparent, company-wide approach to risk management and control, enabling it to operate effectively. This approach is aimed at finding the right balance between maximising business opportunities and managing the risks involved.

The Management Board adopts a bottom-up approach which involves risk ownership further down the organisation. The risk management and control framework is outlined in more detail in the 'Risk management and control' paragraph starting on page 80 of this Annual Report.

### Shares – voting rights

The authorised share capital of the Lucas Bols Company comprises a single class of registered shares. All issued shares are fully paid up and each share confers the right to cast a single vote at the General Meeting. At the end of the 22/23 financial year, the Lucas Bols Company held no shares in its own capital.

### General meeting

Important matters that require the approval of the General Meeting include:

- adoption of the annual accounts;
- declaration of dividends;
- remuneration policy;
- discharge from liability of the members of the Management Board in respect of their management activities for the Lucas Bols Company;
- discharge from liability of the members of the Supervisory Board in respect of their supervision of the management of the Lucas Bols Company;
- appointment of the external auditor;



- appointment, suspension or dismissal of members of the Management Board and Supervisory Board;
- remuneration of the Supervisory Board;
- any Management Board resolution regarding a significant change in the identity or nature of the Lucas Bols Company or its enterprise;
- issuance of shares, whereby the Management Board is authorised, subject to prior approval by the Supervisory Board, to issue shares up to a maximum of 10% of the issued share capital as at the date of issue and an additional 10% as at that date in connection with or on occasion of mergers, acquisitions and strategic alliances and to restrict or exclude the pre-emptive rights in relation to any issuance referred to above. This authorisation is granted until 7 January 2024;
- acquisition and redemption of shares, whereby the Management Board is authorised, subject to the approval by the Supervisory Board, to acquire up to a maximum of 10% of the shares in the capital of the Company at a price not higher than 10% above the average closing price of the shares on Euronext Amsterdam over the five days preceding the date on which the purchase is made. This authorisation is granted until 7 January 2024; and
- adoption of amendments to the Articles of Association.

Further details can be found in the Articles of Association, which are published on the corporate website [www.lucasbols.com](http://www.lucasbols.com).

This year the Annual General Meeting is scheduled to take place on 7 July 2023. Each shareholder may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to their shareholding, either in person or by proxy. Shareholders may exercise these rights provided they are holders of shares on the record date, which is twenty-eight days before the date of the General Meeting, and they or their proxy have notified the Lucas Bols Company of their intention to attend the General Meeting. Draft minutes of the meeting will be released within three months of the meeting and will be available for comments for three months thereafter. The final version of the minutes will be published on the corporate website.

In accordance with provision 4.2.3 of the Code, the Lucas Bols Company announces analyst meetings, presentations to (institutional) investors and press conferences in advance on the corporate website. The presentations are made available on the corporate website after the meetings. The analyst presentations are webcast.

## **Management board**

### *Responsibilities*

The Management Board is collectively responsible for the management of the Lucas Bols Company. This includes the day-to-day management and general affairs of the Company as well as formulating the long-term value creation strategy, execution and policies, as well as setting and achieving the corporate objectives. The Management Board is also responsible for identifying and managing the risks associated with Lucas Bols' activities, and for the financial performance and corporate social responsibility issues relevant to the business. The Management Board consists of two members, each having duties related to their specific responsibilities and area of expertise. The members of the Management Board are individually authorised to represent the Lucas Bols Company.

### *Appointment and dismissal*

The General Meeting appoints the members of the Management Board, with the Supervisory Board permitted to make non-binding nominations for such appointments. In the event the Supervisory Board makes a nomination, the resolution of the General Meeting to appoint the nominee must be adopted by an absolute majority of the votes cast. In the event the nomination was not made by the Supervisory Board, the resolution of the General Meeting to appoint a member of the Management Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. The Lucas Bols Company believes it is important that a diligent process be safeguarded, which is why we deviate from the Code in this respect.

The Supervisory Board may suspend a member of the Management Board at any time. The General Meeting may suspend or dismiss a member of the Management Board at any time. The General Meeting may only adopt a resolution to dismiss a member of the Management Board by an absolute majority of the votes cast and at the proposal of the Supervisory Board. If no such proposal is made, the resolution to suspend or dismiss a member of the Management Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. The Lucas Bols Company believes it is important that a diligent process be safeguarded, which is why we deviate from the Code in this respect.

### *Remuneration*

The remuneration policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package that is focused on sustainable results and is consistent with the long-term value creation strategy of the Lucas Bols Company. The performance criteria on which the variable remuneration is based are aligned with the Company's objectives to create long-term value. Pursuant to the remuneration policy, the remuneration package of the Management Board members consists of fixed and variable components.

The remuneration policy of the Company, previously adopted by the General Meeting in 2019, has been replaced by a new remuneration policy for the financial years 22/23-25/26. The new policy continues existing policy principles, the new policy is updated where necessary and introduces a new policy element. This new element concerns a long-term incentive plan (LTIP) for the members of the Management Board (and is also available to a select group of other senior management members), the objective of which is to drive and reward sound business decisions for the long-term health of the Company, to stimulate retention and to improve market competitiveness. The LTIP is performance and time-based with annual rolling grants, a three-year performance period with cliff vesting and the use of phantom shares to create a direct link to the share price of the Lucas Bols Company. The at-target pay-out is 25% of the fixed base remuneration contingent on full achievement of the objectives with a cap of 50% of the fixed base remuneration in the event of above-target performance. If the performance achieved is below a certain threshold level, no LTIP amount will be paid out. At the beginning of each performance period the Supervisory Board establishes the performance measures, the weighting and the corresponding targets. In addition to the performance conditions, vesting is subject to continued employment with the Company. The performance measures consist of three financial targets comprising 75% of the LTIP award whilst 25% of the award is based on non-financial targets.

The three financial targets for the LTIP granted at the start of the 22/23 financial year relate to Global Cocktail Brands revenue (three-year average growth rate in %), earnings per share (three-year average growth rate in %) and free operating cash flows (three-year cumulative in EUR), each of which is to be assessed organically. The targets are based on a three-year medium-term

plan. The non-financial target for the 22/23 LTIP relates to the determination, documentation and implementation of an integrated ESG strategy for the Lucas Bols Company.

The remuneration report can be found starting on page 110 of this Annual Report and on the corporate website.

In compliance with the Code, the management agreements of the Management Board members contain a provision relating to severance arrangements to compensate for the loss of income resulting from a non-voluntary termination of the service agreement, up to a maximum of the fixed base remuneration of the respective Management Board member. In line with applicable legislation and good governance, the management agreements of the members of the Management Board include a clawback clause which allows for a test of reasonableness.

### **Supervisory board**

#### *Responsibilities*

The Supervisory Board supervises the Management Board and the general course of business of the Lucas Bols Company.

The Supervisory Board also provides advice to the Management Board. In performing their duties, the members of the Supervisory Board must be guided by the interests of the Lucas Bols Company and take into account the relevant interests of all of the Company's stakeholders (including its shareholders) as well as the corporate social responsibility issues that are relevant to the business of the Lucas Bols Company.

The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board consists of four members, Mr. René Hooft Graafland (chair), Mr. Ralph Wisbrun (vice-chair), Mrs. Alex Oldroyd and Mrs. Marie-Pauline Lauret.

All members of the Supervisory Board are independent as defined in best practice provisions 2.1.7 to 2.1.9 of the Code. In view of its size, the Supervisory Board has decided not to appoint any committees in the interest of efficiency. However, audit-related discussions are chaired by Mrs. Marie-Pauline Lauret and discussions on remuneration are chaired by Mr. Ralph Wisbrun. Specific duties that are part of the audit committee's legal responsibility such as the monitoring of the financial reporting process and the effectiveness of the internal control systems are the responsibility



of the Supervisory Board as a whole. The Supervisory Board has adopted a profile for its size and composition, taking into account the nature of the Lucas Bols business and activities and defining the desired background and expertise of members.

Members of the Supervisory Board are appointed for a term of four years and may be reappointed for another four-year period and subsequently for a maximum of two terms of two years.

#### *Appointment and dismissal*

The members of the Supervisory Board are appointed by the General Meeting. The Supervisory Board is permitted to make a non-binding nomination for the appointment of a member of the Supervisory Board. The resolution of the General Meeting to appoint the nominee upon a nomination by the Supervisory Board must be adopted by an absolute majority of the votes cast. If the Supervisory Board has not made a nomination, a resolution of the General Meeting for the appointment of a member of the Supervisory Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. The Lucas Bols Company believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

The General Meeting may suspend or dismiss a member of the Supervisory Board at any time. In the event the Supervisory Board proposes the dismissal of one of its members, the resolution of the General Meeting to dismiss such a member must be adopted by an absolute majority of votes cast. In the absence of a proposal from the Supervisory Board to dismiss one of its members the General Meeting resolution to make such a dismissal must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is again stricter than prescribed in best practice provision 4.3.3 of the Code. The Lucas Bols Company believes it is important that a diligent process be safeguarded, which is why we deviate from the Code in this respect. The Lucas Bols Company ensures structured reporting lines to its Supervisory Board. The Supervisory Board meets regularly throughout the year, with a minimum of four meetings a year taking place. The chair of the Supervisory Board ensures the proper functioning of the Supervisory Board and acts as the main contact for the Management Board.

The Supervisory Board has adopted its own regulations with regard to objectives, composition, duties, responsibilities and working methods, as well as a profile and a retirement and resignation schedule. The regulations and other documents are available on the corporate website.

#### **Diversity**

In order to achieve a desired balance, the Supervisory Board aims for a diverse composition of both the Management Board and the Supervisory Board, for example in terms of gender and age, but does not yet follow best practice provision 2.1.5 of the Code to formulate an explicit policy on diversity and inclusion, neither was a specific target set in these areas. The Supervisory Board's overriding principle is for both boards to be composed of members who can make a valuable contribution in terms of experience and knowledge of the industry the Lucas Bols Company operates in. In determining profiles for new members of the boards, the Company will pay close attention to the aforementioned best practice provision.

The Lucas Bols Company complies with Dutch legislation on diversity which requires companies to have at least one third of the seats on the Supervisory Board held by women or men.

Overall we believe as well in a diverse workforce. We constantly seek to create a positive corporate culture, in which all employees have equal rights and opportunities, regardless of their gender, age, sexual orientation or background. We continue to be fairly balanced from a gender perspective – 43 of our employees are male and 35 are female (in 21/22: 43 male and 28 female). Furthermore, Lucas Bols employees represent a great number of nationalities and the age composition within the organisation is quite balanced.

As part of the Company's ESG strategy KPIs will be set on diversity and inclusion, underpinned by a feasible plan to achieve specific goals as further outlined in the chapter on ESG (pages 72-79).

#### **Conflict of interest**

Any potential or actual conflict of interest between the Lucas Bols Company and a member of the Management Board or Supervisory Board should be reported to the chair of the Supervisory Board and the other respective board members.

Any board member holding shares in the Lucas Bols Company must do so for the purpose of a long-term investment. Board members must at all times comply with the provisions set out in the insider trading rules of the Lucas Bols Company. Both Management Board members hold shares in the Company. None of the Supervisory Board members holds shares in the Company, except for Mr. René Hooft Graafland, who holds 8,500 shares in the Company (0.06% of all shares outstanding). There were no conflicts of interest between the Lucas Bols Company and any board member during the financial year.

#### **Auditor**

At the Annual General Meeting held on 7 July 2022 PricewaterhouseCoopers Accountants N.V. (PwC) was appointed as the Company's external auditor for a period of four years, starting with the audit of the 22/23 financial year (i.e. the period ending 31 March 2023) and ending with the audit of the financial statements for the period ending 31 March 2026.

The Management Board ensures that the external auditor can properly perform its audit task. The Management Board reports to the Supervisory Board on PwC's functioning as external auditor and its fee. The Supervisory Board evaluates PwC's functioning taking into consideration the input of the Management Board. For the year under review PwC confirmed its independence from the Lucas Bols Company in accordance with the professional standards applicable to PwC. The external auditor meets with Mrs. Marie-Pauline Lauret (who chairs meetings on audit-related matters) at least once a year without the Management Board being present.

#### **Amendment of the Articles of Association**

The General Meeting may resolve to amend the Articles of Association at the proposal of the Management Board and subject to the prior approval of the Supervisory Board. If a proposal to amend the Articles of Association is to be made at a General Meeting, the notice of such meeting must state the proposal, a copy of which shall be deposited and kept available at the Company's office for inspection by, and must be made available free of charge to, the shareholders until the conclusion of the meeting. An amendment of the Articles of Association shall be laid down in a notarial deed.

#### **Statement in light of article 10 of the EU Takeover Directive**

In accordance with Article 10 of the EU Takeover Directive, companies with securities that trading on a regulated market are obliged to disclose certain information in their Annual Report. Accordingly, the Lucas Bols Company is required to disclose the following information and make the following statements:

- a. An overview of Lucas Bols' capital structure is included on page 98 of this Annual Report. Shares in the capital of the Lucas Bols Company are freely transferable, there are no special control or voting rights attached to its shares, nor are voting rights limited in any manner. The Lucas Bols Company is not aware of any agreements that might result in a limitation of the transferability of the voting rights on shares in its capital. Substantial shareholdings of shares in the capital of Lucas Bols are included on page 20 of this Annual Report.
- b) The Lucas Bols Company has an Employee Share Participation Plan in place, which is described on page 127 of this Annual Report.
- c) The credit facility of the Lucas Bols Company incorporates what is known as a change of control provision. If a party acquires more than 50% of Lucas Bols' issued share capital or voting rights, the Lucas Bols Company is subject to a repayment commitment.
- d) The provisions regarding the appointment and dismissal of Management Board and Supervisory Board members are set out on pages 99-101 of this Annual Report.

#### **Closing statement**

The information required to be included in the Management Board report pursuant to article 2a of the Decree for the contents of board reports (Besluit inhoud bestuursverslag) is included in this Corporate governance chapter as well as in the Risk Management and Control chapter of this Annual Report.



*Bols*

**WELCOME TO BOLS  
COCKTAILS**  
ENJOY THE MAGIC

NATURAL BOTANICALS  
PEACH

*Bols*  
Amsterdam  
1875

The advertisement features a central photograph of a man and a woman smiling and holding various cocktails at a bar. The man is holding a martini glass, and the woman is holding a peach cocktail. In the foreground, a bottle of Bols Peach cocktail is prominently displayed. The bottle has a white label with the Bols logo and 'Amsterdam 1875' written in a cursive font. The background is a blurred bar scene with colorful lights. The text 'WELCOME TO BOLS COCKTAILS' and 'ENJOY THE MAGIC' is written in a clean, sans-serif font on a dark blue background. The Bols logo is written in a large, elegant cursive font at the top left.



**Chair**  
**Mr. D.R. (René) Hooft Graafland**  
**1955, Dutch nationality**

Current (first) term commenced  
on 10 July 2019 and expires in 2023.

Other positions:  
Supervisory Board member of Royal Ahold Delhaize N.V.  
Chairman of Stichting African Parks Foundation  
Chairman of Royal Theater Carré Fund

# Composit Supervis



**Member**  
**Mrs. M.P. (Maric-Pauline) Lauret**  
**1979, Dutch nationality**

Current (first) term commenced  
on 7 July 2022 and expires in 2026.

Other positions:  
Vice President Risk & Assurance of Philip Morris  
International



**Member**  
**Mrs. A.L. (Alexandra) Oldroyd**  
**1967, British nationality**

Current (second) term commenced on 9 July 2020 and expires in 2024.  
First term commenced on 1 September 2016.

Other positions:  
Managing Director of Fluxion Advisors  
Non-Executive Director of Brockmans Gin

# ion of the ory Board



**Vice-Chair**  
**Mr. R. (Ralph) Wisbrun**  
**1957, Dutch nationality**

Current (second) term commenced on 8 July 2021 and expires in 2025.  
First term commenced on 7 September 2017.

Other positions:  
Founder of Wisbrun Eastwood  
Member of the Strategic Board of ACE

# Report of the Supervisory Board

Whilst the Company benefitted from strong business recovery following the pandemic, accelerated growth in the US and the completion of key strategic initiatives, the 22/23 financial year was heavily impacted by macroeconomic and geopolitical factors that intensified when the war in Ukraine broke out. Limited availability of key raw materials (mainly glass) and longer production and logistic lead times resulted in a disrupted supply chain and required higher working capital investments, whilst the inflationary environment put pressure on profit margins. Sales in the US specifically suffered from industry-wide glass shortages, and early signs of deteriorating consumer purchasing power started to materialise there and in other markets in the second half of the financial year. Moreover, the Company ceased all business with Russia while local COVID-19 circumstances in China prevented further recovery and growth in that important growth market.

Despite these challenges the Lucas Bols team realised revenue growth of 9%, successfully completed the

integration of Tequila Partida and launched various cocktail innovations in key markets. Working capital investments were required to support the ongoing business and did not stop a further strengthening of the Company's balance sheet. In addition, a major strategic step was realised this year with the sale of Avandis. Knowing that an attractive long-term co-manufacturing agreement is in place, this will enable management to further increase its focus on the cocktail-driven mission, brand development and the Company's route-to-market. Another milestone was the acquisition of the Fluère brand, adding a leading and high-quality non-alcoholic spirits brand to the portfolio. This positions the Lucas Bols Company very well to leverage the rapidly growing no- and lower-alcohol category. Important progress was also made on designing and implementing the Lucas Bols Company ESG strategy.

The Supervisory Board enjoyed supervising and advising the Management Board in managing current challenges and driving strategic progress to focus on the sustainable long-term future of the Company.



### Composition of the Supervisory Board

On 31 March 2023 the Supervisory Board of the Lucas Bols Company consisted of four members: Mr. René Hooft Graafland (chair), Mr. Ralph Wisbrun (vice- chair), Mrs. Alex Oldroyd and Mrs. Marie-Pauline Lauret.

The appointment of Mrs. Marie-Pauline Lauret was approved by the shareholders at the Annual General Meeting of 7 July 2022. Mrs. Marina Wyatt stepped down at that Annual General Meeting after having served as a member of the Supervisory Board for eight years.

The re-election of Mr. René Hooft Graafland will be proposed to shareholders at the Annual General Meeting scheduled to take place on 7 July 2023.

The composition of the Supervisory Board is in line with the Supervisory Board profile as drawn up by the Supervisory Board and published on the Lucas Bols corporate website. Currently the gender ratio of the Supervisory Board is balanced at 50-50. All members of the Supervisory Board will continue to be selected based not solely on their expertise and independence, but also on their background and the diversity aspects outlined in the Supervisory Board profile. For more information on diversity at the Lucas Bols Company please refer to the Corporate Governance chapter in this Annual Report.

The Supervisory Board confirms that all members are independent as defined in best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code. No member of the Supervisory Board holds more than five directorships at Dutch large companies, in accordance with section 2:142a of the Dutch Civil Code.

As the Supervisory Board consists of only four members, it has decided not to appoint separate committees among its members. The Supervisory Board as a whole carries out the duties of an audit committee as well as other committees. Matters regarding remuneration are chaired by Mr. Ralph Wisbrun and matters related to financial reporting and the external audit are chaired by Mrs. Marie-Pauline Lauret, who has extensive financial and accounting experience.

### Evaluation

The Supervisory Board reviewed and discussed its own functioning during the 22/23 financial year. The assessment included reviews of the composition of the Supervisory Board, the Supervisory Board's

profile (including its competence and expertise), the effectiveness of the Supervisory Board meetings, the lessons learned from this year's experiences, the adequacy of the information supplied to the Supervisory Board and the training of the Supervisory Board. This assessment was conducted through questionnaires completed by the individual Supervisory Board and Management Board members and a subsequent evaluation and discussion.

During the previous evaluation the Supervisory Board expressed a desire to spend more time on the Company's ESG strategy and reporting. This was adequately addressed in the year under review. A dedicated Lucas Bols team assisted by external experts carried out an extensive ESG project, defining the Lucas Bols Company's ESG strategy and identifying relevant KPIs, as further described on pages 72-79 of this Annual Report. The team benefited from Mrs. Marie-Pauline Lauret's thorough experience on the matter. Furthermore, the Supervisory Board expressed the desire to develop a better view on talent and management development. These topics were extensively discussed during one of the meetings of the Supervisory Board in the year under review. The outcome of this year's evaluation was positive with perceived strong board dynamics, an excellent relationship between the Supervisory Board and the Management Board and sufficient and high-quality information sharing. Areas for improvement identified during this year's assessment relate to increasing the Supervisory Board's exposure to key management personnel and key stakeholders and the Company's organisational operating model in relation to its strategic ambitions.

In addition the composition, functioning and succession planning of the Management Board and the performance of its individual members were assessed using input from each individual Supervisory Board member. This input was discussed in a meeting of the Supervisory Board without the Management Board present, and subsequently discussed with both Management Board members individually.

### Meetings and attendance in 22/23

The Supervisory Board held five ordinary meetings during the year under review. All members were present at every meeting. The Management Board attended every meeting with the exception of part of the one meeting in which the Supervisory Board discussed the performance and remuneration of the individual Management Board members.

All meetings were held in person. In between the meetings Mr. René Hooft Graafland, as chair of the Supervisory Board, maintained contact with both Management Board members on a regular basis, while Mrs. Marina Wyatt (before stepping down as member of the Supervisory Board) and Mrs. Marie-Pauline Lauret (after her appointment at the Annual General Meeting) were in regular contact with the CFO to discuss topics including financial reporting, ESG and audit-related matters.

Major topics discussed at the meetings included the ongoing impact of macroeconomic and geopolitical circumstances (mainly with regard to the impact of the war in Ukraine), global supply chain disruptions, the inflationary environment and the pandemic on the Company's performance, financial position and strategy. Ongoing discussions were also held on the capital structure and the operating model. Furthermore, the development of the Lucas Bols ESG strategy was on the agenda of various Supervisory Board meetings. The Supervisory Board provided management with their views on the envisaged strategy, KPIs and related targets as well as on the implementation of and reporting on the strategy. The roll-out of Bols Ready-to-Enjoy Cocktails and the integration and performance of Tequila Partida were also amongst the key topics discussed at the meetings during the year. In the first half of the year significant attention was paid to the sale of the Company's share in Avandis to Refresco, including the new co-manufacturing agreement that is now in place for the production of a vast majority of Lucas Bols' products. In the second half of the year the new bank facilities (extending the finance facilities for a period of two years at competitive conditions) were also discussed with the Supervisory Board. Recurring topics of discussion included the financial performance and brand, market and distribution developments in the various areas where the Lucas Bols Company operates, compliance, investor relations and risk management (including actions taken to mitigate risks and further strengthen the Company's internal control framework).

In general, the Supervisory Board focused on the strategy and long-term value creation with the Management Board, with discussions including the objectives, execution and progress achieved. During these discussions the Supervisory Board challenged the Management Board on its strategic agenda and milestone planning. In order to better align the Company's senior management incentives with long-term value creation, the Supervisory Board finalised

the project of reviewing the feasibility of a long-term incentive plan (LTIP). After the new remuneration policy was approved by the Annual General Meeting, the LTIP for senior management (including the Management Board) was implemented effective 1 April 2022.

In the 22/23 financial year the external auditor (Ernst & Young Accountants LLP, followed by PricewaterhouseCoopers Accountants N.V. as of the Annual General Meeting) attended two Supervisory Board meetings. At the May 2022 Supervisory Board meeting, EY presented the independent auditor's report and long-form auditor's report along with the findings of the audit of the 21/22 financial statements. The key matters pertaining to the 22/23 financial statements as well as the procedures and findings with regard to the 22/23 interim financial information were subsequently presented by the newly appointed external auditor, PricewaterhouseCoopers Accountants N.V., at the November 2022 Supervisory Board meeting.

#### **Report of the Annual General Meeting of Shareholders**

In view of the pandemic the 2022 Annual General Meeting of Shareholders was held virtually. In order to keep shareholders, employees and other stakeholders safe, the Company decided in accordance with the temporary Dutch COVID-19 Act that the Annual General Meeting would only be accessible to shareholders via a live webcast. Shareholders were given the opportunity to submit questions prior to the meeting, and those who did were also permitted to ask follow-up questions during the meeting itself. The answers to pre-submitted questions were published on the Company's website prior to the meeting and addressed during the meeting.

At the Annual General Meeting the Management Board gave an account of the general state of affairs at the Lucas Bols Company and of the Company's financial performance in the 21/22 financial year. The meeting adopted the 21/22 financial statements. The members of the Management Board were discharged from liability for their management and the members of the Supervisory Board were similarly discharged for their supervision thereof.

The meeting appointed Mrs. Marie-Pauline Lauret as a Supervisory Board member for a term of four years and the meeting reappointed Mr. Huub van Doorne as a member of the Management Board for a four-year term, both from the date of their appointment.



The meeting approved the amendment to the remuneration policy of the Company adopted by the General Meeting in 2019. The amended policy shall be applicable to the financial years 22/23-25/26.

A continuation of existing policy principles, this new policy was updated where necessary and introduced an LTIP for the members of the Management Board aimed at driving and rewarding sound business decisions for long-term value creation for the Lucas Bols Company, stimulating retention and improving market competitiveness.

The meeting approved the amendment to the remuneration policy of the Company adopted by the General Meeting in 2019. The amended policy shall be applicable to the financial years 22/23-25/26. A continuation of existing policy principles, this new policy was updated where necessary and introduced an LTIP for the members of the Management Board aimed at driving and rewarding sound business decisions for long-term value creation for the Lucas Bols Company, stimulating retention and improving market competitiveness.

PricewaterhouseCoopers Accountants N.V. was appointed by the General Meeting as the Company's external auditor for a period of four years, starting with the audit of the 22/23 financial year (i.e. the year ending 31 March 2023) and ending with the audit of the financial statements for the financial year ending 31 March 2026.

#### Internal audit function

Based on the Management Board's evaluation of Lucas Bols' internal control system and the discussions of the Supervisory Board with the Management Board, it is the opinion of the Supervisory Board that internal control elements are effectively integrated into the Company's operations, also taking into account the size of the Company and its relatively simple and centralised structure. Furthermore, the Lucas Bols Company performs periodical audits at its distributors, focusing mainly on A&P spend and how this is accounted for.

In accordance with best practice provision 1.3.6 of the Dutch Corporate Governance Code and based on these observations it is the opinion of the Supervisory Board that there is currently no reason to recommend the installation of a dedicated internal audit function. The Supervisory Board reviews this decision annually.

#### 22/23 financial statements and dividend

The Supervisory Board has reviewed and discussed the 22/23 Annual Report. The 22/23 financial statements as prepared by the Management Board have been audited by PricewaterhouseCoopers, whose auditor's report is included in this Annual Report, and were extensively discussed by the Supervisory Board and the external auditor in the presence of the Management Board in May 2023. The Supervisory Board believes the 22/23 financial statements of the Lucas Bols Company meet all requirements for correctness and transparency. All members of the Supervisory Board and the Management Board have signed the 22/23 financial statements pursuant to the statutory obligations under article 2:101 (2) of the Dutch Civil Code.

The Management Board will present the financial statements for 22/23 and its report at the Annual General Meeting of shareholders on 7 July 2023. The Supervisory Board recommends that the Annual General Meeting adopt the 22/23 financial statements and discharge the Management Board and the Supervisory Board from liability for their management and supervision, respectively, in the year under review. Dividend distribution was resumed in the financial year with an interim cash dividend paid out in November 2022 of € 0.21 per share and proposed final dividend of € 0.13 per share which would put the total full-year dividend at € 0.34.

The members of the Supervisory Board would like to thank both the Lucas Bols shareholders and business partners for their ongoing commitment to our Company. In particular, we wish to thank all Lucas Bols employees and the Management Board for their unwavering commitment and hard work. In these volatile and uncertain times they have proven to be flexible, willing to adjust and focused on the long-term strategy. Financially the Company is currently in a better position than before the pandemic and the strategic initiatives undertaken provide strong business fundamentals for the years ahead.

Amsterdam, 24 May 2023

On behalf of the Supervisory Board

**René Hooft Graafland**  
Chair

The remuneration report stems from the remuneration policy of the Lucas Bols Company which is drawn up in accordance with the Dutch Corporate Governance Code and the revised Shareholder Rights Directive of the European Parliament, the European Council (2017/828/EU) and article 2:135a and 2:135b of the Dutch Civil Code. The current remuneration policy was adopted at the Annual General Meeting of Shareholders of 7 July 2022. Pursuant to the requirements in the Dutch Civil Code, the changes to and implementation of the remuneration policy in the 21/22 financial year were discussed and put to an advisory vote at the Annual General Meeting of Shareholders on 7 July 2022. Changes in the remuneration policy were supported by 97.12% of the votes cast by the shareholders and the implementation of the remuneration policy was supported by 97.13% of the votes.



## Remuneration policy

The remuneration policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package. This package focuses on sustainable results and is aligned with the Company's long-term strategy. The qualitative KPIs for variable remuneration are linked to the long-term strategy aimed at leading the development of the cocktail market, worldwide growth of our cocktail brands, developing our Regional Liqueurs & Spirits and leveraging the Company's operational excellence with a sustainable approach. Within the scope of the remuneration policy as adopted by the General Meeting of the Lucas Bols Company, the remuneration and other terms of employment of the Management Board are determined by the Supervisory Board.

The annual remuneration of the members of the Management Board consists of the following components:

- fixed base remuneration;
- allowance for pension and other benefits;
- short-term variable remuneration (paid in cash); and
- long-term variable remuneration (paid in cash).

The remuneration policy does not provide for incentives by way of remuneration that is awarded in shares of the capital of the Lucas Bols Company. Awards under the long-term incentive plan are made in phantom shares. Furthermore the members of the Management Board are allowed to participate in the Company's Employee Share Participation Plan, the specifics of which are described on page 127 of the Annual Report.

Scenario analyses are considered in setting the remuneration policy.

### Benchmark group

The remuneration of the Management Board members is set around the median of remuneration levels paid within relevant markets and a peer group of comparable companies. The total reference group consists of 16 companies. The group consists of Dutch listed companies similar to the Company in size (market cap, FTE, revenue) but does not include companies in the financial, real estate and pharmaceutical industries. Furthermore, Dutch companies operating in the branded consumer goods sector or retail industry that fall outside the scope guideline were added to the reference group. Several direct competitors from within the industry were also added.

### Positioning within the Company

In setting the remuneration levels for the Management Board, the Supervisory Board considers factors including the level of remuneration within the Company for positions below the Management Board. The Supervisory Board also takes the pay ratio into account, which provides a reflection of the total average compensation of all employees of the Company globally relative to the total average remuneration package of the Management Board members. The internal pay ratio is a factor in the determination of changes in the remuneration level of the Management Board, whereby any such changes should be in line with the average salary adjustment throughout the Company.

### Fixed base remuneration

The members of the Management Board receive an annual fixed base remuneration. Any adjustment is subject to the approval of the Supervisory Board and should be in line with the principles of the remuneration policy.

### Pension and other benefits

The members of the Management Board are entitled to an allowance in the form of a gross amount or a percentage of their base salary for the purpose of contributing to a Company pension scheme or arranging their pension in any other way. The members of the Management Board are furthermore entitled to customary other benefits, such as a fixed expense allowance (including for the use of a private car) and the reimbursement of costs.

### Short-term variable remuneration

The members of the Management Board are entitled to a short-term variable remuneration (which is paid in cash). The maximum short-term annual variable remuneration amounts to 50% of the fixed base remuneration and is paid out if predefined criteria are realised (the threshold performance level).

The quantitative and qualitative KPI's are set by the Supervisory Board annually at the start of the relevant financial year in accordance with the remuneration policy.

### Long-term variable remuneration

Management Board members are eligible for awards under the long-term variable remuneration plan (LTIP). The objective of the LTIP is to drive and reward sound business decisions for the long-term health of the Lucas Bols Company, stimulate retention and improve market competitiveness. The LTIP supports the effective execution of the Company's strategy and

aligns the interests of Management Board members with those of the Lucas Bols Company stakeholders. Awards under the LTIP are made in phantom shares. The LTIP amount is paid out in cash if predefined targets above a certain threshold level are realised, while the maximum amount may be paid out only in the event of outperformance. Target pay-out amounts to 25% of the annual base salary, with a cap of 50% of the annual base salary in the event of above target performance.

#### **Reasonableness test and clawback clause**

For any variable remuneration component awarded to a member of the Management Board in a previous financial year which would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria were or should have been met, the Supervisory Board has the power to adjust the value downwards or upwards (reasonableness test). In addition, under Dutch law the Supervisory Board has the authority to recover from a member of the Management Board any variable remuneration awarded on the basis of incorrect financial or other data (clawback clause).

#### **Severance pay**

In line with the Dutch Civil Code the management agreements between the Lucas Bols Company and members of the Management Board contain severance provisions. The maximum amount of any compensation is equal to the fixed base remuneration of the Management Board member, provided the cause for termination is not deemed to be an urgent reason within the meaning of article 7:787 of the Dutch Civil Code.

#### **Management agreements and appointment term**

Members of the Management Board are appointed for a period of four years and may be reappointed for four-year terms. Both members of the Management Board have a management agreement with the Company. The management agreements are entered into for an indefinite period of time, with a notice period of three months for Mr. Cocx and six months for Mr. Van Doorne and the Company. The agreements with the Management Board do not contain a change of control clause. Furthermore, the Company does not grant any personal loans or advances to, or guarantees on behalf of, the members of the Management Board.

In the financial year ending 31 March 2023

Mr. Van Doorne served the Lucas Bols Company via a management agreement with a management company controlled by Mr. Van Doorne. Mr. Cocx served the Company via a management agreement with him as a natural person.

#### **Deviation from remuneration policy**

At the discretion of the Supervisory Board the various components of the remuneration policy may be deviated from in the event of extraordinary circumstances, in which case any such deviation is deemed necessary to serve the Company's long-term interests, sustainability or vitality. The Supervisory Board will inform the General Meeting of Shareholders of any decision to deviate from the remuneration policy by substantiating the extraordinary circumstances that have led to any such decision.



## Remuneration of the Management Board in 22/23

The remuneration costs for the Management Board members in 22/23 were as follows:

| REMUNERATION OF THE MANAGEMENT BOARD IN 2022/23                       |                        |            |               |            |                        |              |
|---|------------------------|------------|---------------|------------|------------------------|--------------|
| (IN € THOUSANDS UNLESS OTHERWISE STATED, FOR THE YEAR ENDED 31 MARCH) | HUUB L.M.P. VAN DOORNE |            | FRANK J. COCX |            | TOTAL MANAGEMENT BOARD |              |
|   | 2023                   | 2022       | 2023          | 2022       | 2023                   | 2022         |
| Salary  | 492                    | 482        | 313           | 290        | 805                    | 772          |
| Variable remuneration – short-term                                    | 77                     | 224        | 69            | 138        | 146                    | 362          |
| Variable remuneration – long-term <sup>1</sup>                        | 29                     | –          | 19            | –          | 48                     | –            |
| Pension   | –                      | –          | 31            | 29         | 31                     | 29           |
| Other <sup>2</sup>  | 109                    | 95         | 28            | 20         | 137                    | 115          |
| <b>Total</b>  | <b>707</b>             | <b>801</b> | <b>460</b>    | <b>477</b> | <b>1,167</b>           | <b>1,278</b> |
| Proportion of variable remuneration                                   | 15.0%                  | 28.0%      | 19.1%         | 28.9%      |                        |              |

- The variable remuneration long-term has not been paid out as the phantom shares have not yet vested. Final pay-out is dependent on performance on predefined targets. This means the total remuneration awarded or due to Mr. van Doorne and Mr. Cocx in 22/23 amounts to € 678 thousand and € 441 thousand, respectively.
- Other benefits for both Mr. Van Doorne and Mr. Cocx include a 2% one-off payment of their 21/22 fixed based remuneration. Additionally other benefits for Mr. Cocx include insurances and the use of a car. For Mr. Van Doorne the other benefits include an expense allowance to cover all costs incurred by the management BV (including the costs of insurance, tax, car, pension scheme contributions).

### Fixed base remuneration

To compensate for inflation the fixed base remuneration of Mr. Van Doorne and Mr. Cocx for the 22/23 financial year was increased to € 491,750 and € 312,500, respectively. The members of the Management Board and all other employees also received a one-off payment of 2% of their 21/22 fixed base remuneration, which is included in Other.

### Short-term variable remuneration

The performance targets and objectives for the short-term variable remuneration were set by the Supervisory Board for each member of the Management Board at the start of the 22/23 financial year.

These performance targets and objectives constitute a balanced mix of financial, qualitative and personal performance criteria. During the 22/23 financial year the financial targets were aimed at revenue and operating profit (both of which have an equal weighting). The financial targets made up 50% of the total performance criteria. Achieving these targets contributes to the Lucas Bols strategy of building brand equity and accelerating the growth of the Global Cocktail Brands whilst leveraging operational excellence.

The table below provides an overview of the threshold, on target and maximum pay-out for these financial performance targets, the weighting and the actual performance rating, which is the same for both members of the Management Board.

| REMUNERATION OF THE MANAGEMENT BOARD IN 2022/23                     |                    |               |               |                      |           |                 |
|---|--------------------|---------------|---------------|----------------------|-----------|-----------------|
| (IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED 31 MARCH) | PERFORMANCE PERIOD | THRESHOLD 50% | ON TARGET 75% | MAXIMUM PAY-OUT 100% | WEIGHTING | RESULT          |
| Net revenue   | FY22/23            | ↑<br>€ 100.6  |               |                      | 25%       | Below Threshold |
| Operating profit (normalised)                                       | FY22/23            | ↑<br>€ 15.1   |               |                      | 25%       | Below Threshold |

The qualitative and personal performance measures accounted for 50% of the total criteria for each of the members of the Management Board. For the CEO these included growth of the Global Cocktail Brands (including achieving certain revenue targets regarding the Bols Ready-to-Enjoy Cocktails), further expansion of the US market (including Tequila Partida) and specific targets in relation to the Lucas Bols Company strategy as a whole, such as the sale of Avandis and ESG-related topics. The achievements assessed by the Supervisory Board varied from 'achieved' to 'maximum performance level', resulting in a pay-out of 61.8% of the maximum possible for this part of the variable remuneration.

For the CFO the qualitative and personal performance measures included the performance and successful integration of Tequila Partida, the realisation of Regional Liqueurs & Spirits performance targets and the achievement of specific milestones on strategic topics and projects such as ESG, the sale of Avandis, transitioning to a new blending & bottling facility in the US and the design and implementation of an IT governance framework. The achievements assessed by the Supervisory Board varied from 'achieved' to 'maximum performance level', resulting in a pay-out of 86.7% of the maximum possible for this part of the variable remuneration.

As a result, total variable remuneration over 22/23 amounted to 30.9% of the maximum achievable bonus for Mr. Van Doorne, and 43.3% for Mr. Cocx.

#### **Long-term variable remuneration**

Since the approval of the new remuneration policy by the Annual General Meeting on 7 July 2022, the members of the Management Board are eligible to participate in the first LTIP that runs from 1 April 2022 to 31 March 2025. The Management Board members will be awarded a certain amount of phantom shares subject to the achievement of certain performance targets and their continued employment over this three-year period. The performance criteria for the current LTIP relate to (i) three-year average Global Cocktail Brands revenue growth, (ii) three year average EPS growth, (iii) three-year cumulative free operating cash flow, all to be assessed organically, and (iv) certain quantitative strategic objectives relating to the development, implementation and reporting on the ESG strategy of the Lucas Bols Company. The performance criteria are equally weighed.

#### **Pay ratio**

The Corporate Governance Code requires the Lucas Bols Company to report on the pay ratio within the Company. The pay ratio used by the Lucas Bols Company reflects the average total compensation of all Lucas Bols employees globally, excluding the CEO and CFO (€ 127,162 in 22/23) (€ 125,325 in 21/22) relative to the total average remuneration package (fixed and variable) of both the CEO and CFO (as included in this report). This resulted in a pay ratio for the CEO of 5.6 (6.4 for 21/22) and for the CFO of 3.5 (3.8 for 21/22).

#### **Shareholding**

Both members of the Management Board hold shares in the capital of the Company directly or indirectly, which provides for further alignment of the Management Board's interests with the long-term strategy of the Company.


**REMUNERATION IN LAST FIVE FINANCIAL YEARS**

| COMPENSATION (IN € '000) | 2019    |          | 2020    |          | 2021    |          | 2022    |          | 2023    |          |
|--------------------------|---------|----------|---------|----------|---------|----------|---------|----------|---------|----------|
|                          |         | % CHANGE |         | % CHANGE |         | % CHANGE |         | % CHANGE |         | % CHANGE |
| Total remuneration CEO   | 659,000 | (7)%     | 574,000 | (13)%    | 577,000 | 1%       | 801,000 | 39%      | 713,000 | (11)%    |
| Total remuneration CFO   | 439,000 | (6)%     | 380,000 | (13)%    | 339,000 | (11)%    | 477,000 | 41%      | 451,000 | (5)%     |

**COMPANY PERFORMANCE IN LAST FIVE FINANCIAL YEARS**

| LUCAS BOLS PERFORMANCE (ALL IN € MILLION) <sup>1</sup> | 2019 | 2020 | 2021 | 2022 | 2023   |
|--|------|------|------|------|--------|
| EBIT   | 19.6 | 17.7 | 0.2  | 22.6 | (11.8) |
| Normalised net profit                                  | 12.8 | 11.3 | 3.3  | 14.7 | 10.1   |
| Free operating cash flow                               | 11.8 | 15.8 | 11.4 | 15.6 | 6.8    |

| PAY RATIO   | 2019    | 2020    | 2021    | 2022    | 2023    |
|---|---------|---------|---------|---------|---------|
| Pay ratio CEO   | 5.3     | 4.3     | 4.5     | 6.4     | 5.6     |
| Pay ratio CFO   | 3.5     | 2.8     | 2.6     | 3.8     | 3.5     |
| Average total remuneration of Lucas Bols employees <sup>2</sup> | 123,940 | 134,134 | 129,351 | 125,325 | 127,162 |

<sup>1</sup> These items are non-GAAP measures; normalised figures are excluding one-off items. For further information about these measures, and the reasons why we believe they are important for understanding the performance of our company, please refer to our commentary on non-GAAP measures as of page 173.

<sup>2</sup> The average total remuneration of employees is based on the IFRS personnel costs as included in the annual accounts to allow for external comparison. Historical numbers and pay ratios have therefore been adjusted slightly.

## Remuneration of the Supervisory Board

The Annual General Meeting determines the remuneration of the members of the Supervisory Board. On 7 September 2017 the General Meeting approved a proposal by the Supervisory Board to apply annual fixed fee levels for the individual Supervisory Board members in line with the Supervisory Board remuneration levels payable at comparable companies. The remuneration of the Supervisory Board is not dependent on Lucas Bols' results.

The annual fee for the Supervisory Board members is set as follows:

**REMUNERATION OF THE SUPERVISORY BOARD MEMBERS**

|  |        |
|--|--------|
| Chair of the Supervisory Board         | 45,000 |
| Vice-chair of the Supervisory Board    | 40,000 |
| Other members of the Supervisory Board | 35,000 |


**REMUNERATION SUPERVISORY BOARD IN LAST FIVE FINANCIAL YEARS**

| (IN €)                   | 2019   | 2020   | 2021   | 2022   | 2023   |
|--------------------------|--------|--------|--------|--------|--------|
| Mrs. M.M. Wyatt          | 35,000 | 35,000 | 35,000 | 35,000 | 8,750  |
| Mrs. A.L. Oldroyd        | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 |
| Mr. R. Wisbrun           | 38,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Mr. D.R. Hooft Graafland |        | 26,250 | 42,500 | 45,000 | 45,000 |
| Mrs. M.P. Lauret         |        |        |        |        | 26,250 |

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# Financial Statements

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# Consolidated financial statements 2022/23

## Consolidated statement of profit or loss

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH      | NOTE | 2023            | 2022           |
|---|------|-----------------|----------------|
| Revenue   | 6    | 100,614         | 92,030         |
| Cost of sales   | 6    | (48,613)        | (40,606)       |
| <b>Gross profit</b>                                     |      | <b>52,001</b>   | <b>51,424</b>  |
| Distribution and administrative expenses                | 7    | (61,149)        | (30,990)       |
| <b>Operating profit/(loss)</b>                          |      | <b>(9,148)</b>  | <b>20,434</b>  |
| Share of result of joint ventures                       | 19   | (2,665)         | 2,175          |
| Finance income  |      | 56              | 29             |
| Finance costs   |      | (361)           | (5,185)        |
| <b>Net finance costs</b>                                | 10   | <b>(305)</b>    | <b>(5,156)</b> |
| <b>Profit/(loss) before tax</b>                         |      | <b>(12,118)</b> | <b>17,453</b>  |
| Income tax expense                                      | 13   | (4,120)         | (5,682)        |
| <b>Net profit/(loss)</b>                                |      | <b>(16,238)</b> | <b>11,771</b>  |
| <b>Result attributable to the owners of the Company</b> |      | <b>(16,238)</b> | <b>11,771</b>  |
| Weighted average number of shares                       | 11   | 14,972,756      | 13,238,276     |
| <b>Earnings per share</b>                               |      |                 |                |
| Basic earnings per share (EUR)                          | 11   | (1.08)          | 0.89           |
| Diluted earnings per share (EUR)                        | 11   | (1.08)          | 0.89           |



## Consolidated statement of other comprehensive income

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH  | NOTE | 2023            | 2022          |
|---|------|-----------------|---------------|
| <b>Net profit/(loss)</b>  |      | (16,238)        | 11,771        |
| <b>Other comprehensive income – Items that will never be reclassified to profit or loss</b> |      |                 |               |
| Remeasurement of net defined benefit liability/(asset)                                      | 12   | –               | 10            |
| Related tax   | 13   | –               | (3)           |
| Equity accounted investees – share of other comprehensive income                            | 19   | –               | (46)          |
|   |      | –               | (39)          |
| <b>Items that are or may be reclassified to profit or loss</b>                              |      |                 |               |
| Foreign operations – foreign currency translation differences*                              |      | (197)           | (52)          |
| Equity accounted investees – share of other comprehensive income                            | 19   | –               | –             |
| Net change in hedging reserve   | 27   | 856             | 937           |
| Related tax   | 13   | (221)           | (234)         |
|   |      | <b>438</b>      | <b>651</b>    |
| <b>Other comprehensive income for the year, net of tax</b>                                  |      | <b>438</b>      | <b>612</b>    |
| <b>Total comprehensive income for the year, net of tax</b>                                  |      | <b>(15,800)</b> | <b>12,383</b> |
| <b>Total comprehensive income attributable to the owners of the Company</b>                 |      | <b>(15,800)</b> | <b>12,383</b> |

\* Refer to note 3 of the company financial statements.

## Consolidated statement of changes in equity

| AMOUNTS IN EUR '000                | NOTE | SHARE CAPITAL | SHARE PREMIUM  | TREASURY SHARES | CURRENCY TRANS-LATION RESERVE | HEDGING RESERVE | OTHER LEGAL RESERVES | RETAINED EARNINGS | RESULT FOR THE YEAR | TOTAL EQUITY   |
|------------------------------------|------|---------------|----------------|-----------------|-------------------------------|-----------------|----------------------|-------------------|---------------------|----------------|
| Balance as at 1 April 2022         |      | 1,497         | 157,787        | -               | (289)                         | (287)           | 7,630                | 47,417            | 11,771              | 225,526        |
| Transfer result prior period       |      | -             | -              | -               | -                             | -               | -                    | 11,771            | (11,771)            | -              |
| <b>Total comprehensive income</b>  |      |               |                |                 |                               |                 |                      |                   |                     |                |
| Profit (loss) for the year         |      | -             | -              | -               | -                             | -               | -                    | -                 | (16,238)            | (16,238)       |
| Other comprehensive income         |      | -             | -              | -               | (197)                         | 635             | -                    | -                 | -                   | 438            |
| <b>Total comprehensive income</b>  |      | -             | -              | -               | (197)                         | 635             | -                    | -                 | (16,238)            | (15,800)       |
| Issue of share capital             | 21   | -             | -              | -               | -                             | -               | -                    | -                 | -                   | -              |
| Transaction costs, net of tax      | 21   | -             | -              | -               | -                             | -               | -                    | -                 | -                   | -              |
| Dividend paid                      |      | -             | -              | -               | -                             | -               | -                    | (3,144)           | -                   | (3,144)        |
| Purchase own shares (ESPP)         |      | -             | -              | (4)             | -                             | -               | -                    | -                 | -                   | (4)            |
| Own shares delivered (ESPP)        |      | -             | -              | 4               | -                             | -               | -                    | -                 | -                   | 4              |
| Transfer from legal reserves       |      | -             | -              | -               | -                             | -               | 0                    | (0)               | -                   | -              |
| <b>Balance as at 31 March 2023</b> |      | <b>1,497</b>  | <b>157,787</b> | <b>-</b>        | <b>(486)</b>                  | <b>348</b>      | <b>7,630</b>         | <b>56,044</b>     | <b>(16,238)</b>     | <b>206,582</b> |

| AMOUNTS IN EUR '000                | NOTE | SHARE CAPITAL | SHARE PREMIUM  | TREASURY SHARES | CURRENCY TRANS-LATION RESERVE | HEDGING RESERVE | OTHER LEGAL RESERVES | RETAINED EARNINGS | RESULT FOR THE YEAR | TOTAL EQUITY   |
|------------------------------------|------|---------------|----------------|-----------------|-------------------------------|-----------------|----------------------|-------------------|---------------------|----------------|
| Balance as at 1 April 2021         |      | 1,248         | 129,695        | -               | (237)                         | (990)           | 7,630                | 56,014            | (8,558)             | 184,802        |
| Transfer result prior period       |      | -             | -              | -               | -                             | -               | -                    | (8,558)           | 8,558               | -              |
| <b>Total comprehensive income</b>  |      |               |                |                 |                               |                 |                      |                   |                     |                |
| Profit (loss) for the year         |      | -             | -              | -               | -                             | -               | -                    | -                 | 11,771              | 11,771         |
| Other comprehensive income         |      | -             | -              | -               | (52)                          | 703             | -                    | (39)              | -                   | 612            |
| <b>Total comprehensive income</b>  |      | -             | -              | -               | (52)                          | 703             | -                    | (39)              | 11,771              | 12,383         |
| Issue of share capital             | 21   | 249           | 28,648         | -               | -                             | -               | -                    | -                 | -                   | 28,897         |
| Transaction costs, net of tax      | 21   | -             | (556)          | -               | -                             | -               | -                    | -                 | -                   | (556)          |
| Dividend paid                      |      | -             | -              | -               | -                             | -               | -                    | -                 | -                   | -              |
| Purchase own shares (ESPP)         |      | -             | -              | (54)            | -                             | -               | -                    | -                 | -                   | (54)           |
| Own shares delivered (ESPP)        |      | -             | -              | 54              | -                             | -               | -                    | -                 | -                   | 54             |
| Transfer to legal reserves         |      | -             | -              | -               | -                             | -               | 0                    | (0)               | -                   | -              |
| <b>Balance as at 31 March 2022</b> |      | <b>1,497</b>  | <b>157,787</b> | <b>-</b>        | <b>(289)</b>                  | <b>(287)</b>    | <b>7,630</b>         | <b>47,417</b>     | <b>11,771</b>       | <b>225,526</b> |



## Consolidated statement of financial position

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH                      | NOTE | 2023           | 2022           |
|--|------|----------------|----------------|
| <b>Assets</b>  |      |                |                |
| Property, plant and equipment                              | 17   | 8,018          | 8,975          |
| Intangible assets  | 18   | 284,569        | 306,864        |
| Investments in equity-accounted investees                  | 19   | 1,652          | 10,373         |
| Other investments  | 20   | 408            | 232            |
| <b>Non-current assets</b>                                  |      | <b>294,647</b> | <b>326,444</b> |
| Inventories  | 14   | 24,910         | 17,624         |
| Trade and other receivables                                | 15   | 16,092         | 19,323         |
| Other investments including derivatives                    | 26   | 517            | 162            |
| Cash and cash equivalents                                  | 16   | 17,569         | 25,588         |
| <b>Current assets</b>                                      |      | <b>59,088</b>  | <b>62,697</b>  |
| <b>Total assets</b>  |      | <b>353,735</b> | <b>389,141</b> |
| <b>Equity</b>  |      |                |                |
| Share capital  |      | 1,497          | 1,497          |
| Share premium  |      | 157,787        | 157,787        |
| Treasury shares  |      | –              | –              |
| Currency translation reserve                               |      | (486)          | (289)          |
| Hedging reserve  |      | 348            | (287)          |
| Other legal reserves                                       |      | 7,630          | 7,630          |
| Retained earnings  |      | 56,044         | 47,417         |
| Result for the year  |      | (16,238)       | 11,771         |
| <b>Total equity</b>  | 21   | <b>206,582</b> | <b>225,526</b> |
| <b>Liabilities</b>   |      |                |                |
| Loans and borrowings                                       | 23   | 67,028         | 80,370         |
| Other non-current financial liabilities                    | 24   | 4,762          | 7,847          |
| Employee benefits  | 12   | 129            | –              |
| Deferred tax liabilities                                   | 13   | 50,337         | 48,659         |
| <b>Total non-current liabilities</b>                       |      | <b>122,256</b> | <b>136,876</b> |
| Loans and borrowings                                       | 23   | 10,044         | 5,750          |
| Trade and other payables*                                  | 25   | 13,707         | 16,552         |
| Corporate income tax payable*                              |      | 194            | 1,308          |
| Other current financial liabilities including derivatives* | 26   | 952            | 3,129          |
| <b>Total current liabilities</b>                           |      | <b>24,897</b>  | <b>26,739</b>  |
| <b>Total liabilities</b>                                   |      | <b>147,153</b> | <b>163,615</b> |
| <b>Total equity and liabilities</b>                        |      | <b>353,735</b> | <b>389,141</b> |

\* The Company restated the comparative numbers of 'Trade and other payables' and 'Other current financial liabilities including derivatives' to better reflect the Company's working capital position. 'Corporate income tax payable' is reclassified from 'Trade and other payables' to a separate financial statement caption. 'Accrued interest payable' is reclassified from 'Trade and other payables' to 'Other current financial liabilities including derivatives'.

The right-of-use assets are included in *Property, plant and equipment* and the related lease liability is included in *Other (non-)current financial liabilities*.

## Consolidated statement of cash flows

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH             | NOTE | 2023            | 2022           |
|--|------|-----------------|----------------|
| <b>Cash flows from operating activities</b>                    |      |                 |                |
| <b>Net profit/(loss)</b>                                       |      | <b>(16,238)</b> | 11,771         |
| <b>Adjustments for:</b>  |      |                 |                |
| • Depreciation, amortisation and impairment                    | 7    | 25,733          | 1,871          |
| • Net finance costs  | 10   | 305             | 5,156          |
| • Share of result of joint ventures                            | 19   | 2,665           | (2,175)        |
| • Income tax expense   | 13   | 4,120           | 5,682          |
| • Stock elimination  |      | 106             | –              |
| • Provision for share-based payments                           | 12   | 129             | –              |
| • Provision for employee benefits                              | 12   | –               | (505)          |
|  |      | <b>16,820</b>   | <b>21,800</b>  |
| <b>Change in:</b>  |      |                 |                |
| • Inventories  |      | (7,197)         | (2,802)        |
| • Trade and other receivables                                  |      | 3,380           | (2,352)        |
| • Trade and other payables                                     |      | (3,380)         | (522)          |
| <b>Net changes in working capital</b>                          |      | <b>(7,197)</b>  | <b>(5,676)</b> |
| Dividends from joint ventures                                  | 19   | 1,150           | 1,100          |
| Interest received  |      | 123             | 151            |
| Income tax paid  |      | (3,815)         | (1,591)        |
| <b>Net cash from operating activities</b>                      |      | <b>7,081</b>    | <b>15,784</b>  |
| <b>Cash flows from investing activities</b>                    |      |                 |                |
| Acquisition of subsidiary, net of cash acquired                | 5    | (852)           | (8,514)        |
| Acquisition of/additions to associates and joint ventures      | 19   | –               | (250)          |
| Proceeds from sale of joint ventures                           | 19   | 5,101           | –              |
| Acquisition of property, plant and equipment                   | 17   | (300)           | (109)          |
| Acquisition of intangible assets                               | 18   | –               | (38)           |
| Loans issued and other investments                             |      | (176)           | –              |
| <b>Net cash from (used in) investing activities</b>            |      | <b>3,773</b>    | <b>(8,911)</b> |
| <b>Cash flows from financing activities</b>                    |      |                 |                |
| Proceeds from issue of share capital, net of related cost      |      | –               | 28,341         |
| Proceeds from loans and borrowings                             | 23   | –               | –              |
| Repayment of loans and borrowings                              | 23   | (9,000)         | (12,500)       |
| Settlement of other financial liabilities                      | 26   | (1,637)         | –              |
| Cash dividend paid to shareholders                             | 21   | (3,144)         | –              |
| Payments made in lease contracts                               | 24   | (969)           | (870)          |
| Interest paid  |      | (2,917)         | (3,356)        |
| <b>Net cash from (used in) financing activities</b>            |      | <b>(17,667)</b> | <b>11,615</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>    |      | <b>(6,813)</b>  | <b>18,488</b>  |
| Cash and cash equivalents at 1 April                           |      | 24,838          | 5,624          |
| Effect of exchange rate fluctuations                           |      | (500)           | 726            |
| <b>Net cash and cash equivalents as at 31 March</b>            | 16   | <b>17,525</b>   | <b>24,838</b>  |
| Cash and cash equivalents (asset)                              |      | 17,569          | 25,588         |
| Less: bank overdrafts included in current loans and borrowings |      | (44)            | (750)          |
| <b>Net cash and cash equivalents as at 31 March</b>            |      | <b>17,525</b>   | <b>24,838</b>  |



# Notes to the consolidated financial statements

## 1. Reporting entity

Lucas Bols N.V. (the 'Company') is a limited company (Naamloze Vennootschap (N.V.)) domiciled in the Netherlands. The address of the Company's registered office is Paulus Potterstraat 14, 1071 CZ in Amsterdam. The consolidated financial statements of the Company comprise the Company, its subsidiaries (together referred to as 'the Group') and the Group's interest in jointly-controlled entities. A list of subsidiaries is included in note 28.

Lucas Bols N.V. is primarily involved in managing the product development, bottling, distribution, sales and marketing of the brands Bols, Passoã, Galliano, Vaccari, Damrak, Pisang Ambon, Tequila Partida, Henkes, Nuvo, Bokma, Hartevelt, Coebergh, Fluère and a large portfolio of Dutch jenever, vieux and liqueur brands.

Lucas Bols N.V. was incorporated on 27 February 2006 in the Netherlands.

On 11 April 2006 the Company acquired, through its subsidiary Lucas Bols Amsterdam B.V., 100% of the global Bols brand as well as the shares of Galliano B.V., Pisang Ambon B.V., and Bokma Distillateurs B.V. Through its subsidiary Lucas Bols Amsterdam B.V., the Company acquired 100% of the shares of Lucas Bols USA Inc. on 21 May 2008 and 100% of the shares of Pijlsteeg B.V. on 3 September 2013, respectively. On 2 December 2020 Lucas Bols Amsterdam B.V. acquired 100% of the shares of Passoã SAS from Rémy Cointreau Group. On 31 December 2021 the Company acquired 100% of the membership interests of Tequila Partida LLC. 100% of the shares of Fluère Drinks B.V. was acquired on 29 December 2022.

As from 4 February 2015 the shares of the Company have been listed on Euronext Amsterdam.

## 2. Basis of preparation

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Consequently, the consolidated financial statements have been prepared on the going concern assumption.

The consolidated financial statements were authorised for issue by all members of the Management Board and the Supervisory Board on 24 May 2023 and will be submitted for adoption to the Annual General Meeting of Shareholders on 7 July 2023.

### (b) Basis of measurement

The consolidated financial statements have been prepared on each reporting date on a historical cost basis, except for the following material items in the consolidated statement of financial position:

- Derivative financial instruments are measured at fair value;
- Interests in joint ventures are accounted for using the equity method; and
- The defined benefit obligation is recognised at the present value of the defined benefit obligation less the fair value of the plan assets and is as explained in note 3(d).

### (c) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euros has been rounded to the nearest thousand (€ 000) unless stated otherwise.

**(d) Impact of global geopolitical and macroeconomic developments**

The 2022/23 financial year started just after the war in Ukraine broke out and was consequently impacted by intensified adverse global geo-political and macro-economical circumstances, some already initiated when COVID-19 struck. In some markets, especially China where stringent restrictions were still in place in the 2022/23 financial year, the impact of the pandemic on public life and the global industry continued to affect the demand for Lucas Bols' products. In those markets still affected by COVID-19 during the 2022/23 financial year mitigating actions such as reductions in Advertising & Promotional expenses continued to be in place.

In addition, global supply disruptions intensified, substantially impacting pricing and availability of raw materials and logistics and hence our profit margins and working capital levels.

To offset parts of the adverse global supply disruption effects various measures were taken to maximise product availability (including contingency plans, anticipation of longer lead times and safety stock building) and limit the impact on profit margins (for example through agreeing price increases with customers). Moreover, to minimise the impact of the industry-wide glass shortages in the US, a substantial single production run of Bols Liqueurs of the US market was undertaken in the Netherlands rather than at our production partner in the US.

The Company assessed the impact of COVID-19 and the war in Ukraine on its financial estimates and judgements during its financial reporting process as well on its liquidity position. The impact on financial estimates and judgements is mainly reflected in assumptions applied to impairment testing of intangible assets. Notes containing the most significant estimates and judgements are referred to in note 2(e).

**(e) Use of estimates and judgements**

In preparing these consolidated financial statements, management is required to make estimates and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The application of accounting policies required judgements that impact the amounts recognised. Additionally, amounts recognised are based on factors that are by default associated with uncertainty. Therefore actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

*(I) Estimates and judgements*

The below matters contain the most significant estimates and judgments.

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following note:

- Note 19 – classification of joint arrangements.

*(II) Assumptions and estimation uncertainty*

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment are included in the following notes:

- Note 5: key assumptions underlying the recognition of a brand name and assumed contingent consideration in a business combination;
- Note 11: measurement of defined benefit obligations: key actuarial assumptions;
- Note 12: recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
- Note 17: impairment test: key assumptions underlying recoverable amounts of intangible assets.

*(III) Measurement of fair value*

A number of the Group's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included note 26 – financial instruments.

#### **(f) Changes in accounting policies**

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

No new standards and amendments to existing standards, effective in 2022/2023, had a significant impact on the Group's consolidated financial statements.

### **3. General accounting policies**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (see also note 2(f)).

#### **(a) Basis of consolidation**

##### *(I) Business combinations*

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment or when a trigger is identified. Any gain on a bargain purchase is recognised immediately in profit or loss. Transaction costs are recognised in profit or loss when incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree;
- less the net recognised amount of the identifiable assets acquired and liabilities assumed.

##### *(II) Subsidiaries*

Subsidiaries are entities controlled by the Group.

The Group controls an entity when it has power over the investee, is exposed or has the rights to variable returns from its involvement with that entity and has the ability to affect those returns through its power over the entity.

Control is generally obtained by ownership of more than 50% of the voting rights.

To validate this presumption, and in case the Group has less than 50% of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- The contractual arrangement(s) with the other holders of voting rights of that entity;
- Any rights arising from other contractual arrangements; and
- The Group's potential voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value if control is lost.

*(III) Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in joint ventures, amongst others.

A joint venture is an arrangement under which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. Such interests are initially recognised at cost (including transaction costs). Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in equity-accounted investees. At each reporting date, the Group determines whether there is objective evidence that the investment in the equity-accounted investee is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investee and its carrying value, and then recognises the loss as 'Share of result of joint ventures' in the consolidated statement of profit or loss.

*(IV) Transactions eliminated on consolidation*

On consolidation, intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Revenue**

Revenue predominantly comprises the sale of goods. In addition, a non-significant amount of revenue relates to royalty income and services rendered.

Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

**(c) Foreign currency***(I) Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate on the transaction date.

Receivables, payables and other monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates on balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency that are measured at cost are translated into the functional currency at the exchange rate at transaction date. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash-flow hedges to the extent the hedge is effective.



*(II) Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at the exchange rates on the transaction date.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in the translation reserve.

If a foreign operation is disposed of in its entirety or in part such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. If the Group disposes of only part of a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

**(d) Employee benefits**

*(I) Short-term employee benefits*

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under any short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

*(II) Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*(III) Defined benefit plans*

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised immediately in OCI.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

If the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*(IV) Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

**(e) Share-based arrangements**

*(I) Employee Share Purchase Plan*

In 2015 the Group set up an Employee Share Purchase Plan (ESPP). Under the ESPP, employees are entitled to buy shares of the Company with their own funds twice a year (i.e. following publication of the half-year and full-year results) for a yearly maximum of 33.33% of their gross base salary. Eligible employees are entitled to buy at a discount of 13.5% of the share price at that time. A three-year lock-up period is applicable, during which the employees cannot sell the shares bought under the ESPP. No other vesting or performance conditions are applicable.

The ESPP qualifies as share-based arrangement (equity settled) under IFRS 2. No share-based payment costs are recognised in profit and loss as the fair value of the share-based payment is zero.

*(II) Long-term incentive plan*

Effective 1 April 2022, the Group established a share-based payment plan. This long-term incentive plan ('LTIP') grants key management and senior employees phantom shares which entitle them to a cash payment after three years of service. Whether there is any cash payment, and if so, the amount of such cash payment, depends on the extent to which three-year performance targets are met and the development of the Group's share price between grant date and the vesting date.

The fair value of the phantom shares at grant date is based on the Group's share price per that date. The fair value of the liability is remeasured at each reporting date and at settlement date based on the Group's share price per that date and the likelihood of achieving various performance targets and recognised as an expense over the three-year vesting period and accounted for in accordance with IFRS 2.

**(f) Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all relevant conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Pending a final decision from the government an uncertainty exists and actual grants may differ from amounts recognised.

**(g) Income tax**

The income tax expense comprises current and deferred tax. It is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

*(I) Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are only offset if certain criteria are met.

*(II) Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. In accordance with the Initial Recognition Exemption (IRE) of IAS12 a part of the deferred tax asset is not recognised. For subsequent transactions where the Initial Recognition Exemption has been applied, deferred taxes will be recognised when temporary differences arise;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted, or substantively enacted, at the reporting date.

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

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. These uncertain tax provisions are presented either as current tax receivable/payable or as part of deferred tax in the balance sheet as appropriate.



## (h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## (i) Property, plant and equipment

### (I) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

### (II) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### (III) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

The estimated useful life is as follows:

- Fixtures and leasehold improvements 10 years
- Furniture 10 years
- Equipment 5 years
- Computers 3 years

The depreciation methods, residual value and useful life are reviewed annually and adjusted if appropriate.

## (j) Intangible assets

### (I) Brands

Brands acquired are capitalised either individually or as part of a brand portfolio if the brand or the brand portfolio meets the definition of an intangible asset and the recognition criteria are satisfied. Brands and brand portfolios can have either an indefinite life or a finite life. The brands and brand portfolios have an indefinite useful life when the period during which it is expected

that the brands contribute to net cash inflows is indefinite. These brands are not amortised but tested for impairment annually and whenever there is an indication that the brand may be impaired. The brand and brand portfolio with an indefinite life are measured at cost less accumulated impairment losses when applicable. The brands and brand portfolios with a finite life are measured at cost and amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

### (II) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the difference between the fair value of the net assets acquired and the transaction price of the acquisition and is measured at cost less accumulated impairment losses. Goodwill is allocated to an individual cash-generating unit (CGU) for the purpose of impairment testing and is tested annually for impairment. Negative goodwill is recognised directly in profit or loss. An impairment loss in respect of goodwill cannot be reversed.

### (III) Other intangible assets

Other intangible assets with a finite life are measured at cost and amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

## (k) Financial instruments

### Financial instruments

#### Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (b) Revenue from contracts with customers.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

#### *Financial assets at amortised cost (debt instruments)*

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and a loan to a joint venture included under other investments (non-current assets).

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss at initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments.

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained



substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures in regard to which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortised cost (loans and borrowings).

##### *Financial liabilities at fair value through profit or loss*

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### *Financial liabilities at amortised cost (loans and borrowings)*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 22.

### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### *Derivative financial instruments and hedge accounting*

The Group continues to apply the existing hedge accounting requirements under IAS 39.

Derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss as incurred.

### *Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

## **(I) Impairment**

### *(I) Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and other non-financial assets with an indefinite life are tested annually for impairment or when a triggering event is identified.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### *Equity-accounted investees*

At each reporting date, the Group determines whether there is objective evidence that the investment in the equity-accounted investee is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investee and its carrying value. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.



*(II) Non-derivative financial assets*

Non-derivative financial instruments comprise trade and other receivables and cash and cash equivalents. The Group has no significant concentrations of credit risk. The concentration of credit risk with respect to receivables is limited, as the Group's customer base and vendor base are large and unrelated. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate is calculated based on delinquency status and actual historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. As a result, management believes there is no further credit risk provision required in excess of the normal individual and collective impairment, based on amongst others an aging analysis performed as of 31 March 2022.

**(m) Leases**

*(I) Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

- Buildings 2 to 20 years
- Motor vehicles and other equipment 3 to 5 years

Right-of-use assets are subject to impairment.

*(II) Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease

payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

*(III) Short-term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 4. New standards and interpretations not yet adopted

Several new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and have not been applied in preparing these consolidated financial statements. These new standards, amendments and interpretations are not expected to have a material impact on our consolidated financial statements.

## 5. Business combinations

### Acquisitions in 2022/23

#### Acquisition of Fluère Drinks B.V.

On 29 December 2022 the Group acquired 100% of the shares in Fluère Drinks B.V., a non-listed company based in the Netherlands, effective 1 January 2023. The purchase price consists of a fixed cash consideration of EUR 1,107 thousand and a contingent consideration, currently estimated to be nil.

Fluère is a leading non-alcoholic spirits brand. The brand's high-quality products are sold in over 20 markets, including many European countries and a limited number of US states. The acquisition of Fluère broadens the Company's brand portfolio and enables leveraging the increasing consumer demand for no- & lower-alcohol drinks and cocktails.

For the three months period ended 31 March 2023, Fluère contributed EUR 76 thousand to revenue and had a negative impact on net result of EUR 12 thousand. In addition, the associated one-off transaction costs amount to EUR 20 thousand. Had the transaction occurred on 1 April 2022 and Fluère would have been consolidated for the full year ended 31 March 2023, the estimated contribution to revenue would have been EUR 381 thousand and the net result a loss of EUR 82 thousand.

#### Fixed cash consideration

On 2 February 2023, the Group paid the first instalment of the fixed cash consideration of EUR 857 thousand with the second and final instalment (EUR 250 thousand) due in January 2024.

The following table summarises the acquisition date fair value of each major class of the total consideration.

| AMOUNTS IN EUR '000                   | NOTE | 2023         |
|---------------------------------------|------|--------------|
| First instalment                      | 16   | 857          |
| Second and final instalment           |      | 250          |
| <b>Total fixed cash consideration</b> |      | <b>1,107</b> |

#### Contingent cash consideration

In addition to the fixed cash consideration a contingent cash consideration ('earn-out') was agreed. This contingent consideration depends on Fluère's performance over the calendar years 2023, 2024 and 2025 and is capped at EUR 2,700 thousand over the three years together. Performance with respect to the contingent consideration is determined by the net revenue and EBITDA. The contingent consideration is currently estimated to be nil.

#### Identifiable assets acquired and liabilities assumed

The fair value of the net identifiable assets and liabilities of Fluère Drinks B.V as at the date of acquisition were:

| AMOUNTS IN EUR '000<br>AS AT 1 JANUARY 2023 | NOTE | FAIR VALUE<br>RECOGNISED ON<br>ACQUISITION |
|---|------|--|
| <b>Assets</b>                               |      |  |
| Property, plant and equipment               | 17   | 30   |
| Intangible assets                           | 18   | 1,620                                      |
| Investments in equity-accounted investees   | 19   | –  |
| Other investments                           | 20   | –  |
| Inventories                                 | 14   | 89   |
| Trade and other receivables                 | 15   | 149  |
| Other investments including derivatives     | 27   | –  |
| Cash and cash equivalents                   | 16   | 5  |
| <b>Total assets acquired</b>                |      | <b>1,893</b>                               |



| AMOUNTS IN EUR '000<br>AS AT 1 JANUARY 2023               | NOTE | FAIR VALUE<br>RECOGNISED ON<br>ACQUISITION |
|---|------|--|
| <b>Liabilities</b>  |      |  |
| Loans and borrowings                                      | 23   | 580  |
| Other non-current financial liabilities                   | 24   | –  |
| Employee benefits   | 12   | –  |
| Deferred tax liabilities                                  | 13   | 71   |
| Trade and other payables                                  | 25   | 535  |
| Other current financial liabilities including derivatives | 26   | –  |
| <b>Total liabilities assumed</b>                          |      | <b>1,186</b>                               |
| <b>Total identifiable net assets at fair value</b>        |      | <b>707</b>                                 |
| Goodwill arising on acquisition                           |      | 400  |
| <b>Total purchase consideration</b>                       |      | <b>1,107</b>                               |

For the temporary difference between the tax base of the brand and its carrying amount, a deferred tax liability of EUR 400 thousand was recognised at reporting date. In addition goodwill, related to the deferred tax liability, was recognised for the amount of EUR 400 thousand as well.

#### *Acquisition-related costs*

The Group incurred acquisition-related costs of EUR 20 thousand on legal fees and due-diligence costs. These costs have been included in 'Other administrative expenses' and are considered one-off expenses.

#### *Cash flows on acquisition*

##### *Analysis of cash flows on acquisition*

| AMOUNTS IN EUR '000  | 2023         |
|--|--------------|
| Cash consideration paid (included in cash flows from investing activities)               | (857)        |
| Transaction costs of the acquisition (included in cash flows from operating activities)  | (20)         |
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | 5            |
| <b>Total cash flows on acquisition</b>   | <b>(872)</b> |

## 6. Operating segments

The Group develops, produces, sells and markets products which can be divided in two reportable segments: Global Cocktail Brands and Regional Liqueurs & Spirits.

This segmentation is also the structure in which the brands are managed within the Group, as they require different marketing and sales strategies, amongst others. Separate financial information is available internally within the Group and used by the main operational decision-makers for matters such as resource allocation.

#### **Brand information**

The Group identifies the reportable segments Global Cocktail Brands and Regional Liqueurs & Spirits.

##### *(1) Global Cocktail Brands*

The Global Cocktail Brands reportable segment generally comprises of the brands that (i) have a strong link to cocktails and/or the cocktail culture, (ii) are sold on more than one continent and (iii) generate a relatively high gross margin. The Global Cocktail Brands reportable segment consists of Bols Cocktails (i.e. the Bols Liqueurs range, Bols Genever, Bols Vodka and Bols Cocktails Ready-to-Enjoy Cocktails), Passoã and Galliano.

*(II) Regional Liqueurs & Spirits*

The Regional Liqueurs & Spirits reportable segment generally comprises of the brands that (i) (currently) have a less obvious link to cocktails and/or the cocktail culture and/or (ii) are (predominantly) sold on one continent. The Regional Liqueurs & Spirits reportable segment consists of all brands other than those allocated to the Global Cocktail Brands reportable segment, mainly Vaccari, Tequila Partida, Damrak, Pisang Ambon, Henkes, Nuvo, Bokma, Hartevelt, Coebergh, Fluère and a large portfolio of Dutch jenever, vieux and liqueur brands.

Management reviews, analyses and discusses internal reports of each reportable segment. Key information regarding each reportable segment is set out in the table below.

Allocation to the reportable segments takes place on specific brand contribution level. Items managed on a Group basis (e.g. overheads, finance and tax items) are not allocated to the individual reportable segments. Only those assets and liabilities that are directly linked to a brand are allocated to the reportable segments accordingly. All other assets and liabilities are managed on a Group basis and therefore not allocated to the individual reportable segments.

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | GLOBAL<br>COCKTAIL BRANDS |               | REGIONAL<br>LIQUEURS & SPIRITS |               | UNALLOCATED     |                 |                 | TOTAL         |
|--|---------------------------|---------------|--------------------------------|---------------|-----------------|-----------------|-----------------|---------------|
|  | 2023                      | 2022          | 2023                           | 2022          | 2023            | 2022            | 2023            | 2022          |
| <b>Revenue</b>                                     | 69,907                    | 66,186        | 30,707                         | 25,844        | -               | -               | 100,614         | 92,030        |
| Cost of sales                                      | (30,726)                  | (26,317)      | (17,887)                       | (14,289)      | -               | -               | (48,613)        | (40,606)      |
| <b>Gross profit</b>                                | <b>39,181</b>             | <b>39,869</b> | <b>12,820</b>                  | <b>11,555</b> | -               | -               | <b>52,001</b>   | <b>51,424</b> |
| A&P and distribution expenses                      | (15,953)                  | (12,793)      | (4,663)                        | (3,587)       | -               | -               | (20,616)        | (16,380)      |
| Personnel and other expenses                       | -                         | -             | (24,081)                       | -             | (16,452)        | (14,610)        | (40,533)        | (14,610)      |
| <b>Total result from operating activities</b>      | <b>23,228</b>             | <b>27,076</b> | <b>(15,924)</b>                | <b>7,968</b>  | <b>(16,452)</b> | <b>(14,610)</b> | <b>(9,148)</b>  | <b>20,434</b> |
| Share of profits of joint ventures                 | (2,484)                   | 665           | (182)                          | 1,510         | -               | -               | (2,665)         | 2,175         |
| <b>EBIT</b>  | <b>20,744</b>             | <b>27,741</b> | <b>(16,106)</b>                | <b>9,478</b>  | <b>(16,452)</b> | <b>(14,610)</b> | <b>(11,813)</b> | <b>22,609</b> |

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | GLOBAL<br>COCKTAIL BRANDS |                | REGIONAL<br>LIQUEURS & SPIRITS |               | UNALLOCATED      |                  |                  | TOTAL            |
|---------------------------------------|---------------------------|----------------|--------------------------------|---------------|------------------|------------------|------------------|------------------|
|                                       | 2023                      | 2022           | 2023                           | 2022          | 2023             | 2022             | 2023             | 2022             |
| Intangible assets                     | 213,013                   | 213,013        | 71,556                         | 93,851        | -                | -                | 284,569          | 306,864          |
| Inventories                           | 17,044                    | 13,484         | 7,866                          | 4,140         | -                | -                | 24,910           | 17,624           |
| Other assets                          | -                         | -              | -                              | -             | 44,256           | 64,653           | 44,256           | 64,653           |
| <b>Total segment assets</b>           | <b>230,057</b>            | <b>226,497</b> | <b>79,422</b>                  | <b>97,991</b> | <b>44,256</b>    | <b>64,653</b>    | <b>353,735</b>   | <b>389,141</b>   |
| <b>Total segment liabilities</b>      | <b>-</b>                  | <b>-</b>       | <b>-</b>                       | <b>-</b>      | <b>(147,152)</b> | <b>(163,615)</b> | <b>(147,152)</b> | <b>(163,615)</b> |



### Market cluster information (Regions)

Markets are grouped into market clusters mainly based on the relative maturity of the cocktail culture in that specific market (rather than on geographical location). Three market clusters are now identified:

- Sophisticated Cocktail Markets (North America);
- Developed Cocktail Markets (Western Europe, Japan and Australia/New Zealand); and
- Emerging Cocktail Markets (Eastern Europe, Asia (excluding Japan), Africa, Middle East and Latin America).

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | REVENUE<br>BY MARKET CLUSTER |               |
|--|------------------------------|---------------|
|  | 2023                         | 2022          |
| Sophisticated Cocktail Markets*                    | 27,540                       | 25,716        |
| Developed Cocktail Markets**                       | 57,424                       | 52,258        |
| Emerging Cocktail Markets                          | 15,650                       | 14,056        |
| <b>Consolidated totals</b>                         | <b>100,614</b>               | <b>92,030</b> |

\* of which revenue attributed to the USA: EUR 24,779 thousand (2021/22: EUR 21,839 thousand).

\*\* of which revenue attributed to the Netherlands EUR 13,021 thousand (2021/22: EUR 15,520).

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | GROSS MARGIN<br>BY MARKET CLUSTER |               |
|--|-----------------------------------|---------------|
|  | 2023                              | 2022          |
| Sophisticated Cocktail Markets                     | 14,040                            | 13,749        |
| Developed Cocktail Markets                         | 29,672                            | 29,910        |
| Emerging Cocktail Markets                          | 8,289                             | 7,765         |
| <b>Consolidated totals</b>                         | <b>52,001</b>                     | <b>51,424</b> |

## 7. Distribution and administrative expenses

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | NOTE | 2023            | 2022            |
|--|------|-----------------|-----------------|
| Advertising and promotional expenses               |      | (9,605)         | (8,020)         |
| Distribution expenses                              |      | (11,011)        | (8,360)         |
| Personnel expenses                                 | 8    | (11,158)        | (9,512)         |
| Other administrative expenses                      |      | (3,641)         | (3,227)         |
| Amortisation                                       | 17   | (234)           | (263)           |
| Impairment   | 17   | (24,081)        | -               |
| Depreciation                                       | 16   | (1,419)         | (1,608)         |
|  |      | <b>(61,149)</b> | <b>(30,990)</b> |

## 8. Personnel expenses

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH        | 2023            | 2022           |
|---|-----------------|----------------|
| Wages and salaries  | (8,395)         | (7,817)        |
| Fringe benefits (including social premiums)               | (1,502)         | (1,266)        |
| Expenses related to share-based payment plan              | (129)           | –              |
| Contributions to defined contribution plans               | (362)           | 119            |
| Expenses related to post-employment defined benefit plans | –               | (12)           |
| Temporary staff   | (770)           | (536)          |
|   | <b>(11,158)</b> | <b>(9,512)</b> |

At 31 March 2023 the Group had 37.3 FTEs in the Netherlands (31 March 2022: 34.5 FTEs) and 32.9 FTEs abroad (31 March 2022: 31.9 FTE).

No government grants were applied and received for the year ended 31 March 2023 (31 March 2022: EUR 314 thousand in the USA and the Netherlands).

Included in 'contributions to defined contribution plans' comparative amounts is a one-off gain of EUR 461 thousand on the curtailment of the defined benefit plan in the year ended 31 March 2022 following the Company entering into a new pension arrangement. Reference is made to note 12.

For the disclosure on key management personnel remuneration reference is made to note 30.

## 9. Share-based payments

The Company has a performance-based long-term incentive plan ('LTIP'). This LTIP grants key management and senior employees phantom shares which entitle them to a cash payment after three years of service. Whether there is any cash payment, and if so, the amount of such cash payment, depends on the extent to which three-year performance targets are met and the development of the Group's share price between grant date and the vesting date.

The performance conditions for LTIP are average revenue growth, earnings per share growth, free operating cash flow and strategic objectives. The performance conditions are equally weighted.

At target performance, 100% of the awarded phantom shares vest. At threshold performance, between 60% and 75% of the awarded phantom shares vest and at maximum performance, between 150% and 200% of the awarded phantom shares vest.

The number of outstanding phantom shares and the movement over the year is as follows:

| NUMBER OF PHANTOM<br>SHARES AS AT 31 MARCH | 2023          | 2022     |
|--|---------------|----------|
| <b>Opening balance</b>                     | –             | –        |
| Granted during the year                    | 49,087        | –        |
| Forfeited during the year                  | –             | –        |
| Cancelled during the year                  | –             | –        |
| Vested previous year                       | –             | –        |
| Performance adjustment                     | –             | –        |
|  | <b>49,087</b> | <b>–</b> |

The LTIP 2022-2025 with grant date 1 April 2022 has an award share price of EUR 11.14. The share price as per 31 March 2023 was EUR 11.30.



The total share-based payment expense that is recognised during the year ended 31 March 2023 amounts to EUR 129 thousand (2021/22: nil). Also refer to note 8. The total carrying amount at the end of the period amounts to EUR 129 thousand (2021/22: nil). Also refer to note 12.

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | 2023       | 2022     |
|--|------------|----------|
| Share rights granted in 2022/23                    | 129        | -        |
|  | <b>129</b> | <b>-</b> |

## 10. Net finance costs

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH                             | 2023         | 2022           |
|--|--------------|----------------|
| Total interest income arising from financial assets measured at amortised cost | 56           | 29             |
| <b>Finance income</b>  | <b>56</b>    | <b>29</b>      |
| Interest expenses on loans and borrowings                                      | (2,083)      | (2,780)        |
| Interest expense on lease liabilities  | (127)        | (151)          |
| Other finance gains/(losses)   | 1,849        | (1,904)        |
| <b>Finance costs</b>   | <b>(361)</b> | <b>(5,185)</b> |
| <b>Net finance costs recognised in profit or loss</b>                          | <b>(305)</b> | <b>(5,156)</b> |

## 11. Earnings per share

Total weighted average number of shares has changed compared to the number in the consolidated financial statements as at and for the year ended 31 March 2022. Per 31 March 2023 the total weighted average number of shares amounts to 14,972,756, which is equal to the total number of shares issued as at that date. In December 2021 the Company issued 2,495,458 new shares, which resulted in a weighted average number of shares per 31 March 2022 of 13,238,276.

Basic and diluted earnings per share for the year ended 31 March 2023 amount to EUR 1.08 negative (2021/22: EUR 0.89 positive).

## 12. Employee benefits

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | NOTE | 2023       | 2022     |
|--|------|------------|----------|
| Net defined benefit liability                      |      | -          | -        |
| Cash-settled share-based payment liability         | 9    | 129        | -        |
|  |      | <b>129</b> | <b>-</b> |

Until 31 May 2021 the Group had two pension schemes in place for its qualifying members of staff in the Netherlands. One of them qualified as defined benefit plan with an average pay pension scheme. The other qualified as a defined contribution plan, which is applicable for any remuneration exceeding the threshold of the defined benefit plan up until a maximum as per applicable laws and regulations. Because both these pension schemes had a termination date of 31 May 2023 and in anticipation of the new pension law (the 'Nieuwe Pensioenwet') that is expected to become effective 1 July 2023, the Company entered into a new pension arrangement for its Dutch employees. Under that new arrangement the Company changed its pension scheme from a partly defined benefit, partly defined contribution pension scheme into one overall defined

contribution pension scheme. The provision for employee benefits was curtailed during the year ended 31 March 2022, positively impacting the statement of profit or loss in that year with EUR 461 thousand and OCI with EUR 10 thousand.

#### Movement in net defined benefit (asset) liability

| AMOUNTS IN EUR '000                          | DEFINED BENEFIT OBLIGATION |              | FAIR VALUE OF PLAN ASSETS |                | NET DEFINED BENEFIT LIABILITY (ASSET) |              |
|--|----------------------------|--------------|---------------------------|----------------|---------------------------------------|--------------|
|  | 2023                       | 2022         | 2023                      | 2022           | 2023                                  | 2022         |
| Balance at 1 April                           | 4,176                      | 5,524        | (4,176)                   | (5,019)        | -                                     | 505          |
| <b>Included in profit or loss</b>            |                            |              |                           |                |                                       |              |
| Current service cost                         | -                          | 57           | -                         | -              | -                                     | 57           |
| Curtailement                                 | -                          | (461)        | -                         | -              | -                                     | (464)        |
| Past service cost and (gain)                 | -                          | (45)         | -                         | -              | -                                     | (42)         |
| Interest cost/(income)                       | 69                         | 51           | (69)                      | (56)           | -                                     | (5)          |
|  | <b>69</b>                  | <b>(398)</b> | <b>(69)</b>               | <b>(56)</b>    | <b>-</b>                              | <b>(454)</b> |
| <b>Included in OCI</b>                       |                            |              |                           |                |                                       |              |
| Effect of changes in economic assumptions    | (1,575)                    | (860)        | -                         | -              | (1,575)                               | (860)        |
| Effect of changes in demographic assumptions | 42                         | -            | -                         | -              | 42                                    | -            |
| Effect of experience adjustments             | 30                         | (66)         | -                         | -              | 30                                    | (66)         |
| Costs of asset management                    | -                          | -            | -                         | 25             | -                                     | 25           |
| Premium correction                           | -                          | -            | -                         | (47)           | -                                     | (47)         |
| Return on plan assets (excluding interest)   | -                          | -            | 1,503                     | 938            | 1,503                                 | 938          |
|  | <b>(1,503)</b>             | <b>(926)</b> | <b>1,503</b>              | <b>916</b>     | <b>-</b>                              | <b>(10)</b>  |
| <b>Other</b>                                 |                            |              |                           |                |                                       |              |
| Contributions paid by employee               | -                          | 8            | -                         | (8)            | -                                     | (39)         |
| Contributions paid by the employer           | -                          | -            | -                         | (47)           | -                                     | (8)          |
| Benefits paid                                | (33)                       | (32)         | 33                        | 32             | -                                     | -            |
| Administration costs                         | -                          | -            | -                         | 6              | -                                     | 6            |
|  | <b>(33)</b>                | <b>(24)</b>  | <b>33</b>                 | <b>(17)</b>    | <b>-</b>                              | <b>(41)</b>  |
| <b>Balance at 31 March</b>                   | <b>2,709</b>               | <b>4,176</b> | <b>(2,709)</b>            | <b>(4,176)</b> | <b>-</b>                              | <b>-</b>     |

#### Plan assets

Plan assets comprise qualifying insurance policies.



### Defined benefit obligation

#### Actuarial assumptions

At the reporting date (except for the future salary growth, which is the curtailment date) the principal actuarial assumptions (expressed as weighted averages) were as follows:

| AS AT 31 MARCH        | 2023  | 2022  |
|-----------------------|-------|-------|
| Discount rate         | 3.44% | 1.65% |
| Future salary growth  | 2.30% | 2.10% |
| Future pension growth | 0.00% | 0.00% |
| Price inflation       | 2.30% | 2.10% |

Assumptions regarding future mortality are based on published statistics and mortality tables. For financial year 2022/23 table *Prognosetafel AG 2020* is used (2021/22: *Prognosetafel AG 2020*).

The duration of the defined benefit obligation is 24.4 years (2021/22: 28.2 years).

The Group expects no contributions to be paid to its defined benefit plan in the 2023/24 financial year (31 March 2022: nil). The defined benefit obligation does remain subject to indexation.

#### Sensitivity analysis

Reasonably possible changes to one of the relevant actuarial assumptions at the reporting date, while holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

### Defined benefit obligation as at 31 March 2023

| AMOUNTS IN EUR '000             | INCREASE | DECREASE |
|---------------------------------|----------|----------|
| Discount rate (+/- 1%)          | (636)    | 688      |
| Future salary growth (+/- 1%)   | -        | -        |
| Future price inflation (+/- 1%) | -        | -        |
| Future pension growth (+ 1%)    | 112      | -        |

## 13. Income taxes

### Income tax recognised in profit or loss

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH           | 2023           | 2022           |
|--|----------------|----------------|
| Current tax expense  | (2,734)        | (2,992)        |
| <b>Deferred tax expense</b>                                  |                |                |
| Tax loss and tax credit carry forward/(reduction of)         | (586)          | (1,465)        |
| Origination and reversal of temporary differences            | (318)          | (330)          |
| Adjustment for prior years (incl. tax credits carry forward) | (482)          | (35)           |
| Remeasurement DTA and DTL due to rate changes                | -              | (860)          |
|  | <b>(1,386)</b> | <b>(2,690)</b> |
| <b>Income tax expense</b>                                    | <b>(4,120)</b> | <b>(5,682)</b> |

Income tax expense excludes the Group's share of tax expense of the Group's equity-accounted investees of EUR 436 thousand (2021/22: EUR 394 thousand), which has been included in 'share of result of joint ventures'.

No one-off tax results were included in the 2022/23 tax expenses. The 2021/22 income tax expense included a one-off loss of EUR 860 thousand, due to the negative impact resulting from the increase of the Dutch corporate income tax rate, which changed from 25.0% to 25.8%, on the Company's deferred tax liabilities.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

### Reconciliation of effective tax rate

| FOR THE YEAR ENDED 31 MARCH                              | 2023          |                | 2022        |                |
|--|---------------|----------------|-------------|----------------|
|  | %             | EUR 1,000      | %           | EUR 1,000      |
| Profit/(loss) before tax                                 |               | (12,118)       |             | 17,453         |
| Tax at the Company's domestic tax rate                   | 25.8          | 3,126          | 25.8        | (4,503)        |
| Effect of tax rates in foreign jurisdictions             | 2.0           | 241            | 1.4         | (236)          |
| Non-deductible expenses                                  | (53.3)        | (6,460)        | 4.3         | (754)          |
| Effect of share of profits of equity-accounted investees | (5.0)         | (610)          | (3.2)       | 560            |
| Changes in estimates related to prior years              | (5.4)         | (654)          | (0.6)       | 111            |
| R&D tax incentive  | -             | -              | -           | -              |
| Other (incl. tax credits carry forward)                  | 2.0           | 237            | -           | -              |
| Remeasurement DTA and DTL due to rate changes            | -             | -              | 4.9         | (860)          |
|  | <b>(33.9)</b> | <b>(4,120)</b> | <b>32.6</b> | <b>(5,682)</b> |

Included in the 2022/23 non-deductible expenses is the impairment of EUR 24,081 thousand, amongst others (2021/22: nil). The remeasurement of the DTA and DTL in 2021/22 is related to the rate change of Dutch income taxes from 25% to 25.8% and is therefore nihil for 2022/23.

### Tax

#### Movement in deferred tax balances

| RELATED TO<br>2022/23<br>AMOUNTS IN EUR '000 | NET<br>BALANCE AT<br>1 APRIL 2022 | ADDITION<br>THROUGH<br>ACQUISITION | RECOGNISED<br>IN PROFIT<br>OR LOSS | RECOGNISED<br>IN OCI/EQUITY | RECLASSIFI-<br>CATION/OTHER | NET<br>BALANCE AT<br>31 MARCH 2023 | DEFERRED<br>TAX ASSETS | DEFERRED<br>TAX<br>LIABILITIES |
|--|-----------------------------------|------------------------------------|------------------------------------|-----------------------------|-----------------------------|------------------------------------|------------------------|--------------------------------|
| Intangible assets                            | (32,339)                          | (400)                              | (318)                              | -                           | -                           | (33,057)                           | -                      | (33,057)                       |
| Acquisition<br>related deferred<br>taxes     | (18,155)                          | -                                  | -                                  | -                           | -                           | (18,155)                           | -                      | (18,155)                       |
| Derivative<br>financial liability            | (41)                              | -                                  | -                                  | (93)                        | -                           | (134)                              | -                      | (134)                          |
| Derivative<br>financial asset                | 140                               | -                                  | -                                  | (128)                       | -                           | 12                                 | 12                     | -                              |
| Employee<br>benefits                         | -                                 | -                                  | -                                  | -                           | -                           | -                                  | -                      | -                              |
| Tax loss carry<br>forward                    | 992                               | 329                                | (992)                              | -                           | -                           | 329                                | 329                    | -                              |
| Tax credits carry<br>forward                 | 744                               | -                                  | (76)                               | -                           | -                           | 668                                | 668                    | -                              |
| <b>Tax assets<br/>(liabilities)</b>          | <b>(48,659)</b>                   | <b>(71)</b>                        | <b>(1,386)</b>                     | <b>(221)</b>                | <b>-</b>                    | <b>(50,337)</b>                    | <b>1,009</b>           | <b>(51,346)</b>                |



| RELATED TO<br>2021/22<br>AMOUNTS IN EUR '000 | NET<br>BALANCE AT<br>1 APRIL 2021 | ADDITION<br>THROUGH<br>ACQUISITION | RECOGNISED<br>IN PROFIT<br>OR LOSS | RECOGNISED<br>IN OCI/EQUITY | RECLASSIFI-<br>CATION/OTHER | NET<br>BALANCE AT<br>31 MARCH 2022 | DEFERRED<br>TAX ASSETS | DEFERRED<br>TAX<br>LIABILITIES |
|--|-----------------------------------|------------------------------------|------------------------------------|-----------------------------|-----------------------------|------------------------------------|------------------------|--------------------------------|
| Intangible assets                            | (31,121)                          | -                                  | (1,218)                            | -                           | -                           | <b>(32,339)</b>                    | -                      | (32,339)                       |
| Acquisition<br>related deferred<br>taxes     | (18,155)                          | -                                  | -                                  | -                           | -                           | <b>(18,155)</b>                    | -                      | (18,155)                       |
| Derivative<br>financial liability            | (8)                               | -                                  | -                                  | (33)                        | -                           | <b>(41)</b>                        | -                      | (41)                           |
| Derivative<br>financial asset                | 342                               | -                                  | 4                                  | (206)                       | -                           | <b>140</b>                         | 140                    | -                              |
| Employee<br>benefits                         | 118                               | -                                  | (115)                              | (3)                         | -                           | <b>-</b>                           | -                      | -                              |
| Tax loss carry<br>forward                    | 2,351                             | -                                  | (1,359)                            | -                           | -                           | <b>992</b>                         | 992                    | -                              |
| Tax credits carry<br>forward                 | 565                               | -                                  | (2)                                | 181                         | -                           | <b>744</b>                         | 744                    | -                              |
| <b>Tax assets<br/>(liabilities)</b>          | <b>(45,908)</b>                   | <b>-</b>                           | <b>(2,690)</b>                     | <b>(61)</b>                 | <b>-</b>                    | <b>(48,659)</b>                    | <b>1,876</b>           | <b>(50,535)</b>                |

On 31 March 2023 the total tax-loss carry-forward amount of EUR 1.7 million has been capitalised as deferred tax asset (31 March 2022: EUR 3.8 million). The tax-credits carry-forward of EUR 2.6 million has been recognised and will not expire (31 March 2022: 2.9 million). The deferred tax asset for capitalised tax losses solely relates to Fluère and is expected to be gradually realised in the coming years.

#### Uncertain tax positions

Because the Company operates in a number of countries, its income is subject to taxation in different jurisdictions and at different tax rates. The authorities in the Dutch tax jurisdiction have reviewed the Company's tax returns from 2016/17 through 2018/19 and have taken the view that the interest expense related to the Passoa call/put option is not deductible.

The Company's legal counsel advised that it is not probable, but only possible, that the Dutch tax authorities' question will result in an amended tax payment. Accordingly, no provision (or any other form of liability) is accounted for in these financial statements.

## 14. Inventories

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023          | 2022          |
|---------------------------------------|---------------|---------------|
| Finished goods                        | 21,868        | 15,373        |
| Raw materials                         | 3,042         | 2,251         |
|                                       | <b>24,910</b> | <b>17,624</b> |

During 2022/23 inventories of EUR 666 thousand were written down to net realisable value (2021/22: EUR 381 thousand). The write-down is included in 'Cost of sales'.

## 15. Trade and other receivables

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023          | 2022          |
|---------------------------------------|---------------|---------------|
| Trade receivables                     | 14,491        | 16,943        |
| Prepaid expenses and accrued income   | 790           | 1,955         |
| Other receivables                     | 811           | 425           |
|                                       | <b>16,092</b> | <b>19,323</b> |

The entire balance of trade and other receivables is classified as current. The allowance for doubtful trade receivables per 31 March 2023 did not change significantly compared to 31 March 2022.

Trade and other receivables denominated in currencies other than the functional currency amounted to EUR 10,763 thousand at 31 March 2023 (31 March 2022: EUR 11,245 thousand).

Information about the Group's exposure to credit and currency risks as well as impairment losses, if any, for trade and other receivables is included in note 27.

## 16. Cash and cash equivalents

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH                                   | 2023          | 2022          |
|---|---------------|---------------|
| Bank balances   | 17,553        | 25,572        |
| Cash balances   | 16            | 16            |
| <b>Cash and cash equivalents in the statement of financial position</b> | <b>17,569</b> | <b>25,588</b> |
| Bank overdrafts   | (44)          | (750)         |
| <b>Cash and cash equivalents in the statement of cash flows</b>         | <b>17,525</b> | <b>24,838</b> |

All cash and cash equivalents are available on demand.



## 17. Property, plant and equipment

| AMOUNTS IN EUR '000                    | RIGHT-OF-USE<br>ASSETS | EQUIPMENT      | FIXTURES<br>AND FITTINGS | FURNITURE    | TOTAL          |
|--|------------------------|----------------|--------------------------|--------------|----------------|
| <b>Cost</b>                            |                        |                |                          |              |                |
| Balance at 1 April 2022                | 8,799                  | 3,008          | 3,956                    | 189          | 15,952         |
| Additions                              | –                      | 191            | 98                       | 11           | 300            |
| Additions through acquisitions         | –                      | –              | 65                       | –            | 65             |
| Lease modifications and remeasurements | 84                     | –              | –                        | –            | 84             |
| Disposals                              | –                      | –              | –                        | –            | –              |
| Reclassification                       | –                      | –              | –                        | –            | –              |
| Effect of movement in exchange rates   | 12                     | (56)           | 1                        | –            | (43)           |
| <b>Balance at 31 March 2023</b>        | <b>8,895</b>           | <b>3,143</b>   | <b>4,120</b>             | <b>200</b>   | <b>16,358</b>  |
| <b>Accumulated depreciation</b>        |                        |                |                          |              |                |
| Balance at 1 April 2022                | (2,857)                | (1,762)        | (2,231)                  | (127)        | (6,977)        |
| Depreciation for the year              | (786)                  | (223)          | (404)                    | (6)          | (1,419)        |
| Additions through acquisitions         | –                      | –              | (35)                     | –            | (35)           |
| Disposals                              | –                      | –              | –                        | –            | –              |
| Reclassification                       | –                      | –              | –                        | –            | –              |
| Effect of movement in exchange rates   | 4                      | 57             | 48                       | (18)         | 91             |
| <b>Balance at 31 March 2023</b>        | <b>(3,639)</b>         | <b>(1,928)</b> | <b>(2,622)</b>           | <b>(151)</b> | <b>(8,340)</b> |
| <b>Carrying amounts</b>                |                        |                |                          |              |                |
| <b>At 1 April 2022</b>                 | <b>5,942</b>           | <b>1,246</b>   | <b>1,725</b>             | <b>62</b>    | <b>8,975</b>   |
| <b>At 31 March 2023</b>                | <b>5,256</b>           | <b>1,215</b>   | <b>1,498</b>             | <b>49</b>    | <b>8,018</b>   |

| AMOUNTS IN EUR '000                    | RIGHT-OF-USE<br>ASSETS | EQUIPMENT      | FIXTURES<br>AND FITTINGS | FURNITURE    | TOTAL          |
|--|------------------------|----------------|--------------------------|--------------|----------------|
| <b>Cost</b>                            |                        |                |                          |              |                |
| Balance at 1 April 2021                | 8,139                  | 2,843          | 3,921                    | 183          | 15,086         |
| Additions                              | –                      | 77             | 26                       | 6            | 109            |
| Additions through acquisitions         | 5                      | 86             | 8                        | –            | 99             |
| Lease modifications and remeasurements | 615                    | –              | –                        | –            | 615            |
| Disposals                              | –                      | –              | –                        | –            | –              |
| Reclassification                       | –                      | –              | –                        | –            | –              |
| Effect of movement in exchange rates   | 40                     | 2              | 1                        | –            | 43             |
| <b>Balance at 31 March 2022</b>        | <b>8,799</b>           | <b>3,008</b>   | <b>3,956</b>             | <b>189</b>   | <b>15,952</b>  |
| <b>Accumulated depreciation</b>        |                        |                |                          |              |                |
| Balance at 1 April 2021                | (2,038)                | (1,294)        | (1,852)                  | (116)        | (5,300)        |
| Depreciation for the year              | (787)                  | (413)          | (403)                    | (5)          | (1,608)        |
| Additions through acquisitions         | (4)                    | (54)           | (2)                      | –            | (60)           |
| Disposals                              | –                      | –              | –                        | –            | –              |
| Reclassification                       | –                      | –              | –                        | –            | –              |
| Effect of movement in exchange rates   | (28)                   | (1)            | 26                       | (6)          | (9)            |
| <b>Balance at 31 March 2022</b>        | <b>(2,857)</b>         | <b>(1,762)</b> | <b>(2,231)</b>           | <b>(127)</b> | <b>(6,977)</b> |
| <b>Carrying amounts</b>                |                        |                |                          |              |                |
| <b>At 1 April 2021</b>                 | <b>6,101</b>           | <b>1,549</b>   | <b>2,069</b>             | <b>67</b>    | <b>9,786</b>   |
| <b>At 31 March 2022</b>                | <b>5,942</b>           | <b>1,246</b>   | <b>1,725</b>             | <b>62</b>    | <b>8,975</b>   |

The carrying value of right-of-use assets mainly consists of buildings and includes an amount of EUR 17 thousand relating to office equipment (31 March 2022: EUR 37 thousand) and EUR 34 thousand relating to lease cars (31 March 2022: EUR 46 thousand). Short-term lease expenses and low-value lease expenses of EUR 104 thousand (31 March 2022: EUR 54 thousand) are included in 'Other administrative expenses'. Refer to note 24 and note 27 for further details on the lease liability.

### Security

At 31 March 2023 properties with a carrying amount of EUR 2,762 thousand (31 March 2022: EUR 3,033 thousand) were subject to a registered debenture that serves as security for bank loans (see note 23).



## 18. Intangible assets

| AMOUNTS IN EUR '000             | BRANDS          | GOODWILL      | OTHER        | TOTAL           |
|---------------------------------|-----------------|---------------|--------------|-----------------|
| <b>Cost</b>                     |                 |               |              |                 |
| Balance at 1 April 2022         | 295,195         | 20,643        | 593          | 316,431         |
| Additions                       |                 |               |              |                 |
| Additions through acquisitions  | 1,620           | 400           | –            | 2,020           |
| <b>Balance at 31 March 2023</b> | <b>296,815</b>  | <b>21,043</b> | <b>593</b>   | <b>318,451</b>  |
| <b>Accumulated amortisation</b> |                 |               |              |                 |
| Balance at 1 April 2022         | (338)           | –             | (318)        | (656)           |
| Reclassification                | 62              | –             | (62)         | –               |
| Amortisation                    | (36)            | –             | (198)        | (234)           |
| <b>Balance at 31 March 2023</b> | <b>(312)</b>    | <b>–</b>      | <b>(578)</b> | <b>(890)</b>    |
| <b>Accumulated impairment</b>   |                 |               |              |                 |
| Balance at 1 April 2022         | (8,911)         | –             | –            | (8,911)         |
| Impairment                      | (23,881)        | (200)         | –            | (24,081)        |
| <b>Balance at 31 March 2023</b> | <b>(32,792)</b> | <b>(200)</b>  | <b>–</b>     | <b>(32,992)</b> |
| <b>Carrying amounts</b>         |                 |               |              |                 |
| <b>At 1 April 2022</b>          | <b>285,946</b>  | <b>20,643</b> | <b>275</b>   | <b>306,864</b>  |
| <b>At 31 March 2023</b>         | <b>263,711</b>  | <b>20,843</b> | <b>15</b>    | <b>284,569</b>  |

| AMOUNTS IN EUR '000             | BRANDS         | GOODWILL      | OTHER        | TOTAL          |
|---------------------------------|----------------|---------------|--------------|----------------|
| <b>Cost</b>                     |                |               |              |                |
| Balance at 1 April 2021         | 286,760        | 20,202        | 555          | 307,517        |
| Additions                       | –              | –             | 38           | 38             |
| Additions through acquisitions  | 8,435          | 441           | –            | 8,876          |
| <b>Balance at 31 March 2022</b> | <b>295,195</b> | <b>20,643</b> | <b>593</b>   | <b>316,431</b> |
| <b>Accumulated amortisation</b> |                |               |              |                |
| Balance at 1 April 2021         | (209)          | –             | (184)        | (393)          |
| Amortisation                    | (129)          | –             | (134)        | (263)          |
| <b>Balance at 31 March 2022</b> | <b>(338)</b>   | <b>–</b>      | <b>(318)</b> | <b>(656)</b>   |
| <b>Accumulated impairment</b>   |                |               |              |                |
| Balance at 1 April 2021         | (8,911)        | –             | –            | (8,911)        |
| Impairment                      | –              | –             | –            | –              |
| <b>Balance at 31 March 2022</b> | <b>(8,911)</b> | <b>–</b>      | <b>–</b>     | <b>(8,911)</b> |
| <b>Carrying amounts</b>         |                |               |              |                |
| <b>At 1 April 2021</b>          | <b>277,640</b> | <b>20,202</b> | <b>371</b>   | <b>298,213</b> |
| <b>At 31 March 2022</b>         | <b>285,946</b> | <b>20,643</b> | <b>275</b>   | <b>306,864</b> |

### Goodwill

Goodwill was recognised as a result of the acquisition of Pijlsteeg B.V. in September 2013, Passoã in December 2016 and Tequila Partida in December 2021. The difference between the purchase price and the fair value was recognised as goodwill, which is subject to an annual impairment test.

| AMOUNTS IN EUR '000           | 2023          | 2022          |
|-------------------------------|---------------|---------------|
| Balance at 1 April            | 20,643        | 20,202        |
| Additions through acquisition | 400           | 441           |
| Impairment                    | (200)         | -             |
| <b>Balance at 31 March</b>    | <b>20,843</b> | <b>20,643</b> |

#### Impairment testing for cash-generating units (CGUs) containing brand value and goodwill

The total brand value per the Group's CGUs is as follows:

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023           | 2022           |
|---------------------------------------|----------------|----------------|
| Bols                                  | 102,138        | 102,138        |
| Passoã                                | 70,300         | 70,300         |
| Galliano                              | 39,076         | 39,076         |
| Dutch brands                          | 17,041         | 40,922         |
| Other brands                          | 35,156         | 33,510         |
|                                       | <b>263,711</b> | <b>285,946</b> |

All capitalised brands with an indefinite useful economic life are not amortised. Such brands are protected by trademarks, which are renewable indefinitely in all the major markets in which they are sold. The Company is not aware of any legal, regulatory or contractual provisions that limit the useful life of these brands. The nature of the premium drinks industry is that obsolescence is not a common issue, with indefinite brand lives being commonplace.

The recoverable amount of the CGUs was determined based on a value in use analysis and estimated using discounted cash flows as per the end of the financial year. When estimating the recoverable amount based on the value in use, the forecasted cash flows reflect management's best estimate of the economic conditions that will exist over the indefinite useful life of the asset.

Key assumptions applied to the impairment test are as follows:

- Cash-flow projections for the first four years are based on the net contribution margin as per next financial year's budget and the mid-term business plan for the three years thereafter, both recently endorsed by the Management Board and Supervisory Board. These projections are evaluated in the light of historical performance, amongst others, and take into account expected revenue growth based on actual experience, an analysis of volume growth and expected market-share developments as well as expected pricing and margin developments. The revenue and volume growth rates and margins used to estimate future performance are mainly based on past performance, our experience of growth rates and margins achievable in the Company's main markets and the expected brand value-enhancing propositions in the markets.
- Using a similar approach, the projections are extended to years five through eight. This extension is applied to all CGUs except for the Dutch Brands CGU.
- Cash flows after the eight-year period (Dutch Brands CGU: four-year period) are extrapolated using an average terminal value growth rate of 2.4 percent (Dutch Brands CGU: 1.0 percent negative). The growth rates are in line with long-term expected growth rates in the markets in which the Group operates, also considering demographic developments and expected inflation rates.
- The discount rate was determined based on external sources:

| PERCENTAGE AS AT 31 MARCH  | 2023        | 2022       |
|----------------------------|-------------|------------|
| Discount rate              | 8.6         | 6.8        |
| Pre-tax WACC               | 10.32-13.14 | 8.46-9.44  |
| Terminal value growth rate | -1.00-2.40  | 0.00--2.00 |



During the year an impairment loss of EUR 24,081 thousand was recorded in relation to the CGU Dutch brands, included in the Regional Liqueurs & Spirits operating segment. No impairment loss was recorded in 2021/22. The driver of the impairment is mainly a substantial increase in the applicable discount rates as a consequence of rising global interest rates. Moreover, the Dutch brands mainly consist of genever & vieux brands: a price competitive category that has been in decline for years and has faced above-average increases in input costs.

Given the Dutch Brands CGU was impaired during the year under review, an adverse change in one or more assumptions applied in calculating the recoverable amount would directly cause the (impaired) carrying amount to exceed the recoverable amount. The key assumptions used for the impairment test of this CGU are a terminal growth rate of -1%, a discount rate of 8.6% and a flat net contribution margin.

In addition, management performed a sensitivity analysis on (i) a revenue decrease of 5%, (ii) a discount rate increase of 100bps, or (iii) a decrease of terminal growth rate by 2% for each CGU. The recoverable amounts of the CGUs would still be in excess of the carrying amounts with sufficient and reasonable headroom, except for the Dutch Brands CGU because it is already subject to an impairment in the year under review.

## 19. Equity-accounted investees

| AMOUNTS IN EUR '000                               | 2023         | 2022          |
|---|--------------|---------------|
| Opening balance                                   | 10,373       | 9,024         |
| Share in profit                                   | (2,665)      | 2,175         |
| Dividend received                                 | (1,150)      | (1,100)       |
| Additions to joint ventures                       | -            | -             |
| Investments/(divestments) in joint ventures       | (4,800)      | 250           |
| Actuarial result through OCI                      | -            | (46)          |
| Adjustments from currency translation through OCI | -            | -             |
| Other adjustments                                 | (106)        | 70            |
| <b>Balance as at 31 March</b>                     | <b>1,652</b> | <b>10,373</b> |

| AMOUNTS IN EUR '000              | 2023         | 2022          |
|----------------------------------|--------------|---------------|
| Avandis (CV & BV) (50.0%)        | -            | 8,750         |
| Maxxium Nederland BV (50.0%)     | 1,006        | 1,027         |
| Maxxium BeLux NV (50.0%)         | 346          | 296           |
| BolsKyndal India Pvt Ltd (50.0%) | -            | -             |
| Other                            | 300          | 300           |
| <b>Balance as at 31 March</b>    | <b>1,652</b> | <b>10,373</b> |

### Avandis

Effective 1 January 2023 the Company sold its 50 percent share in the net assets of Avandis to Refresco Group B.V. As at 31 December 2022 the Company's 50 percent share in Avandis had a carrying value of EUR 8.8 million. This included the non-cash, one-off gain of EUR 1.7 million that was capitalised when the Company purchased an additional 16.67 percent share in Avandis from Herman Jansen. The net adjusted purchase price attributable to the Company amounted to approximately EUR 5 million, resulting in a book loss for the Company of EUR 3.9 million, which is recognised in 'share of result of joint ventures'.

The following is a summary of the financial information of Avandis (CV & BV combined), based on its financial statements adjusted for fair value adjustments on acquisition and differences in the Group's accounting policies.

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | 2023      | 2022       |
|--|-----------|------------|
| Revenue  | 45,933    | 53,735     |
| Profit from continuing operations                  | 34        | 819        |
| Other comprehensive income                         | -         | -          |
| <b>Total comprehensive income</b>                  | <b>34</b> | <b>819</b> |

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023     | 2022          |
|---------------------------------------|----------|---------------|
| Current assets                        | -        | 16,296        |
| Non-current assets                    | -        | 26,504        |
| Current liabilities                   | -        | (14,682)      |
| Non-current liabilities               | -        | (10,618)      |
| <b>Net assets (100%)</b>              | <b>-</b> | <b>17,500</b> |

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH                                | 2023     | 2022         |
|--|----------|--------------|
| Group interest in net assets of investee at beginning of year        | 8,750    | 8,138        |
| Share of total comprehensive income                                  | 8        | 612          |
| Changes during the year (including gain from bargain purchase price) | (8,758)  | -            |
| <b>Group interest in net assets of investee at year-end</b>          | <b>-</b> | <b>8,750</b> |
| Elimination of unrealised profit on intercompany sales               | -        | -            |
| <b>Carrying amount of interest in investee at year-end</b>           | <b>-</b> | <b>8,750</b> |

#### Maxxium Nederland B.V.

Maxxium Nederland B.V. is structured as a separate entity and the Group has a 50 percent interest in the net assets of Maxxium Nederland B.V. The Group has classified its interest in Maxxium Nederland B.V. as a joint venture. The principal activity of Maxxium Nederland B.V. is the distribution of distilled products.

The following is a summary of the financial information for Maxxium Nederland B.V., based on its financial statements adjusted for fair value adjustments on acquisition and differences in the Group's accounting policies.

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | 2023         | 2022         |
|--|--------------|--------------|
| Revenue  | 72,302       | 71,503       |
| Profit from continuing operations                  | 2,470        | 2,385        |
| Other comprehensive income                         | -            | 549          |
| <b>Total comprehensive income</b>                  | <b>2,470</b> | <b>2,934</b> |

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023         | 2022         |
|---------------------------------------|--------------|--------------|
| Current assets                        | 24,933       | 20,754       |
| Non-current assets                    | 2,807        | 3,301        |
| Current liabilities                   | (23,458)     | (19,623)     |
| Non-current liabilities               | (1,585)      | (1,911)      |
| <b>Net assets (100%)</b>              | <b>2,697</b> | <b>2,521</b> |



| AMOUNTS IN EUR '000<br>AS AT 31 MARCH                         | 2023         | 2022         |
|---|--------------|--------------|
| Group interest in net assets of investee at beginning of year | 1,027        | 586          |
| Share of total comprehensive income                           | 1,235        | 1,467        |
| Dividends received during the year                            | (1,150)      | (1,100)      |
| <b>Group's interest in net assets of investee at year-end</b> | <b>1,112</b> | <b>953</b>   |
| Elimination of unrealised profit on intercompany sales        | (106)        | 74           |
| <b>Carrying amount of interest in investee at year-end</b>    | <b>1,006</b> | <b>1,027</b> |

#### Maxxium BeLux N.V.

In 2021/22 the Group together with Edrington incorporated Maxxium BeLux N.V., which became operational on 1 October 2021. Maxxium BeLux N.V. is structured as a separate entity and the Group has a 50 percent interest in the net assets of Maxxium BeLux N.V. The Group has classified its interest in Maxxium BeLux N.V. as a joint venture. The principal activity of Maxxium BeLux N.V. is the distribution of distilled products in Belgium and Luxembourg.

#### BolsKyndal India Pvt Ltd

BolsKyndal India Pvt. Ltd. is structured as a separate entity and the Group has a 50 percent interest in the net assets of BolsKyndal India Pvt. Ltd. The Group has classified its interest in BolsKyndal India Pvt. Ltd. as a joint venture. The principal activity of BolsKyndal India Pvt. Ltd. is the blending, bottling and distribution of distilled products.

## 20. Other investments

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023       | 2022       |
|---------------------------------------|------------|------------|
| Loans issued                          | 176        | –          |
| Other related party loans             | 232        | 232        |
|                                       | <b>408</b> | <b>232</b> |

Information about the Group's exposure to credit and market risks and fair value measurement is included in note 27.

## 21. Capital and reserves

At 31 March 2023 the authorised share capital comprised 21.0 million ordinary shares of EUR 0.10 each. A total of 14.97 million of these shares was issued and fully paid at the balance sheet date.

| AMOUNTS IN EUR '000                      | 2023         | 2022         |
|--|--------------|--------------|
| In issue at 1 April                      | 1,497        | 1,248        |
| Issue of share capital                   | –            | 249          |
| <b>In issue at 31 March – fully paid</b> | <b>1,497</b> | <b>1,497</b> |
| <b>Authorised – par value in EUR</b>     | <b>0.10</b>  | <b>0.10</b>  |

### Ordinary shares

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share in the General Meeting of Shareholders of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

| NUMBER OF SHARES IN THOUSANDS | 2023          | 2022          |
|-------------------------------|---------------|---------------|
| Balance at 1 April            | 14,973        | 12,477        |
| Issue of share capital        | –             | 2,495         |
| <b>Balance at 31 March</b>    | <b>14,973</b> | <b>14,973</b> |

### Treasury shares

In 2022/23 and 2021/22 the Group purchased own shares under the Employee Share Purchase Plan (see note 3(e)). All purchased own shares have been delivered to employees.

### Share premium

| AMOUNTS IN EUR '000           | 2023           | 2022           |
|-------------------------------|----------------|----------------|
| Balance at 1 April            | 157,787        | 129,695        |
| Issue of share capital        | –              | 28,648         |
| Transaction costs, net of tax | –              | (556)          |
| <b>Balance at 31 March</b>    | <b>157,787</b> | <b>157,787</b> |

In 2021/22 the Group issued new shares in order to finance the acquisition of Tequila Partida LLC and to strengthen its balance sheet. No new shares were issued in 2022/23.

### Nature and purpose of legal reserves

#### *Currency translation reserve*

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation (see note 3(c)).

#### *Hedging reserve*

The hedging reserve comprises the effective portion of the cumulative net change in the fair value, net of tax, of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (see note 3(c)).

#### *Other legal reserve*

French legislation requires the Company to form a legal reserve, amounting to 10% of the Company's investment in Passoã SAS, for an amount of EUR 7.6 million (31 March 2022: EUR 7.6 million).

### Dividends on common shares

The Management Board, with the approval of the Supervisory Board, has resumed the payment of dividend to the Company's shareholders in 2022/23. In December 2022 the Company paid an interim dividend of EUR 3,144 thousand (or EUR 0.21 per share) to its shareholders. This amount equals 40% of the net profit for the six-month period ended 30 September 2022.

The net loss shall be allocated to retained earnings, subject to the approval of Supervisory Board and the Annual General Meeting of Shareholders.



## 22. Capital management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders, also taking into account economic conditions and the requirements of the financial covenants. The Group monitors capital using net debt, amongst others.

- Net debt is the net of (i) the sum of bank loans drawn (at face value) and (ii) cash and cash equivalents.

The Group's net debt at 31 March was as follows:

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH    | NOTE | 2023          | 2022          |
|--|------|---------------|---------------|
| Bank loans drawn (at face value)         |      | 76,500        | 85,500        |
| Loans from third parties (at face value) |      | 580           | –             |
| <b>Interest-bearing debt</b>             |      | <b>77,080</b> | <b>85,500</b> |
| Less: cash and cash equivalents          | 15   | (17,569)      | (25,588)      |
| Plus: bank overdrafts                    | 15   | 44            | 750           |
| <b>Net debt</b>                          |      | <b>59,555</b> | <b>60,662</b> |

## 23. Loans and borrowings

### Non-current liabilities

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023          | 2022          |
|---------------------------------------|---------------|---------------|
| Secured bank loans                    | 66,448        | 80,370        |
| Loans from third parties              | 580           | –             |
| Cumulative preference shares          | –             | –             |
|                                       | <b>67,028</b> | <b>80,370</b> |

At 31 March 2023 the facility arrangement in place consists of EUR 30 million term loan facilities (31 March 2022: EUR 30 million), EUR 30 million revolving credit facilities (31 March 2022: EUR 40 million) and EUR 42.5 million acquisition facility (31 March 2022: EUR 47.5 million) which was used for the funding of Passoã transaction. These committed facilities were extended effective 31 March 2023, now maturing November 2025 instead of November 2023. There is no FX impact on the loans. The Group is obliged to meet the covenants required by the senior credit facilities.

Under the facility agreement, the Group is required to comply with an interest cover ratio covenant and a leverage ratio covenant, calculated as per the definitions included in that agreement. Per each of the half-year testing periods, the interest cover ratio shall be or shall exceed 3.00, whilst the leverage ratio shall not exceed 4.00. In case of an acquisition, the maximum leverage ratio permitted is increased to 4.50 for two consecutive testing periods after that acquisition (the 'acquisition spike').

COVID-19 impacted both the Group's profitability (e.g. EBITDA) and the magnitude by which the Group can reduce net debt. Consequently, the Group agreed temporary amendments to the facility agreement with the lender group to facilitate further execution of the growth strategy whilst complying with covenants (also throughout the COVID-19 crisis).

- In April 2021, when the impact (magnitude and duration) of the initially unanticipated additional COVID-19 waves became clearer, the Group agreed amendments with the lender group.
  - In regard to the testing periods ended 30 September 2021, 31 March 2022 and 30 September 2022, it was agreed that the interest cover ratio covenant and the leverage ratio covenant would not be tested. Instead, a minimum liquidity level covenant (set at EUR 12.5 million on the last day of each month for

the periods ending 30 September 2021 and 31 March 2022, and at EUR 15.0 million on the last day of each month for the testing period ended 30 September 2022, respectively) and an EBITDA 'floor' covenant (set at EUR 4.5 million, EUR 8.0 million and EUR 11.0 million for the testing periods ended 30 September 2021, 31 March 2022 and 30 September 2022, respectively) were agreed.

- In regard to the testing period ended 31 March 2023, it was agreed that the interest cover ratio shall be or shall exceed 2.76, whilst the leverage ratio shall not exceed 4.50.
- From 1 April 2023 onwards the temporary COVID-19 amendments are no longer applicable: the covenants under the facility agreement described above apply from that date onwards.

Based on the definitions in the facility agreement and the (extended) amendments thereto, the interest cover per 31 March 2023 was 6.85x (31 March 2022: 6.44x), whilst the leverage ratio for the year ended on that date was 3.36x (31 March 2022: 2.74x).

Information about the Group's exposure to interest rate and liquidity risks is included in note 28.

### Current liabilities

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023          | 2022         |
|---------------------------------------|---------------|--------------|
| Current portion of secured bank loans | 10,000        | 5,000        |
| Bank overdrafts                       | 44            | 750          |
|                                       | <b>10,044</b> | <b>5,750</b> |

### Movement schedule

| AMOUNTS IN EUR '000           | TERM LOAN     | REVOLVING CREDIT FACILITY | ACQUISITION FACILITY | LOANS FROM THIRD PARTIES | TOTAL SECURED BANK LOANS (FACE VALUE) | UNAMORTISED REFINANCE FEES | CARRYING AMOUNT | TOTAL REPAYMENT |
|-------------------------------|---------------|---------------------------|----------------------|--------------------------|---------------------------------------|----------------------------|-----------------|-----------------|
| As at 1 April 2022            | 30,000        | 8,000                     | 47,500               | -                        | 85,500                                | (130)                      | 85,370          | -               |
| Amortisation                  | -             | -                         | -                    | -                        | -                                     | 78                         | 78              | -               |
| Additions through acquisition | -             | -                         | -                    | 580                      | 580                                   | -                          | 580             | -               |
| Proceeds                      | -             | -                         | -                    | -                        | -                                     | -                          | -               | -               |
| Repayments                    | -             | (4,000)                   | (5,000)              | -                        | (9,000)                               | -                          | (9,000)         | (9,000)         |
| <b>As at 31 March 2023</b>    | <b>30,000</b> | <b>4,000</b>              | <b>42,500</b>        | <b>580</b>               | <b>77,080</b>                         | <b>(52)</b>                | <b>77,028</b>   | <b>(9,000)</b>  |

### Movement schedule

| AMOUNTS IN EUR '000        | TERM LOAN     | REVOLVING CREDIT FACILITY | ACQUISITION FACILITY | LOANS FROM THIRD PARTIES | TOTAL BANK SECURED LOANS (FACE VALUE) | UNAMORTISED REFINANCE FEES | CARRYING AMOUNT | TOTAL REPAYMENT |
|----------------------------|---------------|---------------------------|----------------------|--------------------------|---------------------------------------|----------------------------|-----------------|-----------------|
| As at 1 April 2021         | 30,000        | 18,000                    | 50,000               | -                        | 98,000                                | (208)                      | 97,792          | -               |
| Amortisation               | -             | -                         | -                    | -                        | -                                     | 78                         | 78              | -               |
| Proceeds                   | -             | -                         | -                    | -                        | -                                     | -                          | -               | -               |
| Repayments                 | -             | (10,000)                  | (2,500)              | -                        | (12,500)                              | -                          | (12,500)        | (12,500)        |
| <b>As at 31 March 2022</b> | <b>30,000</b> | <b>8,000</b>              | <b>47,500</b>        | <b>-</b>                 | <b>85,500</b>                         | <b>(130)</b>               | <b>85,370</b>   | <b>(12,500)</b> |



### Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH            | CURRENCY | NOMINAL<br>INTEREST RATE | YEAR OF<br>MATURITY | UNUSED<br>FACILITY* | FACE<br>VALUE | CARRYING<br>AMOUNT | FACE<br>VALUE | CARRYING<br>AMOUNT |
|--|----------|--------------------------|---------------------|---------------------|---------------|--------------------|---------------|--------------------|
|  |          | % P.A.                   |                     | 2023                | 2023          | 2023               | 2022          | 2022               |
| Secured bank loan –<br>Term loan                 | EUR      | Euribor +<br>2.20 %      | 2025                | –                   | 30,000        | 29,980             | 30,000        | 29,954             |
| Secured bank loan –<br>Revolving Credit Facility | EUR      | Euribor +<br>2.20 %      | 2025                | 26,000              | 4,000         | 3,997              | 8,000         | 7,988              |
| Secured bank loan –<br>Acquisition Facility      | EUR      | Euribor +<br>2.20 %      | 2025                | –                   | 42,500        | 42,471             | 47,500        | 47,428             |
| Loans from third parties                         | EUR      | 5 %                      | 2025                | –                   | 580           | 551                | –             | –                  |
| <b>Total interest-bearing<br/>liabilities</b>    |          |                          |                     | <b>26,000</b>       | <b>77,080</b> | <b>76,999</b>      | <b>85,500</b> | <b>85,370</b>      |

\* In addition, the Group had a revolving credit facility of EUR 10.0 million in place, which is mainly used for guarantees. As at 31 March 2023 a total of EUR 0.1 million (31 March 2022: EUR 1.7 million) was used for guarantees, leaving an extra amount of EUR 9.9 million of the facility unused at 31 March 2023 (31 March 2022: EUR 8.3 million).

The repayment schedule of current outstanding loans is as follows:

| AMOUNTS IN EUR '000                              | CURRENCY | YEAR OF<br>MATURITY | FACE VALUE<br>31 MARCH<br>2023 | LESS THAN<br>1 YEAR | 1-2 YEARS      | 2-4 YEARS       | 5 YEARS  |
|--|----------|---------------------|--------------------------------|---------------------|----------------|-----------------|----------|
| Secured bank loan – Term loan                    | EUR      | 2025                | 30,000                         | –                   | –              | (30,000)        | –        |
| Secured bank loan – Revolving<br>Credit Facility | EUR      | 2025                | 4,000                          | –                   | –              | (4,000)         | –        |
| Secured bank loan – Acquisition<br>Facility      | EUR      | 2025                | 42,500                         | (10,000)            | (5,000)        | (27,500)        | –        |
| Loans from third parties                         | EUR      | 2025                | 580                            | –                   | (580)          | –               | –        |
| <b>Total interest-bearing liabilities</b>        |          |                     | <b>77,080</b>                  | <b>(10,000)</b>     | <b>(5,580)</b> | <b>(61,500)</b> | <b>–</b> |

Floating rates were hedged for a substantial part by means of interest-rate swap agreements. The bank loans are secured for approximately EUR 100 million (31 March 2022: EUR 117.5 million) by a pledge on most non-current assets and material intellectual property of the Group, as well as trade receivables and stock.

## 24. Other non-current financial liabilities

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023         | 2022         |
|---------------------------------------|--------------|--------------|
| Lease liabilities                     | 4,762        | 5,408        |
| Contingent consideration              | –            | 2,360        |
| Other financial liabilities           | –            | –            |
| Fair value of derivatives             | –            | 79           |
|                                       | <b>4,762</b> | <b>7,847</b> |

As part of the total consideration for the acquisition of Tequila Partida LLC the Group recognised a contingent consideration of EUR 2,360 thousand in 2021/22 relating to targets set for the 2022/23 and 2023/24 financial years. This contingent consideration is de-recognised in the year under review as the targets for 2022/23 were not met and are not expected to be met for 2023/24. The gain is included in finance costs.

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates. The model used under hedge accounting is the cash-flow hedge model. Also refer to note 27.

The movement in the lease liability is as follows:

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH           | 2023         | 2022         |
|---|--------------|--------------|
| Opening balance                                 | 6,186        | 6,330        |
| Additions                                       | –            | –            |
| Lease modification                              | 84           | 615          |
| Accretion of interest                           | 127          | 151          |
| Payments  | (969)        | (870)        |
| Exchange rate results                           | 6            | (40)         |
|   | <b>5,434</b> | <b>6,186</b> |
| Current portion of lease liabilities (note 24)  | 672          | 778          |
| <b>Non-current portion of lease liabilities</b> | <b>4,762</b> | <b>5,408</b> |

Included in 'Finance costs' is an amount of EUR 127 thousand (2021/22: EUR 151 thousand) related to interest expenses on lease liabilities; refer to note 10. A maturity analysis of lease liabilities is included in note 28. The assets related to leases are included in note 17.

## 25. Trade and other payables

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023          | 2022          |
|---------------------------------------|---------------|---------------|
| Trade payables                        | 7,966         | 8,993         |
| Accrued expenses                      | 5,614         | 7,462         |
| Wage tax payable                      | 127           | 97            |
|                                       | <b>13,707</b> | <b>16,552</b> |

At 31 March 2023 trade payables denominated in currencies other than the functional currency amounted to EUR 3,294 thousand (31 March 2022: EUR 4,437 thousand).

## 26. Other current financial liabilities, including derivatives

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023       | 2022         |
|---------------------------------------|------------|--------------|
| Lease liabilities                     | 672        | 778          |
| Fixed cash consideration              | 250        | –            |
| Fair value of derivatives             | 48         | 467          |
| Accrued interest payable              | (18)       | 314          |
| Other financial liabilities           | –          | 1,570        |
|                                       | <b>952</b> | <b>3,129</b> |

An amount of EUR 250 thousand relating to the fixed cash consideration for the acquisition of Fluère Drinks B.V. is deferred and payable in January 2024.

Derivative financial instruments of in total EUR 48 thousand (31 March 2022: EUR 467 thousand) consist of hedged foreign exchange contracts and interest rate swaps, both valued at 31 March 2023. The duration of these foreign exchange contracts and interest contracts is less than one year.



In September 2022 the Group made a payment to the local bank in India of EUR 1,637 thousand to settle the outstanding loan with BolsKyndal. Only an insignificant amount of expenses was recognised in 2022/23 as the Group already recognised a EUR 1,570 thousand liability under 'Other financial liabilities' per 31 March 2022. See note 27 for disclosure on financial instruments. Information about the Group's exposure to currency and liquidity risks is also included in note 27.

## 27. Financial instruments

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH 2023              | NOTE | FAIR VALUE<br>-HEDGING<br>INSTRUMENTS | LOANS AND<br>RECEIVABLES | OTHER<br>FINANCIAL<br>LIABILITIES | TOTAL           | LEVEL 1      | LEVEL 2         | LEVEL 3      |
|---|------|---------------------------------------|--------------------------|-----------------------------------|-----------------|--------------|-----------------|--------------|
| <b>Financial assets measured at fair value</b>          |      |                                       |                          |                                   |                 |              |                 |              |
| Interest rate swaps used for hedging                    |      | 6                                     | -                        | -                                 | 6               | -            | 6               | -            |
| Forward exchange contracts used for hedging             |      | 511                                   | -                        | -                                 | 511             | -            | 511             | -            |
|   |      | <b>517</b>                            | <b>-</b>                 | <b>-</b>                          | <b>517</b>      | <b>-</b>     | <b>517</b>      | <b>-</b>     |
| <b>Financial assets not measured at fair value</b>      |      |                                       |                          |                                   |                 |              |                 |              |
| Loan issued   |      | -                                     | 176                      | -                                 | 176             | -            | 176             | -            |
| Other related party loans                               | 20   | -                                     | 232                      | -                                 | 232             | -            | 232             | -            |
| Trade and other receivables                             | 14   | -                                     | 16,092                   | -                                 | 16,092          | -            | 16,092          | -            |
| Cash and cash equivalents                               | 15   | -                                     | 17,569                   | -                                 | 17,569          | -            | 17,569          | -            |
|   |      | <b>-</b>                              | <b>34,069</b>            | <b>-</b>                          | <b>34,069</b>   | <b>-</b>     | <b>34,069</b>   | <b>-</b>     |
| <b>Financial liabilities measured at fair value</b>     |      |                                       |                          |                                   |                 |              |                 |              |
| Fixed cash consideration                                |      | -                                     | -                        | (250)                             | (250)           | -            | -               | (250)        |
| Employee benefits                                       |      | -                                     | -                        | (129)                             | (129)           | (129)        | -               | -            |
| Interest rate swaps used for hedging                    |      | -                                     | -                        | -                                 | -               | -            | -               | -            |
| Forward exchange contracts used for hedging             |      | (48)                                  | -                        | -                                 | (48)            | -            | (48)            | -            |
|   |      | <b>(48)</b>                           | <b>-</b>                 | <b>(379)</b>                      | <b>(427)</b>    | <b>(129)</b> | <b>(48)</b>     | <b>(250)</b> |
| <b>Financial liabilities not measured at fair value</b> |      |                                       |                          |                                   |                 |              |                 |              |
| Loans and borrowings                                    | 23   | -                                     | -                        | (76,999)                          | (76,999)        | -            | (76,999)        | -            |
| Lease liabilities (non-current)                         | 24   | -                                     | -                        | (4,762)                           | (4,762)         | -            | (4,762)         | -            |
| Lease liabilities (current)                             | 26   | -                                     | -                        | (672)                             | (672)           | -            | (672)           | -            |
| Other financial liabilities (current)                   | 26   | -                                     | -                        | -                                 | -               | -            | -               | -            |
| Trade and other payables                                | 25   | -                                     | -                        | (13,707)                          | (13,707)        | -            | (13,707)        | -            |
| Accrued interest payable                                | 26   | -                                     | -                        | 18                                | 18              | -            | 18              | -            |
| Corporate income tax payable                            |      | -                                     | -                        | (193)                             | (193)           | -            | (193)           | -            |
| Bank overdrafts   | 16   | -                                     | -                        | (44)                              | (44)            | -            | (44)            | -            |
|   |      | <b>-</b>                              | <b>-</b>                 | <b>(96,359)</b>                   | <b>(96,359)</b> | <b>-</b>     | <b>(96,359)</b> | <b>-</b>     |

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH 2022              | NOTE | FAIR VALUE<br>- HEDGING<br>INSTRUMENTS | LOANS AND<br>RECEIVABLES | OTHER<br>FINANCIAL<br>LIABILITIES | TOTAL            | LEVEL 1 | LEVEL 2          | LEVEL 3        |
|---|------|--|--------------------------|-----------------------------------|------------------|---------|------------------|----------------|
| <b>Financial assets measured at fair value</b>          |      |  |                          |                                   |                  |         |                  |                |
| Interest rate swaps used for hedging                    |      | -                                      | -                        | -                                 | -                | -       | -                | -              |
| Forward exchange contracts used for hedging             |      | 162                                    | -                        | -                                 | 162              | -       | 162              | -              |
|   |      | <b>162</b>                             | -                        | -                                 | <b>162</b>       | -       | <b>162</b>       | -              |
| <b>Financial assets not measured at fair value</b>      |      |  |                          |                                   |                  |         |                  |                |
| Loan issued   |      | -                                      | -                        | -                                 | -                | -       | -                | -              |
| Other related party loans                               | 20   | -                                      | 232                      | -                                 | 232              | -       | 232              | -              |
| Trade and other receivables                             | 14   | -                                      | 19,323                   | -                                 | 19,323           | -       | 19,323           | -              |
| Cash and cash equivalents                               | 15   | -                                      | 25,588                   | -                                 | 25,588           | -       | 25,588           | -              |
|   |      | -                                      | <b>45,143</b>            | -                                 | <b>45,143</b>    | -       | <b>45,143</b>    | -              |
| <b>Financial liabilities measured at fair value</b>     |      |  |                          |                                   |                  |         |                  |                |
| Contingent consideration                                |      | -                                      | -                        | (2,360)                           | (2,360)          | -       | -                | (2,360)        |
| Interest rate swaps used for hedging                    |      | (233)                                  | -                        | -                                 | (233)            | -       | (233)            | -              |
| Forward exchange contracts used for hedging             |      | (312)                                  | -                        | -                                 | (312)            | -       | (312)            | -              |
|   |      | <b>(545)</b>                           | -                        | <b>(2,360)</b>                    | <b>(2,905)</b>   | -       | <b>(545)</b>     | <b>(2,360)</b> |
| <b>Financial liabilities not measured at fair value</b> |      |  |                          |                                   |                  |         |                  |                |
| Loans and borrowings                                    | 23   | -                                      | -                        | (85,370)                          | (85,370)         | -       | (85,370)         | -              |
| Lease liabilities (non-current)                         | 24   | -                                      | -                        | (5,408)                           | (5,408)          | -       | (5,408)          | -              |
| Lease liabilities (current)                             | 26   | -                                      | -                        | (778)                             | (778)            | -       | (778)            | -              |
| Other financial liabilities (current)                   | 26   | -                                      | -                        | (1,570)                           | (1,570)          | -       | (1,570)          | -              |
| Trade and other payables                                | 25   | -                                      | -                        | (16,552)                          | (16,552)         | -       | (16,552)         | -              |
| Accrued interest payable                                | 26   | -                                      | -                        | (314)                             | (314)            | -       | (314)            | -              |
| Corporate income tax payable                            |      | -                                      | -                        | (1,308)                           | (1,308)          | -       | (1,308)          | -              |
| Bank overdrafts   | 16   | -                                      | -                        | (750)                             | (750)            | -       | (750)            | -              |
|   |      | -                                      | -                        | <b>(112,050)</b>                  | <b>(112,050)</b> | -       | <b>(112,050)</b> | -              |

### Measurement of fair values

#### Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.



*Financial instruments measured at fair value:*

| TYPE   | VALUATION TECHNIQUE  | SIGNIFICANT UNOBSERVABLE INPUTS | INTERRELATIONSHIP BETWEEN SIGNIFICANT UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT |
|--|--|---------------------------------|--|
| Forward exchange contracts and 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. | n/a                             | n/a  |

*Financial instruments not measured at fair value:*

| TYPE                  | VALUATION TECHNIQUE   | SIGNIFICANT UNOBSERVABLE INPUTS |
|-----------------------|-----------------------|---------------------------------|
| Financial assets      | Discounted cash flows | n/a                             |
| Financial liabilities | Discounted cash flows | n/a                             |

Financial assets include trade and other receivables, loans provided and cash and cash equivalents. Financial liabilities include bank loans, lease liabilities, short-term financial liabilities and trade and other payables. The book values of the secured bank loans are the best approximation of their fair value. For all other financial instruments the fair value is consistent with the book value.

### Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

### Risk management framework

There are inherent risks related to Lucas Bols' business activities and organisation. Sound risk management is an integral element of good business practice and effective operations, so the Management Board promotes a transparent, company-wide approach to risk management and internal controls. This approach focuses on finding the right balance between maximising business opportunities and managing risks involved. The Management Board considers this to be one of its most important tasks.

The risk management framework is the foundation for the identification and mitigation of corporate business risks and has been developed to provide reasonable assurance that the risks we face are properly evaluated and mitigated. It assures that management is provided with the information it needs to make informed and timely decisions. While the framework is designed to manage risks it cannot prevent human error, fraud or infringements of laws and regulations with absolute certainty. Lucas Bols' risk management is not static: the way we manage risks is constantly monitored and adapted to reflect changes in internal and external circumstances if and when necessary.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

*Trade receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The concentration of credit risk with respect to receivables is limited, as the Group's customer base and vendor base are large and unrelated. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Almost all the customers have been doing business transactions with the Group for several years, and no significant impairment loss has been recognised against these customers.

The Group closely monitors the economic environment and is taking actions to limit its exposure to customers in countries experiencing specific economic volatility.

At year-end, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | CARRYING<br>AMOUNT 2023 | CARRYING<br>AMOUNT 2022 |
|---------------------------------------|-------------------------|-------------------------|
| Sophisticated Cocktail Markets        | 5,356                   | 4,821                   |
| Developed Cocktail Markets            | 6,109                   | 7,786                   |
| Emerging Cocktail Markets             | 3,026                   | 4,336                   |
|                                       | <b>14,491</b>           | <b>16,943</b>           |

At year-end, the aging of trade receivables is as follows:

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023          | 2022          |
|---------------------------------------|---------------|---------------|
| Not past due                          | 13,114        | 15,325        |
| 1 – 30 days past due                  | 977           | 1,016         |
| 31 – 90 days past due                 | 229           | 318           |
| 90 days and more past due             | 171           | 284           |
|                                       | <b>14,491</b> | <b>16,943</b> |

Management believes that the unimpaired amounts that are more than 30 days past due are still collectible in full based on historic payment behaviour and extensive analysis of customer credit risk, including the underlying customers' credit ratings, if available.

An insignificant impairment loss on trade receivables was recognised in 2022/23 and 2021/22.

*Cash and cash equivalents*

The Group held cash and cash equivalents of EUR 17,525 thousand as at 31 March 2023 (31 March 2022: EUR 24,838 thousand). The cash and cash equivalents are held with bank and financial institution counterparties which are at least A-rated based on ratings assigned by rating agencies.



### Derivatives

Derivatives are entered into with bank and financial institution counterparties which are rated AA- to AA+ based on ratings assigned by rating agencies. The carrying amount of financial assets of EUR 516 thousand represents the maximum credit risk exposure (2021/22: EUR 162 thousand).

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it generally has sufficient cash on demand to meet the expected operational expenses for the next few months, including the servicing of financial obligations.

This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The Group maintains an additional line of credit in the form of a EUR 10 million revolving credit facility. This facility is mainly used for guarantees. One guarantee has been issued:

- A guarantee for one of our lessors (EUR 0.1 million).

In 2021/22 the Group recognised a financial liability in relation to the financing of the BolsKyndal joint venture in regard to which a guarantee was issued under 'Other current financial liabilities, including derivatives'. Upon settlement of this financial liability in September 2022 the guarantee was cancelled. Refer to note 26.

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments:

| AMOUNTS IN EUR '000<br>31 MARCH 2023        |                    | CONTRACTUAL CASH FLOWS |                     |                 |                 |                      |
|---|--------------------|------------------------|---------------------|-----------------|-----------------|----------------------|
|   | CARRYING<br>AMOUNT | TOTAL                  | LESS THAN<br>1 YEAR | 1-2 YEARS       | 2-4 YEARS       | MORE THAN<br>4 YEARS |
| <b>Derivative financial liabilities</b>     |                    |                        |                     |                 |                 |                      |
| Interest rate swap contracts                | -                  | -                      | -                   | -               | -               | -                    |
| Forward exchange contracts                  | (48)               | (48)                   | (48)                | -               | -               | -                    |
| <b>Non-derivative financial liabilities</b> |                    |                        |                     |                 |                 |                      |
| Secured bank loans                          | (76,999)           | (77,080)               | (10,000)            | (5,580)         | (61,500)        | -                    |
| Interest related to secured bank loans      | -                  | (11,000)               | (4,176)             | (4,165)         | (2,659)         | -                    |
| Lease liabilities                           | (5,434)            | (5,646)                | (687)               | (516)           | (1,048)         | (3,395)              |
| Bank overdrafts                             | (44)               | (44)                   | (44)                | -               | -               | -                    |
| Trade payables                              | (13,707)           | (13,707)               | (13,707)            | -               | -               | -                    |
| Accrued interest payable                    | 18                 | 18                     | 18                  | -               | -               | -                    |
| Corporate income tax payable                | (193)              | (193)                  | (193)               | -               | -               | -                    |
|   | <b>(96,407)</b>    | <b>(107,701)</b>       | <b>(28,838)</b>     | <b>(10,261)</b> | <b>(65,207)</b> | <b>(3,395)</b>       |

|   | CONTRACTUAL CASH FLOWS |                  |                  |                 |                |                   |
|---|------------------------|------------------|------------------|-----------------|----------------|-------------------|
|   | CARRYING AMOUNT        | TOTAL            | LESS THAN 1 YEAR | 1-2 YEARS       | 2-4 YEARS      | MORE THAN 4 YEARS |
| <b>Derivative financial liabilities</b>     |                        |                  |                  |                 |                |                   |
| Interest rate swap contracts                | (233)                  | (233)            | (232)            | (1)             | -              | -                 |
| Forward exchange contracts                  | (312)                  | (312)            | (312)            | -               | -              | -                 |
| <b>Non-derivative financial liabilities</b> |                        |                  |                  |                 |                |                   |
| Secured bank loans                          | (85,370)               | (85,500)         | (5,000)          | (80,500)        | -              | -                 |
| Interest related to secured bank loans      | -                      | (2,784)          | (1,699)          | (1,085)         | -              | -                 |
| Contingent consideration                    | (2,360)                | (2,360)          | -                | (1,231)         | (1,129)        | -                 |
| Lease liabilities                           | (6,186)                | (6,359)          | (778)            | (621)           | (1,039)        | (3,920)           |
| Bank overdrafts                             | (750)                  | (750)            | (750)            | -               | -              | -                 |
| Trade payables                              | (16,552)               | (16,552)         | (16,552)         | -               | -              | -                 |
| Accrued interest payable                    | (314)                  | (314)            | (314)            | -               | -              | -                 |
| Corporate income tax payable                | (1,308)                | (1,308)          | (1,308)          | -               | -              | -                 |
|   | <b>(113,385)</b>       | <b>(116,472)</b> | <b>(29,945)</b>  | <b>(83,438)</b> | <b>(2,168)</b> | <b>(3,920)</b>    |

The Group has a secured bank loan that contains a loan covenant. A breach of this covenant may require the Group to repay the loan earlier than indicated in the above table. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or be significantly different amounts. See note 23 for disclosure on covenants.

#### Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by management. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

#### Currency risk

The Group is exposed to currency risk, mainly on sales that are denominated in a currency other than the euro. The currencies in which these transactions are primarily denominated are JPY, USD, AUD and GBP.

At the start of the financial year the Group hedges 60 to 80% of its estimated foreign currency exposure in respect of forecast sales for that year. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

The Group's investment in its US subsidiary and its joint venture in India are not hedged.



### Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to management is as follows:

#### Trade and other receivables

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023          | 2022          |
|---------------------------------------|---------------|---------------|
| EUR                                   | 5,329         | 8,078         |
| USD                                   | 6,862         | 5,732         |
| JPY                                   | 635           | 556           |
| AUD                                   | 962           | 1,607         |
| GBP                                   | 55            | 55            |
| Other currencies                      | 2,249         | 3,295         |
|                                       | <b>16,092</b> | <b>19,323</b> |

#### Trade and other payables

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | 2023          | 2022          |
|---------------------------------------|---------------|---------------|
| EUR                                   | 10,414        | 12,137        |
| USD                                   | 3,329         | 3,545         |
| JPY                                   | (10)          | 98            |
| AUD                                   | 107           | 131           |
| GBP                                   | 119           | 540           |
| Other currencies                      | (252)         | 123           |
|                                       | <b>13,707</b> | <b>16,552</b> |

In accordance with external market sources, not taking into account the hedge rates, the following significant exchange rates were applied during the year:

| FOR THE YEAR ENDED 31 MARCH | AVERAGE RATE AGAINST EURO |        | YEAR END SPOT RATE AGAINST EURO |        |
|-----------------------------|---------------------------|--------|---------------------------------|--------|
|                             | 2023                      | 2022   | 2023                            | 2022   |
| USD                         | 1.0413                    | 1.1623 | 1.0875                          | 1.1101 |
| JPY                         | 140.90                    | 130.53 | 144.83                          | 135.17 |
| AUD                         | 1.5221                    | 1.5723 | 1.6268                          | 1.4829 |
| GBP                         | 0.8644                    | 0.8504 | 0.8792                          | 0.8460 |

#### Sensitivity analysis

A strengthening of the JPY, USD, AUD and GBP against the euro at 31 March 2023 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. A weakening would have the same, but opposite effect. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Currencies other than JPY, USD, AUD and GBP are considered not material.

| AMOUNTS IN EUR '000  | PROFIT OR<br>LOSS, NET OF<br>TAX IMPACT |
|----------------------|---|
| <b>31 March 2023</b> |   |
| JPY (1% movement)    | 18                                      |
| USD (1% movement)    | 113                                     |
| AUD (1% movement)    | 35                                      |
| GBP (1% movement)    | 42                                      |
| <b>31 March 2022</b> |   |
| JPY (1% movement)    | 11                                      |
| USD (1% movement)    | 8                                       |
| AUD (1% movement)    | 39                                      |
| GBP (1% movement)    | 29                                      |

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group adopts a policy of ensuring that at least 80% of its interest rate risk exposure is at a fixed rate. To achieve this the Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

**Cash flow sensitivity analysis for variable rate instruments**

As a result of the Group's hedging policy for changes in interest rates, the impact of a change of 100 basis points in interest rates would be limited.

**28. List of subsidiaries**

A list of material subsidiaries of the Group is set out below.

| AS AT 31 MARCH                           | PLACE AND COUNTRY OF<br>INCORPORATION | OWNERSHIP INTEREST |      |
|--|---------------------------------------|--------------------|------|
|  |                                       | 2023               | 2022 |
| Lucas Bols Amsterdam B.V.*               | Amsterdam, The Netherlands            | 100%               | 100% |
| DELB B.V.*                               | Amsterdam, The Netherlands            | 100%               | 100% |
| Galliano B.V.*                           | Amsterdam, The Netherlands            | 100%               | 100% |
| Vaccari B.V.*                            | Amsterdam, The Netherlands            | 100%               | 100% |
| Pisang Ambon B.V.*                       | Amsterdam, The Netherlands            | 100%               | 100% |
| Bokma Distillateurs B.V.*                | Amsterdam, The Netherlands            | 100%               | 100% |
| Beleggingsmaatschappij Honthorst II B.V. | Amsterdam, The Netherlands            | 100%               | 100% |
| Pijlsteeg B.V.*                          | Amsterdam, The Netherlands            | 100%               | 100% |
| Lucas Bols USA Inc.                      | Wilmington, U.S.A.                    | 100%               | 100% |
| Passoã SAS                               | Paris, France                         | 100%               | 100% |
| Tequila Partida LLC                      | Oakland, U.S.A.                       | 100%               | 100% |
| Fluère Drinks B.V.                       | Kamperland, The Netherlands           | 100%               | 0%   |

\* For these subsidiaries the Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code.



## 29. Commitments and contingencies

### Commitments

#### Nuvo

In December 2017, Lucas Bols and London Group entered into strategic partnership regarding liqueur brand Nuvo. Under that partnership Lucas Bols obtained the global distribution rights for Nuvo and works with London Group to further build and distribute the brand. Lucas Bols is responsible for buying, sourcing and commercial activities, as well as defining the appropriate distribution channels for the brand. London Group, controlled by spirit entrepreneur Mr. Raphael Yakoby, is responsible for strategic marketing, including social media and product development.

Under the partnership, Lucas Bols made an upfront payment of USD 0.5 million and is required to pay London Group yearly royalties. The upfront payment was capitalised in intangible assets and is amortised over 6.5 years.

The partnership agreement also includes a put and call option structure that enables London Group to sell, and Lucas Bols to acquire, the brand in June 2023. The put and call option has an exercise price based on the brand's financial performance of the Group's financial year ending 31 March 2023.

### Contingencies

The credit facility of Lucas Bols incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of the company's issued share capital or voting rights, the company is subject to a repayment commitment.

The Company forms part of a Dutch fiscal unit with its consolidated subsidiaries in respect of corporate income tax and value added tax. Consequently, the Company is jointly and severally liable for all debt arising from the fiscal unit. The Company is fully liable for all obligations in relation to bank loans of its subsidiaries.

The Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code for its subsidiary Lucas Bols Amsterdam B.V. and for the subsidiaries of Lucas Bols Amsterdam B.V., namely Bokma Distillateurs B.V., Galliano B.V., Vaccari B.V., Pisang Ambon B.V., DELB B.V., Pijlsteeg B.V., Tequila Partida B.V. and Fluère Drinks B.V. respectively.

## 30. Related parties

### Transactions with key management personnel

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to the remuneration report in the annual report.

The Management Board and the Supervisory Board member's compensation (including the pension obligations as referred to in Section 2:383(b) of the Netherlands Civil Code) that was charged to the Company and Group companies in 2022/23 is as follows:

|   | MANAGEMENT BOARD |              | SUPERVISORY BOARD |            |              | TOTAL        |
|---|------------------|--------------|-------------------|------------|--------------|--------------|
|   | 2023             | 2022         | 2023              | 2022       | 2023         | 2022         |
| <b>AMOUNTS IN EUR '000<br/>FOR THE YEAR ENDED 31 MARCH</b>                |                  |              |                   |            |              |              |
| <b>Compensation of the Management Board and<br/>the Supervisory Board</b> |                  |              |                   |            |              |              |
| Salary  | 805              | 772          | 155               | 155        | 960          | 927          |
| Variable remuneration short-term  | 146              | 362          | –                 | –          | 146          | 362          |
| Variable remuneration long-term   | 48               | –            | –                 | –          | 48           | –            |
| Pension   | 31               | 29           | –                 | –          | 31           | 29           |
| Other   | 137              | 115          | –                 | –          | 136          | 115          |
| <b>Total</b>  | <b>1,167</b>     | <b>1,278</b> | <b>155</b>        | <b>155</b> | <b>1,321</b> | <b>1,433</b> |

The variable remuneration long-term has not been paid out as the phantom shares have not yet vested. Final pay-out is dependent on performance on predefined targets. This means the total remuneration awarded or due to the Management Board in 2022/23 amounts to EUR 1,119 thousand respectively.

The Management Board of the Company controls 5.28% of the voting shares of the Company.

### Other related party transactions

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH         | TRANSACTION VALUES<br>FOR THE YEAR ENDED |          | BALANCE OUTSTANDING AS AT |         |
|---|--|----------|---------------------------|---------|
|   | 2023                                     | 2022     | 2023                      | 2022    |
| <b>Sale of goods and services</b>             |  |          |                           |         |
| Joint ventures                                | 18,628                                   | 16,471   | 1,210                     | 1,429   |
| <b>Purchase of goods, services and brands</b> |  |          |                           |         |
| Joint ventures                                | (27,059)                                 | (29,401) | 89                        | (1,717) |
| <b>Others</b>                                 |  |          |                           |         |
| Joint ventures dividends received             | 1,150                                    | 1,100    | -                         | -       |
| Joint ventures loan and related interest      | 12                                       | 24       | -                         | -       |
| Other related party loans                     | -  | -        | 232                       | 232     |

Balances are expected to be settled in cash within two months after the end of the reporting period except for the 'Other related party loans'.

None of the balances is secured. An insignificant expense was recognised in the current year in respect of amounts owed by related parties. Refer to note 27.

## 31. Subsequent events

There were no material events after 31 March 2023.



# Company financial statements 2022/23

## Company balance sheet of Lucas Bols N.V.

Before profit appropriation

| AMOUNTS IN EUR '000<br>AS AT 31 MARCH | NOTE | 2023           | 2022           |
|---------------------------------------|------|----------------|----------------|
| <b>Assets</b>                         |      |                |                |
| Investments in subsidiaries           | 3    | 152,733        | 171,677        |
| Deferred tax assets                   | 4    | 2,670          | 2,670          |
| <b>Total non-current assets</b>       |      | <b>155,403</b> | <b>174,347</b> |
| Receivables from group companies      | 5    | 51,179         | 51,179         |
| Cash and cash equivalents             |      | -              | -              |
| <b>Total current assets</b>           |      | <b>51,179</b>  | <b>51,179</b>  |
| <b>Total assets</b>                   |      | <b>206,582</b> | <b>225,526</b> |
| <b>Equity</b>                         |      |                |                |
| Share capital                         |      | 1,497          | 1,497          |
| Share premium                         |      | 157,787        | 157,787        |
| Treasury shares                       |      | -              | -              |
| Currency translation reserve          |      | (486)          | (289)          |
| Hedging reserve                       |      | 348            | (287)          |
| Other legal reserves                  |      | 7,630          | 7,630          |
| Retained earnings                     |      | 56,044         | 47,417         |
| Result for the year                   |      | (16,238)       | 11,771         |
| <b>Total equity</b>                   | 6    | <b>206,582</b> | <b>225,526</b> |
| <b>Liabilities</b>                    |      |                |                |
| Other non-current liabilities         |      | -              | -              |
| <b>Total non-current liabilities</b>  |      | <b>-</b>       | <b>-</b>       |
| Trade and other payables              |      | -              | -              |
| <b>Total current liabilities</b>      |      | <b>-</b>       | <b>-</b>       |
| <b>Total liabilities</b>              |      | <b>-</b>       | <b>-</b>       |
| <b>Total equity and liabilities</b>   |      | <b>206,582</b> | <b>225,526</b> |

## Company profit and loss account of Lucas Bols N.V.

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH           | NOTE | 2023            | 2022          |
|--|------|-----------------|---------------|
| Revenue*   |      | 1,321           | 1,433         |
| Cost of sales  |      | -               | -             |
| <b>Gross profit</b>  |      | <b>1,321</b>    | <b>1,433</b>  |
| Distribution and administrative expenses*                    |      | (1,321)         | (1,433)       |
| <b>Operating profit</b>                                      |      | <b>-</b>        | <b>-</b>      |
| Finance income   |      | -               | -             |
| Finance costs  |      | -               | -             |
| <b>Net finance costs</b>                                     |      | <b>-</b>        | <b>-</b>      |
| <b>Profit before tax</b>                                     |      | <b>-</b>        | <b>-</b>      |
| Income tax expense   |      | -               | -             |
| Other profit after income tax                                |      | -               | -             |
| Share of result of participating interests, after income tax | 3    | (16,238)        | 11,771        |
| <b>Net profit/(loss)</b>                                     |      | <b>(16,238)</b> | <b>11,771</b> |

\* The amounts represent the compensation of the Management Board and Supervisory Board members, recharged to Lucas Bols Amsterdam B.V.



# Notes to the Company financial statements ended 31 March 2023 and 2022

## 1. Basis of preparation

The Company's financial statements are prepared in accordance with the provisions of Part 9, Book 2, of the Netherlands Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Netherlands Civil Code to prepare the Company financial statements, using the same accounting policies as those used for the consolidated financial statements. Valuation is based on recognition and measurement requirements of IFRS as adopted by the EU, as explained further in the notes to the consolidated financial statements.

For the principles of valuation of assets and liabilities and for the determination of the result, reference is made to the notes to the consolidated financial statements.

## 2. Significant accounting policies

### Financial fixed assets

Investments in subsidiaries are accounted for in the Company financial statements according to the equity method. They are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Reference is made to the basis of consolidation accounting policy in the consolidated financial statements.

### Profit of participating interests

The share in the result of participating interests consists of the share of the Company in the results of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

### Amounts due from group companies

Amounts due from group companies are stated initially at fair value and subsequently at amortised cost. Amortised cost is determined using the effective interest rate. The company recognise a credit loss for financial assets (such as a loan) based on an expected credit loss (ECL) which will occur in the coming twelve months or – after a significant decrease in credit quality or when the simplified model can be used – based on the entire remaining loan term. For intercompany receivables the ECL would be applicable as well, however this could cause differences between equity in the consolidated and separate financial statements. For this reason, the company elected to eliminate these differences through the respective receivable account in the separate financial statements.

### 3. Investments in subsidiaries

| AMOUNTS IN EUR '000  | 2023           | 2022           |
|--|----------------|----------------|
| Balance at 1 April   | 171,677        | 130,953        |
| Dividend paid to shareholders  | (3,144)        | 28,341         |
| Effective portion of changes in fair value of cash flow hedges, net of tax | 635            | 703            |
| Currency translation of foreign interests                                  | (197)          | (52)           |
| Actuarial gains/(losses) through equity                                    | –              | (39)           |
| Profit/(loss) of subsidiaries  | (16,238)       | 11,771         |
| <b>Balance at 31 March</b>   | <b>152,733</b> | <b>171,677</b> |

The Company only holds a direct interest in Lucas Bols Amsterdam B.V. A list of other (indirect) participating interests is disclosed in note 29 of the consolidated financial statements.

### 4. Deferred tax assets

Deferred tax assets in regard to carry-forward tax losses that have been recognised are expected to be utilised in the coming years.

### 5. Receivables from Group companies

The balance is a receivable from a Group company. The receivable is classified as current if it is expected to be recovered within twelve months. The amount is not due yet, nor is there any impairment risk.

### 6. Equity

For a specification of shareholders' equity, see note 21 of the consolidated financial statements. The retained earnings at 31 March 2023 amount to EUR 56.0 million (31 March 2022: EUR 47.4 million). French legislation requires the Company to form a legal reserve, amounting to of 10% of the Company's investment in Passoã SAS, for an amount of EUR 7.6 million (31 March 2022: EUR 7.6 million).

The Management Board, with the approval of the Supervisory Board, has resumed the payment of dividend to the Company's shareholders in 2022/23. In December 2022 the Company paid an interim dividend of EUR 3,144 thousand (or EUR 0.21 per share) to its shareholders. This amount equals 40% of the net profit for the six-month period ended 30 September 2022.

The net loss shall be allocated to retained earnings, subject to the approval of Supervisory Board and the Annual General Meeting of Shareholders.

### 7. Compensation of the Management Board and the Supervisory Board

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to note 31 of the consolidated financial statements.

At 31 March 2023 Lucas Bols N.V. had zero persons employed (31 March 2022: zero).



## 8. Fees for audit and other services

In accordance with article 382.a of Part 9, Book 2, of the Netherlands Civil Code, the total audit cost can be specified as follows:

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH                   | PRICEWATERHOUSECOOPERS<br>ACCOUNTANTS N.V. |          | OTHER PWC FIRMS |          | TOTAL      |          |
|--|--|----------|-----------------|----------|------------|----------|
|  | 2023                                       | 2022     | 2023            | 2022     | 2023       | 2022     |
| <b>Fees for audit of financial statements<br/>and other services</b> |  |          |                 |          |            |          |
| Audit of financial statements  | 290  | -        | -               | -        | 290        | -        |
| Other assurance services   | 3  | -        | -               | -        | 3          | -        |
| <b>Total</b>   | <b>293</b>                                 | <b>-</b> | <b>-</b>        | <b>-</b> | <b>293</b> | <b>-</b> |

PricewaterhouseCoopers was appointed group auditor in the Annual General Meeting of Shareholders on 7 July 2022 effective 1 April 2022.

In 2021/22 PricewaterhouseCoopers' predecessor Ernst & Young Accountants LLP provided audit services for the amount of EUR 287 thousand. No other assurance services or non-audit services were rendered by Ernst & Young Accountants LLP during 2021/22. Other Ernst & Young Accountants firms solely provided audit services for the amount of EUR 27 thousand during 2021/22.

## 9. Contingent liabilities

The Company forms part of a Dutch fiscal unit with its consolidated subsidiaries in respect of corporate income tax and value added tax. Consequently, the Company is jointly and severally liable for all debt arising from the fiscal unit. The Company is fully liable for all obligations in relation to bank loans of its subsidiaries. The Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code for its subsidiary Lucas Bols Amsterdam B.V. and for the subsidiaries of Lucas Bols Amsterdam B.V., namely Bokma Distillateurs B.V., Galliano B.V., Vaccari B.V., Pisang Ambon B.V., DELB B.V., Pijlsteeg B.V., Tequila Partida B.V. and Fluère Drinks B.V. respectively.

## 10. Subsequent events

There were no material events after 31 March 2023.

Amsterdam, 24 May 2023

### Management Board:

Huub L.M.P. van Doorne (CEO)  
Frank J. Cocx (CFO)

### Supervisory Board:

D. René Hooft Graafland (Chairman)  
Ralph Wisbrun  
Alexandra L. Oldroyd  
Marie-Pauline Lauret

ADDRESS:

Lucas Bols N.V.  
Paulus Potterstraat 14  
1071 CZ Amsterdam  
The Netherlands

Trade register Amsterdam: 34242707

# Other information

## Statutory provision with respect to appropriation of result

### **Appropriation of profits according to the provisions of the articles of association**

Pursuant to article 31 of the Articles of Association, the Management Board may, subject to the prior approval of the Supervisory Board, determine which part of the profits shall be reserved. The General Meeting may resolve to distribute any part of the profits remaining after reservation in accordance with the above. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved.

The Management Board may, subject to the prior approval of the Supervisory Board, resolve to distribute interim dividend on Shares.

Any distributions on Shares shall be made in such a way that on each Share an equal amount or value will be distributed.



## Non-GAAP measures

Certain discussions and analyses set out in this Annual Report include measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. We believe this information, along with comparable GAAP measurements, is useful to investors and other stakeholders because it provides a basis for measuring our operating performance, and our ability to reduce net debt and invest in new business opportunities. Management also uses these measures, along with the most directly comparable GAAP financial measures, in evaluating operating performance.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures.

### Earnings before interest and taxes (EBIT)

EBIT is net profit before net finance costs and the income tax expense. Thus, EBIT is defined as operating profit plus share of result of joint ventures. We believe this measure provides valuable additional information because it includes our share in profit of joint ventures, and we are of the view that our joint ventures are an integral part of Lucas Bols' operations. In addition, EBIT is a key measure used internally.

The reconciliation of EBIT to net profit is as follows:

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | 2023            | 2022          |
|--|-----------------|---------------|
| Net profit/(loss)                                  | (16,238)        | 11,771        |
| Add back:  |                 |               |
| - Income tax expense                               | 4,120           | 5,682         |
| - Net finance costs                                | 305             | 5,156         |
| <b>EBIT</b>  | <b>(11,813)</b> | <b>22,609</b> |

### Earnings before interest, taxes, depreciation and amortisation (EBITDA)

EBITDA is net profit before net finance costs, the income tax expense, depreciation and amortisation. Thus, EBITDA is defined as EBIT (refer above) excluding depreciation and amortisation. We believe this measure provides valuable additional information because it allows investors and other stakeholders to analyse the profitability between companies and industries by eliminating the effects of non-operating decisions like interest expenses, tax rates and non-cash items like depreciation and amortisation, hence facilitating focus on operating performance. In addition, EBITDA is a key measure used internally.

The reconciliation of EBITDA to net profit is as follows:

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | 2023          | 2022          |
|--|---------------|---------------|
| Net profit/(loss)                                  | (16,238)      | 11,771        |
| Add back:  |               |               |
| - Income tax expense                               | 4,120         | 5,682         |
| - Net finance costs                                | 305           | 5,156         |
| - Depreciation                                     | 1,419         | 1,608         |
| - Amortisation                                     | 234           | 263           |
| - Impairment                                       | 24,081        | -             |
| <b>EBITDA</b>                                      | <b>13,921</b> | <b>24,480</b> |

### Free operating cash flow (FOCF)

FOCF is net cash from operating activities minus cash used for the acquisition of property, plant and equipment and intangible assets. FOCF reflects an additional way of viewing our liquidity that we believe is useful to investors and other stakeholders because it represents cash flows that could be used for distribution of dividends, repayment of debt or to fund our strategic initiatives, including acquisitions, if any.

The reconciliation of FOCF to net cash from operating activities is as follows:

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | 2023         | 2022          |
|--|--------------|---------------|
| Net cash from operating activities                 | 7,081        | 15,784        |
| -/- Acquisition of property, plant and equipment   | (300)        | (109)         |
| -/- Acquisition of intangible assets               | -            | (38)          |
| <b>Free operating cash flow</b>                    | <b>6,781</b> | <b>15,637</b> |

### Cash conversion ratio

Cash conversion ratio is defined as (i) FOCF divided by (ii) operating profit excluding depreciation, amortisation and impairment expenses. We believe this measure is an important financial health indicator, providing valuable information on the actual liquidity of Lucas Bols, and more specifically on its ability to convert operating profits (excluding depreciation, amortisation and impairment expenses) into cash. It helps investors and other stakeholders to assess the quality of Lucas Bols' earnings.

- 2022/23: EUR 6,781 thousand / (-/- EUR 9,148 thousand + EUR 25,734 thousand) = 40.9%; and
- 2021/22: EUR 15,637 thousand / (EUR 20,434 thousand + EUR 1,871 thousand) = 70.1%

### Net debt

Net debt is the net of (i) the sum of bank loans drawn (at face value) and bank overdrafts and (ii) cash and cash equivalents. Net debt is a measure that provides valuable additional information on the Group's net debt position and leverage, and is a measure in common use elsewhere. Moreover, it is a key measure to banks, investors and analysts, amongst others.

Net debt is calculated as follows:

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | 2023          | 2022          |
|--|---------------|---------------|
| Bank loans drawn (at face value)                   | 77,080        | 85,500        |
| Bank overdrafts                                    | 44            | 750           |
| Less: cash and cash equivalents                    | (17,569)      | (25,588)      |
| <b>Net debt</b>                                    | <b>59,555</b> | <b>60,662</b> |

### Working capital

In the consolidated statement of cash flows, reference is made to net changes in working capital. Working capital is defined as inventories plus trade and other receivables minus trade and other payables. Compared to previous year trade and other payables excludes accrued interest payable and corporate income tax payable. The comparative number has been restated to reflect this change.

| AMOUNTS IN EUR '000<br>FOR THE YEAR ENDED 31 MARCH | 2023          | 2022          |
|--|---------------|---------------|
| Inventories  | 24,910        | 17,624        |
| Trade and other receivables                        | 16,092        | 19,323        |
| Trade and other payables                           | (13,707)      | (16,552)      |
| <b>Working capital</b>                             | <b>27,295</b> | <b>20,395</b> |



Net changes in working capital in the consolidated statement of cash flows is the movement in working capital from the table aforementioned adjusted for trade and other payables and trade and other receivables that do not relate to operating activities. The adjustments for 2022/23 amount to EUR 297 thousand negative (2021/22: EUR 1,540 thousand).

### Measures at constant currency

Certain measures, both GAAP and non-GAAP measures (including but not limited to revenue, gross profit and EBIT), are also stated, compared and/or analysed at constant currency. This means that the impact of fluctuations in foreign currency exchange rates is excluded. We calculate constant currency values by translating both the current and the prior period local currency amounts using same exchange rate. Lucas Bols' management believes measures in constant currencies provide additional insights into the underlying operating performance of the Company. This approach is in common use elsewhere.

Refer to note 27 of the consolidated financial statement for further information on primary foreign currencies and significant exchange rates applied during the year.

### One-off items/Normalisations

Several non-GAAP measures are adjusted to exclude items defined as one-off due to their nature and/or frequency of occurrence. Adjusting a measure for such one-off items results in a normalised measure. We believe normalised measures provide valuable additional information on underlying performance, which allows investors and other stakeholders to better analyse performance between companies and industries by eliminating non-recurring effects (both gains and losses). Normalised measures are also used for internal decision making.

2022/23 one-offs are:

- EUR 0.1 million in costs relating to projects such as the sale of Avandis and the acquisition of Fluère (included in distribution and administrative expenses);
- A non-cash book loss of EUR 3.9 million following the sale of Lucas Bols' 50% stake in Avandis (included in share of result of joint ventures);
- A non-cash impairment charge of EUR 24.1 million on the Dutch brands accounted for in the second half of the financial year (included in distribution and administrative expenses). This impairment mainly reflects a substantial increase in the applicable discount rates as a consequence of rising global interest rates. Moreover, the Dutch brands mainly consist of genever & vieux brands: a price competitive category that has been in decline for years and has faced above-average increases in input costs; and
- A non-cash gain of EUR 2.4 million included in net finance costs pertaining to a reduction in expected earn-out payments on the Tequila Partida acquisition. Although our mid-term plans for the brand are unchanged the distributor transition and supply issues in the US are expected to result in a delay in the realisation of those plans.

2021/22 one-offs are:

- Setup costs of Maxxium BeLux N.V. of EUR 78 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 19;
- Costs relating to the Fit-for-Growth operating model of EUR 248 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 7;
- Acquisition costs relating to the acquisition of Tequila Partida LLC of EUR 288 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 5;
- Gain relating to the curtailment of our defined benefit pension plan due to the change in pension scheme of EUR 461 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 12;
- Expenses of EUR 1,904 thousand relating to the financing of the BolsKyndal joint venture in India (included in net finance costs, hence affecting net profit and (net) earnings per share). The local bank in India providing part of BolsKyndal's financing will cease business. Consequently, and to prevent a significant interest cash drain in case of re-financing, the joint-venture partners agreed to settle all outstanding loans pro rata and account for a corresponding loan to the partners in BolsKyndal's local accounts. Because COVID-19

recovery is taking place too slowly whilst complexity, costs and unpredictability of doing business in India have increased further, the loan (EUR 1,570 thousand) and interest pre-paid on behalf of BolsKyndal (EUR 334 thousand) are not considered recoverable and hence expensed. Refer to note 27 and 28; and

- Income tax expense following the remeasurement of deferred tax liabilities as a consequence of a change in the future Netherlands tax rate of EUR 860 thousand (in income tax expense, hence affecting net profit and (net) earnings per share). Refer to note 13.

All 2021/22 one-offs are non-cash items.

### Organic change percentages for measures

For certain measures, both GAAP and non-GAAP measures (including but not limited to revenue, gross profit and EBIT), an organic change percentage is provided and/or analyses. Organic change percentages compare measures at constant currencies (refer above) and exclusive of one-off items (refer above).

## Five-year overview

| AMOUNTS IN EUR MILLION<br>FOR THE YEAR ENDED 31 MARCH | 2023       | 2022       | 2021       | 2020       | 2019       |
|---|------------|------------|------------|------------|------------|
| <b>Results</b>  |            |            |            |            |            |
| Revenue   | 100.6      | 92.0       | 57.3       | 84.0       | 87.0       |
| Gross profit  | 52.0       | 51.4       | 30.1       | 47.7       | 49.3       |
| Gross margin  | 51.7%      | 55.9%      | 52.5%      | 56.7%      | 56.6%      |
| Normalised operating profit                           | 15.1       | 20.6       | 8.6        | 17.6       | 19.9       |
| Normalised operating profit margin                    | 15.0%      | 22.4%      | 14.9%      | 20.9%      | 22.8%      |
| Normalised EBIT                                       | 16.3       | 22.8       | 8.1        | 18.6       | 20.8       |
| Normalised net profit/(loss)                          | 10.1       | 14.7       | 3.3        | 11.3       | 12.8       |
| Net profit/(loss)                                     | (16.2)     | 11.8       | (8.6)      | 9.2        | 16.5       |
| <b>Cash flow</b>                                      |            |            |            |            |            |
| Free operating cash flow                              | 6.8        | 15.6       | 11.4       | 15.8       | 11.8       |
| Cash conversion ratio                                 | 40.9%      | 70.1%      | 108.5%     | 82.2%      | 58.9%      |
| <b>Balance sheet</b>                                  |            |            |            |            |            |
| Working capital                                       | 27.3       | 20.4       | 13.8       | 18.3       | 18.8       |
| Total equity  | 206.6      | 225.5      | 184.8      | 193.7      | 192.2      |
| Net debt  | 59.6       | 60.7       | 92.4       | 99.3       | 103.6      |
| <b>Results</b>  |            |            |            |            |            |
| # of shares issued at 31 March                        | 14,972,756 | 14,972,756 | 12,477,298 | 12,477,298 | 12,477,298 |
| Weighted average # of shares                          | 14,972,756 | 13,238,276 | 12,477,298 | 12,477,298 | 12,477,298 |
| Normalised earnings per share                         | 0.68       | 1.11       | 0.26       | 0.90       | 1.02       |
| Net earnings per share                                | (1.08)     | 0.89       | (0.69)     | 0.74       | 1.32       |
| Total dividend per share                              | 0.34       | –          | –          | 0.35       | 0.60       |
| <b>Employees</b>                                      |            |            |            |            |            |
| Number of FTEs  | 70         | 66         | 62         | 71         | 74         |



# Independent auditor's report

To: the general meeting and the supervisory board of Lucas Bols N.V.

## Report on the financial statements 2022/2023

### Our opinion

In our opinion:

- the consolidated financial statements of Lucas Bols N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 March 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Lucas Bols N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 March 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### What we have audited

We have audited the accompanying financial statements 2022/2023 of Lucas Bols N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2023;
- the following statements for 2022/2023: the consolidated statement of profit or loss, the consolidated statements of other comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet of Lucas Bols N.V. as at 31 March 2023;
- the company profit and loss account of Lucas Bols N.V. for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

### The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of Lucas Bols N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

### **Our audit approach**

We designed our audit procedures with respect to the key audit matters, fraud risks and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risks and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

#### *Overview and context*

Lucas Bols N.V. is a Dutch public company, having its statutory seat in Amsterdam. The Company is focussed on building leading cocktail and spirit brands and creating cocktail experiences around the globe. They sell a variety of cocktail brands such as Bols, Passoa and Galliano. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

The impairment of the Dutch Brands and the sale of the Avandis joint venture characterised the financial year 2022/2023 resulting in an impairment of EUR 24.1 million and a book loss of EUR 3.9 million, respectively. This affected the scope of our group audit and our audit procedures as described in the section 'The scope of our audit' and 'Key audit matters'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change. In paragraph 'Use of estimates and judgements' in note 2 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risk of material misstatement in the valuation of intangible assets, we considered this matter as a key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the sale of the Avandis joint venture as a key audit matter because of the material significance of this matter on the statement of profit or loss.

Another area of focus, that was not considered as a key audit matter, was the acquisition of Fluère.

Lucas Bols N.V. assessed the possible effects of climate change on its financial position, refer to the Risk Management and Control chapter in the annual report. We discussed Lucas Bols N.V.'s assessment and governance thereof with the management board and evaluated the possible impact on the financial position including underlying assumptions and estimates e.g. underlying the valuation of the brands. The possible effects of climate change are not considered a key audit matter.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a group company operating in the consumer industry. We therefore included experts and specialists in the areas of amongst others IT audit, income tax, valuation and share-based payments in our team.



The outline of our audit approach was as follows:

|                          |   |
|--------------------------|---|
| <b>Materiality</b>       | <ul style="list-style-type: none"> <li>• Overall materiality: €1,000,000</li> </ul>   |
| <b>Audit scope</b>       | <ul style="list-style-type: none"> <li>• We conducted audit work at 3 significant components and two joint-ventures.</li> <li>• We fulfilled our oversight obligations through frequent virtual meetings with our component auditors, as well as virtual meetings with group and local management.</li> <li>• Audit coverage: 97% of consolidated revenue, 99% of consolidated total assets and 97% of consolidated profit before tax.</li> </ul> |
| <b>Key audit matters</b> | <ul style="list-style-type: none"> <li>• Valuation of Intangible Assets</li> <li>• Sale of the joint venture Avandis</li> </ul>   |

#### *First-year audit consideration*

After our appointment as the Group's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Group, its business, its internal control environment and IT systems. We examined where and how this affected the Company's and the Group's financial statements and internal control framework. Additionally, we read the prior year financial statements and we reviewed the predecessor auditor's files and discussed and evaluated the outcome of the audit procedures included therein. We attended the closing meeting and the Supervisory Board meeting related to the 2021/2022 audit. Based on these procedures, we obtained sufficient and appropriate audit evidence regarding the opening balances. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan, which we discussed with the management board and the supervisory board.

#### *Materiality*

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

|  |   |
|--|---|
| <b>Overall group materiality</b>         | €1,000,000.   |
| <b>Basis for determining materiality</b> | We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 1.0% of total revenue.   |
| <b>Rationale for benchmark applied</b>   | Considering the focus on revenue growth and the volatility of profit before tax, we used total revenue as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that revenue is the most relevant metric for the financial performance of the Group. |
| <b>Component materiality</b>             | Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €650,000 and €900,000.   |

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €50,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

*The scope of our group audit*

Lucas Bols N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Lucas Bols N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

Our audit primarily focussed on the significant components of the Group: Lucas Bols Amsterdam B.V., Lucas Bols USA Inc. and Passoã SAS in France.

We subjected these 3 components to audits of their complete financial information, as those components are individually financially significant to the Group. Additionally, we selected two joint ventures for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements and disclosure requirements. The sale of Avandis during the year has been subject to audit procedures by the Group team, whereas the Maxxium joint venture has been in scope for reporting by the component auditor.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

|                          |     |
|--------------------------|-----|
| <b>Revenue</b>           | 97% |
| <b>Total assets</b>      | 99% |
| <b>Profit before tax</b> | 97% |

None of the remaining components represented more than 3% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work for group entities Lucas Bols Amsterdam and Lucas Bols USA. For component Passoã and the audit of the joint venture of Maxxium we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, that could be of relevance for the consolidated financial statements.

The group engagement team performed the audit work on the group consolidation, financial statements and a number of more complex items at the head office. These included the valuation of the intangible assets and share-based payments.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements



### *Audit approach fraud risks*

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Lucas Bols N.V. and its environment and the components of the internal control system. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as amongst others the code of conduct, speak-up procedures, incident registration and investigation protocols. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board as well as legal affairs, and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated, in close co-operation with our forensic specialists, fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

| IDENTIFIED FRAUD RISKS   | OUR AUDIT WORK AND OBSERVATIONS   |
|--|---|
| <p><b>Risk of fraud through management override of controls</b></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in:</p> <ul style="list-style-type: none"> <li>• The appropriateness of journal entries and other adjustments made in the preparation of the financial statements.</li> <li>• Estimates</li> <li>• Significant transactions, if any, outside the normal course of business for the entity.</li> </ul> | <p>We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties.</p> <p>We have performed our audit procedures primarily substantive based.</p> <p>We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, amongst others, inspection of the entries to source information.</p> <p>We performed substantive audit procedures on significant transactions outside the normal course of business.</p> <p>We also performed specific audit procedures related to important estimates of management, including the valuation of intangible assets. We refer to the key audit matter 'valuation of intangible fixed assets'. We specifically paid attention to the inherent risk of bias of management in estimates.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.</p> |

| IDENTIFIED FRAUD RISKS  | OUR AUDIT WORK AND OBSERVATIONS  |
|---|--|
| <p><b>Risk of fraud in revenue recognition</b></p> <p>As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we addressed the risk of fraud in revenue recognition. This relates to the presumed incentive that exists to overstate revenue. As the majority of the company's revenue is recorded at the time of sale (with regular delivery terms and high volume of sales) there is limited risk of management manipulation. Rather, the risk of fraud in revenue recognition relates to the occurrence of inappropriate non-routine transactions.</p> | <p>Where relevant to our audit, we have evaluated the design of the internal control measures that are intended to mitigate the risk of fraud and error in revenue recognition and assessed the effectiveness of those measures.</p> <p>We performed our audit procedures primarily substantive based.</p> <p>We performed data analyses to identify potential notable revenue entries in the fiscal year and performed specific substantive audit procedures on these entries.</p> <p>We tested, on a sample basis, the delivered performance and transaction prices of the revenue transactions based on sales agreements, delivery documents, sales invoices and cash receipts.</p> <p>We did not identify any specific indications of fraud or suspicion of fraud in respect of revenue recognition.</p> |

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

#### *Audit approach going concern*

The management board prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least 12 months from the date of preparation of the financial statements. Our procedures to evaluate the management board's going concern assessment included, amongst others:

- considering whether the management board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks);
- considering whether the management board's going concern assessment includes all relevant information of which we are aware as a result of our audit by inquiring with the management board regarding the management board's most important assumptions underlying its going concern assessment. Amongst others, we took into consideration the developments of the brands and market trends;
- evaluating the management board's current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry such as the supply chain constraints and recovery, cocktail market developments and all relevant information of which we are aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of the management board as to its knowledge of going concern risks beyond the period of the management board's assessment.

We concluded that the management board's use of the going concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

| KEY AUDIT MATTER  | OUR AUDIT WORK AND OBSERVATIONS  |
|---|--|
| <p><b>Valuation of Intangible Assets</b><br/> <i>Note 18 Intangible assets</i><br/>           As at 31 March 2023 the Company's brand names and goodwill are valued at €284.6 million. Management tests its CGUs containing goodwill and brand names for impairment annually and if there is a triggering event, at an earlier reporting date. This is done by comparing the recoverable amounts of the individual CGUs, being the higher of the value in use or fair value less costs of disposal to the carrying amounts.</p> <p>As part of the annual goodwill and brand names impairment test, management concluded that an impairment of €24.1 million should be recorded related to 'Dutch Brands'. For the other CGUs management concluded that there is sufficient headroom between the recoverable amount of the CGU's and the carrying values.</p> <p>We focused on this area, due to the size of the brands and goodwill balances, the recognised impairment of Dutch Brands and because management's assessment of the 'value in use' of the Group's CGU's included a variety of internal and external factors, which represent significant estimates. Those estimates required the use of valuation models, input data and assumptions by management, particularly with respect to the (development of) future results of the business and the discount rates applied to the forecasted cash flows. Any change in these assumptions, based on their sensitivity could have a significant effect on the financial statements. Given the complexity and the inherent subjectivity particularly related to the significant assumptions and the resulting significant estimation uncertainty, there is an inherent risk of overstatement of brands and goodwill. Therefore, we considered this area as a key audit matter for our audit.</p> | <p>We evaluated management's process and design effectiveness of controls over the impairment assessment and the appropriateness of management's identification of the Company's CGUs, indicators of impairment, discount rates, terminal growth rates and forecasts.</p> <p>We compared the current year actual results with the 2022/23 figures as included in the prior year forecast and concluded that the forecasts included assumptions (as disclosed in note 18) that, with hindsight, were realistic. With the support of our valuation expert, we benchmarked key assumptions in management's valuation model used to determine recoverable amounts against external data, including assumptions of future prices, revenue growth rates and discount rates. Furthermore, we checked the mathematical accuracy of management's valuation model and agreed relevant data to the latest plans and budgets.</p> <p>We assessed the recognized impairment and assessed whether possible changes in the key assumptions (as disclosed in note 18) could lead to an additional impairment of the recognized intangible assets and assessed the likelihood of such a change occurring given past and forecasted performance.</p> <p>We assessed the adequacy of disclosures in note 18 of the consolidated financial statements.</p> <p>We found the Company's estimates and judgements used in the intangible assets impairment assessment to be supported by sufficient evidence</p> |

| KEY AUDIT MATTER  | OUR AUDIT WORK AND OBSERVATIONS   |
|---|---|
| <p><b>Sale of joint venture Avandis</b><br/> <i>Note 19 Equity-accounted investees</i><br/>           As per 1 January 2023 Lucas Bols sold its 50 percent share in the net assets of Avandis to Refresco. The book value of the joint venture was €8.8 million per 31 December 2022, the net adjusted selling price amounted to €4.9 million, resulting in a book loss of €3.9 million.</p> <p>As part of the sale of Avandis, Lucas Bols entered into a production agreement with Refresco to produce the liquors. This new production agreement in combination with the realised loss on the sale of the joint venture, triggers the question whether these two transactions should be considered as combined transactions. Management concluded that the production agreement with Refresco and the sale to Refresco do not qualify as combined transactions.</p> <p>We considered the sale of Avandis to be a key audit matter, due to the magnitude of the joint venture balances, the disclosure requirements and the associated book loss recorded as a result of the sale.</p> | <p>We obtained an understanding of the design and implementation of controls around non-recurring transactions and the accounting of the joint ventures.</p> <p>We obtained the sale agreement and assessed whether the transaction was appropriately recognized. We assessed through comparison with other transactions, whether the newly entered contract with Refresco meets the criteria of a combined contract.</p> <p>We assessed the adequacy of disclosures in note 19 of the consolidated financial statements.</p> <p>Based on our procedures we did not identify material exceptions and we found management's assumptions and conclusions to be supported by available evidence.</p> |

## Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.



## Report on other legal and regulatory requirements and ESEF

### Our appointment

We were appointed as auditors of Lucas Bols N.V. on 7 July 2022 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 7 July 2022. Our audit of the financial statements 2022/2023 is our first year as auditor of Lucas Bols N.V.

### European Single Electronic Format (ESEF)

Lucas Bols N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by Lucas Bols N.V., complies in all material respects with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

### No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

## Responsibilities for the financial statements and the audit

### Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

### Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 24 May 2023

PricewaterhouseCoopers Accountants N.V.

B.A.A. Verhoeven RA



## Appendix to our auditor's report on the financial statements 2022/2023 of Lucas Bols N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.







*Lucas Bols*

**Balance sheet Lucas Bols Holdco B.V.**

Lucas Bols Holdco B.V.  
Opening balance sheet  
per 4-12-2023

EUR

|              |             |                                  |             |
|--------------|-------------|----------------------------------|-------------|
| Cash         | 0,10        | Issued and paid up share capital | 0,10        |
| Total assets | <u>0,10</u> | Total liabilities                | <u>0,10</u> |

**Balance sheet Lucas Bols Sub B.V.**

Lucas Bols Sub B.V.  
Opening Balance sheet  
per 5-12-2023

EUR

|                              |             |                      |             |
|------------------------------|-------------|----------------------|-------------|
| Receivable from share holder | 0,10        | Issued share capital | 0,10        |
| Total assets                 | <u>0,10</u> | Total liabilities    | <u>0,10</u> |