



ANALYST PRESENTATION FY 2020/21

Year ended 31 March 2021

27 May 2021

LUCAS  **BOLS**
1575

DISCLAIMER

DISCLAIMER THIS PRESENTATION may contain forward looking statements. These statements are based on current expectations, estimates and projections of Lucas Bols' management and information currently available to the company. Lucas Bols cautions that such statements contain elements of risk and uncertainties that are difficult to predict and that could cause actual performance and position to differ materially from these statements. Lucas Bols disclaims any obligation to update or revise any statements made in this presentation to reflect subsequent events or circumstances, except as required by law.

Certain figures in this presentation, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them.



CONTENT

1. Highlights FY 2020/21
2. Highlights by brand
3. Financial highlights
4. Outlook

SIGNIFICANT COVID-19 IMPACT BUT IMPROVING TRENDS

- Revenue was negatively impacted by COVID-19, mainly as a result of on-trade closures, travel restrictions and destocking by distributors, and came in at € 57.3 million (down 32% year-on-year)
- Depletions (sales by distributors) were down 16%, which should be seen in the context of the fact that over half of Lucas Bols' business is normally conducted in the on-trade
- Important markets like the UK, the US, France, Australia and China showed growth in depletions for the 2020/21 financial year despite the pandemic, while Emerging Markets returned to growth in March 2021
- Retail-oriented brands such as Passoã, Galliano, Pisang Ambon and Nuvo performed strongly on the back of depletion growth in their core markets
- The gross margin of 52.5% (down 420 bps vs. last year) reflects a different sales channel mix and lower production cost absorption
- Strong cost saving measures led to an € 8.9 million (or 31%) reduction in total A&P and overhead expenses while investments were further optimised between brands and markets
- Operating profit (excl. one-off items) amounted to € 8.6 million (-51.3%) while net profit (excl. one-off items) came in at € 3.3 million
- After one-off items, including an impairment (€ 8.9 million) and a non-cash tax expense (€ 3.9 million), reported net loss was € 8.6 million
- A strict focus on cash management resulted in a solid free operating cash flow of € 11.4 million (2019/20: € 15.8 million), enabling Lucas Bols to reduce its net debt by € 6.9 million to € 92.4 million
- The Passoã acquisition was completed in December 2020. The payment of the purchase price (€ 71.3 million) did not affect the net debt position
- A two-year extension of the temporary amendments to the financing arrangements was agreed with the banks in April 2021, facilitating the further execution of our growth strategy
- In light of the impact of pandemic the Management Board decided not to propose a dividend for the 2020/21 financial year and to waive its entitlement to variable remuneration

HIGHLIGHTS FY 2020/21

GLOBAL BRANDS

PASSOÃ AND GALLIANO OUTPERFORMERS

GLOBAL BRANDS

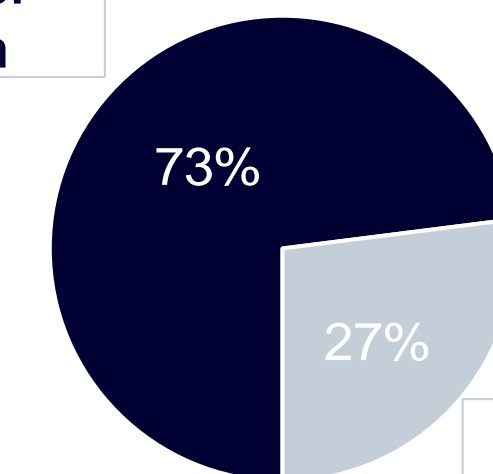


- Revenue of the global brands was down 35% to € 42.1 million.
- Overall depletions of the global brands was down 17% vs last year.
- Covid-19 impacted the more on-trade driven Bols Liqueurs and white spirits segment.
- Strong recovery in depletions for the Bols Liqueurs range when the on-trade reopened in the second quarter, driven by strong growth in China and a clear improvement in depletion trends in the fourth quarter, including the US.
- Retail-oriented brands such as Passoã, Galliano, and Nuvo performed strongly on the back of depletion growth in their core markets.
- Depletions were up year-on-year in key markets UK, the US, the Netherlands, France, BeLux and Puerto Rico.

Depletions (Value)	FY20/21 vs FY19/20	Q1 20/21 vs Q1 19/20	Q2 20/21 vs Q2 19/20	Q3 20/21 vs Q3 19/20	Q4 20/21 vs Q4 19/20
Global brands	-17%	-35%	-4%	-21%	-6%

Revenue Split FY 2020/21

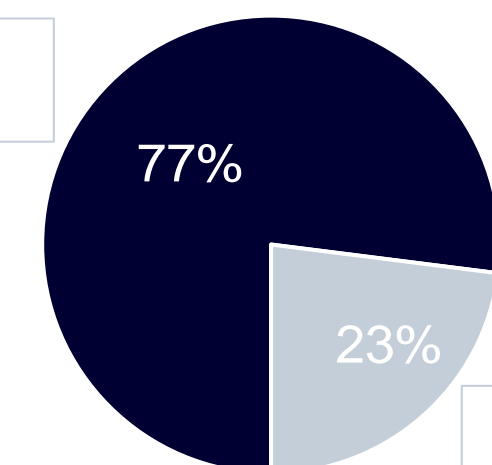
Global brands:
€ 42.1 million



Regional brands:
€ 15.2 million

Gross Profit Split FY 2020/21

Global brands:
€ 23.1 million



Regional brands:
€ 7 million

REGIONAL BRANDS

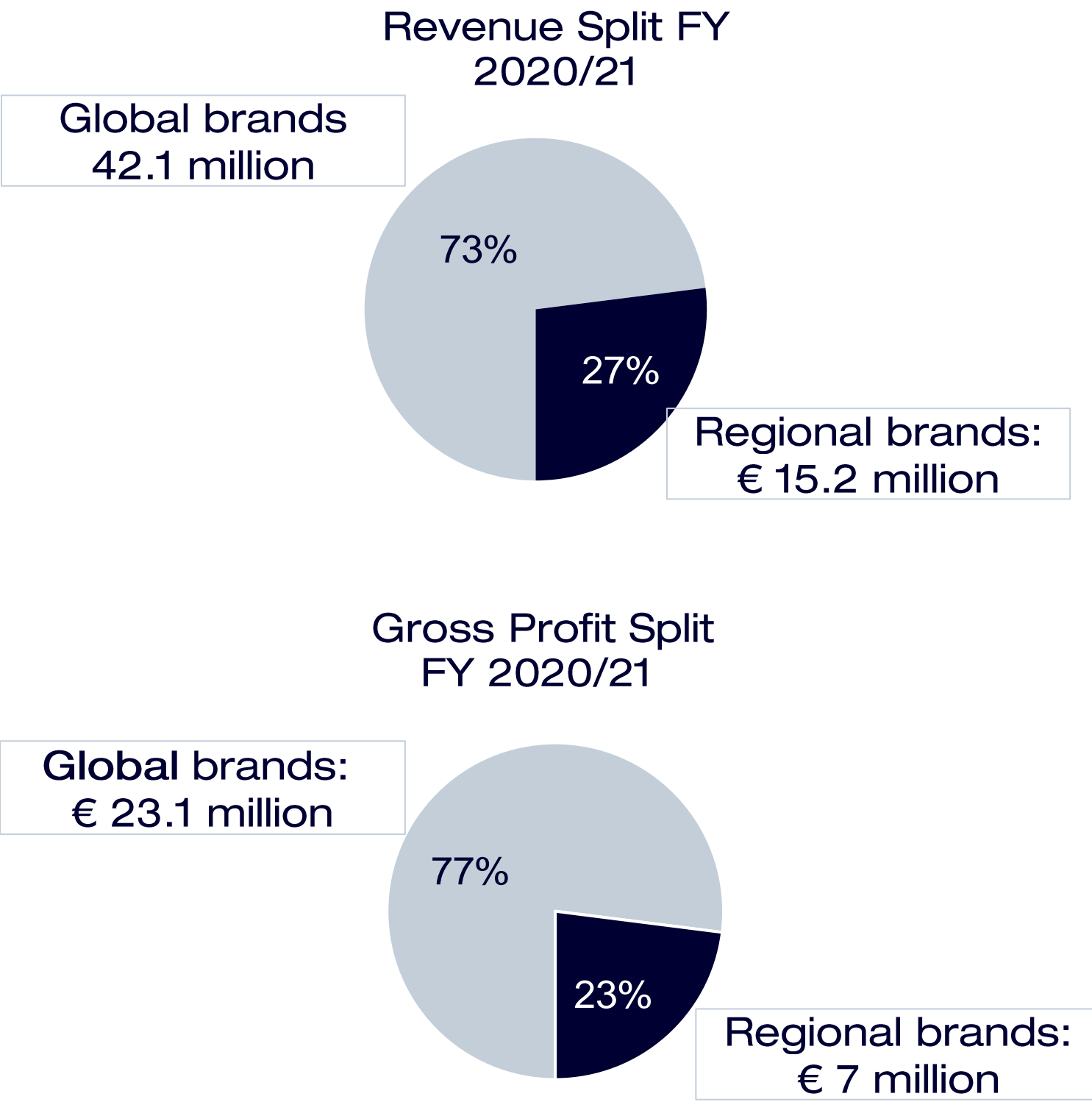
STRONG IMPROVEMENT IN DEPLETIONS IN Q4

REGIONAL BRANDS

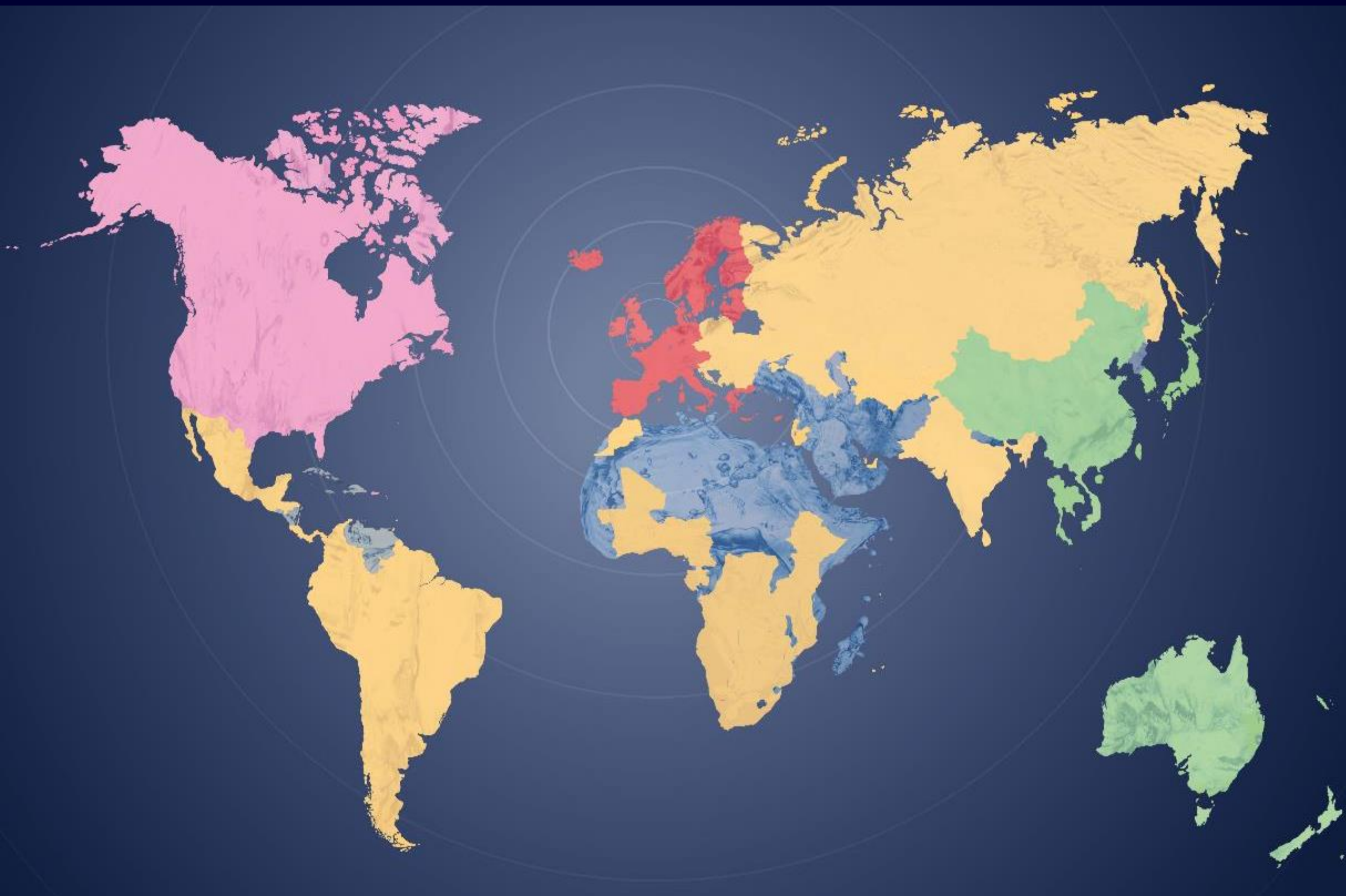


- Revenue of the regional brands was down 22% to € 15.2 million while depletions were down 15%.
- The portfolio performance within the regional brands was mixed. More retail-oriented brands, like Pisang Ambon, performed well.
- The performance of the Dutch genever and vieux portfolio, a category which has been in decline for several years, dropped further due to the on-trade lockdown measures.
- The Henkes brand performed well in West Africa with results in line with the previous financial year.
- The Delft Blue houses were significantly down due to COVID-related travel restrictions.

Depletions (Value)	FY20/21 vs FY19/20	Q1 20/21 vs Q1 19/20	Q2 20/21 vs Q2 19/20	Q3 20/21 vs Q3 19/20	Q4 20/21 vs Q4 19/20
Regional brands	-15%	-42%	-10%	-23%	+16%



DEPLETIONS SHOW CLEAR IMPROVING TRENDS



Revenue split and development FY 2020/21

- Western Europe (53.7%) – In a number of markets including the Netherlands, BeLux and Scandinavia, retail sales could only partially mitigate the downturn in the on-trade. On-trade focused Southern European markets were more severely impacted.
- Due to travel restrictions there were hardly any sales in the travel retail segment. When lockdown measures across Western Europe were eased in the second quarter, depletions bounced back to last year's levels.
- Asia-Pacific (18.6%) – Australia and New Zealand achieved outstanding results, driven by growth of Galliano. In Australia the further expansion of Passoã also contributed to growth.
- China continued its upward trajectory. The Japanese market remains challenging as a result of restrictive on-trade measures. South-East Asia is still very much impacted by the lack of tourism.
- North America (18.2%) – A strong recovery as soon as the on-trade reopened. This was reflected both in Q2 (+4%) and Q4 depletions (+42%). Performance in the US was mainly driven by the growth of retail-oriented brands Passoã, Galliano and Nuvo, which is also a reflection of our successful premiumisation strategy.
- Bols Liqueurs was heavily impacted but did show an improving trend towards year-end as the on-trade gradually reopened in Q4. Canada, largely retail-driven, and Puerto Rico performed relatively well with stable performances year-on-year.
- Emerging Markets (9.6%) – The Emerging Markets region includes on-trade driven markets in Eastern Europe and Latin America. Depletions were down significantly from April to December but returned to growth in the fourth quarter (+5%), mainly fuelled by Russia, Latin America and Western Africa.

Regions	% revenue of total FY 20/21 vs FY 19/20	Depletions (value) FY 20/21 vs FY 19/20
Western Europe	-27%	-16%
Asia-Pacific	-30%	-26%
North America	-38%	+1%
Emerging Markets	-44%	-33%

HIGHLIGHTS BY BRAND

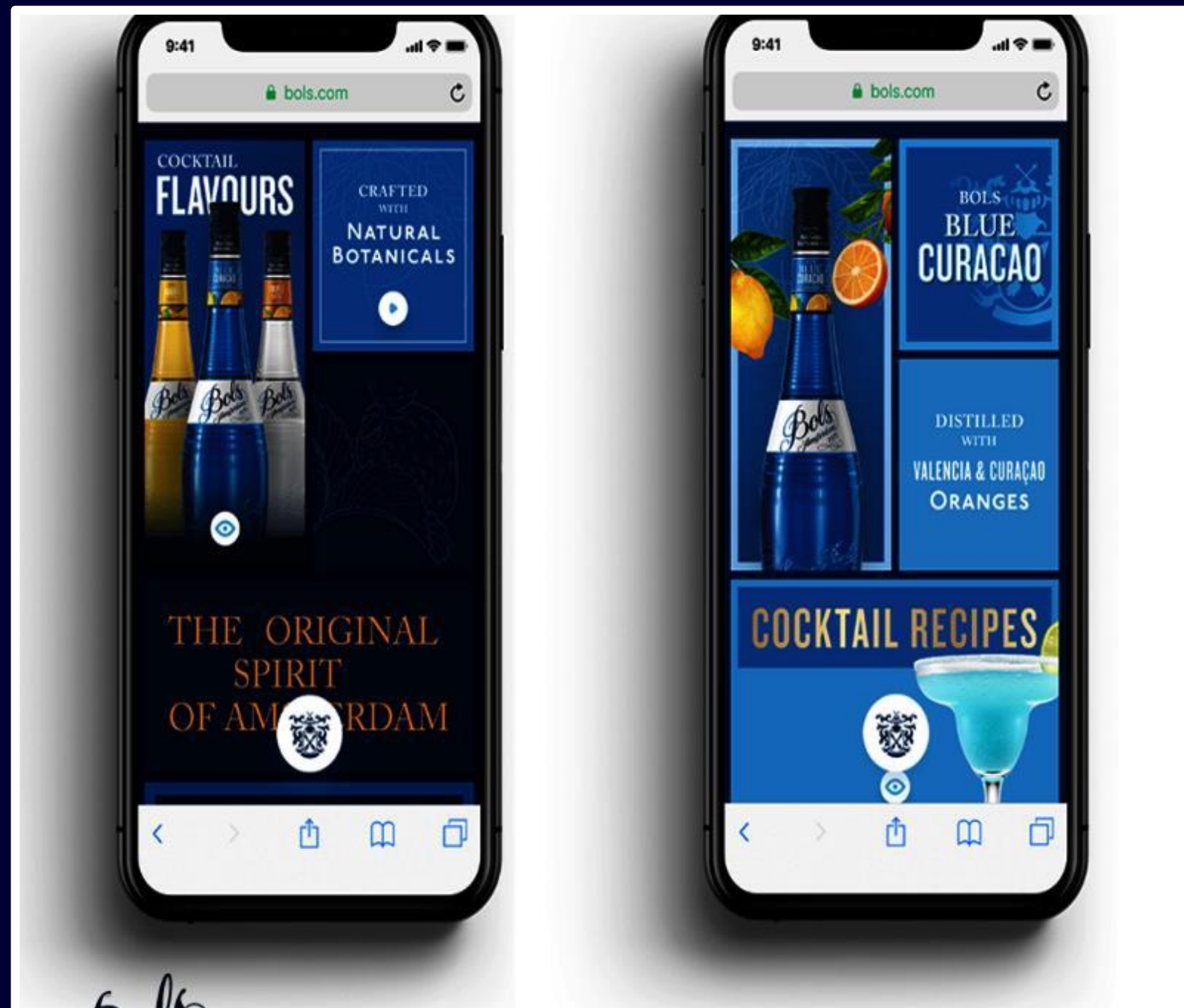


BOLS COCKTAILS

ONE CONSISTENT LOOK & FEEL

- Global relaunch of our Bols Liqueurs range with natural botanicals in all our markets.
- Global relaunch of Bols Vodka in the Bols Cocktails look & feel.
- Launch of Bols Ready to Enjoy Cocktails in a can.
- All Bols propositions with one consistent design.





BOLS COCKTAILS

GLOBAL RELAUNCH BOLS LIQUEURS

- Bols Liqueurs heavily impacted by COVID-19 due to high dependency on trade sales.
- During 2nd quarter strong recovery due to temporary opening of on-trade, mainly driven by China, the US and selected other markets.
- Sales training programs to support the Bols relaunch: In key markets like the USA and Russia, over 600 sales professionals trained via E-learning and brand ambassador trainings.
- Signature drink strategies focused on low ABV Cocktails. Two key examples:
 - Bols Spritz: In several markets Bols started to grow its key flavour Elderflower in retail driven by the Elderflower Spritz campaign.
 - Bols Easy Mix: Liqueurs mixed with Tonic or Soda.

It is our philosophy that our liqueurs taste like real fruit, herbs or spices. This means that in order to match the real taste, you have to use REAL, NATURAL botanicals.

And it simply tastes better!



BOLS COCKTAILS

NEW COMMERCIAL INITIATIVES

Home cocktail consumption:

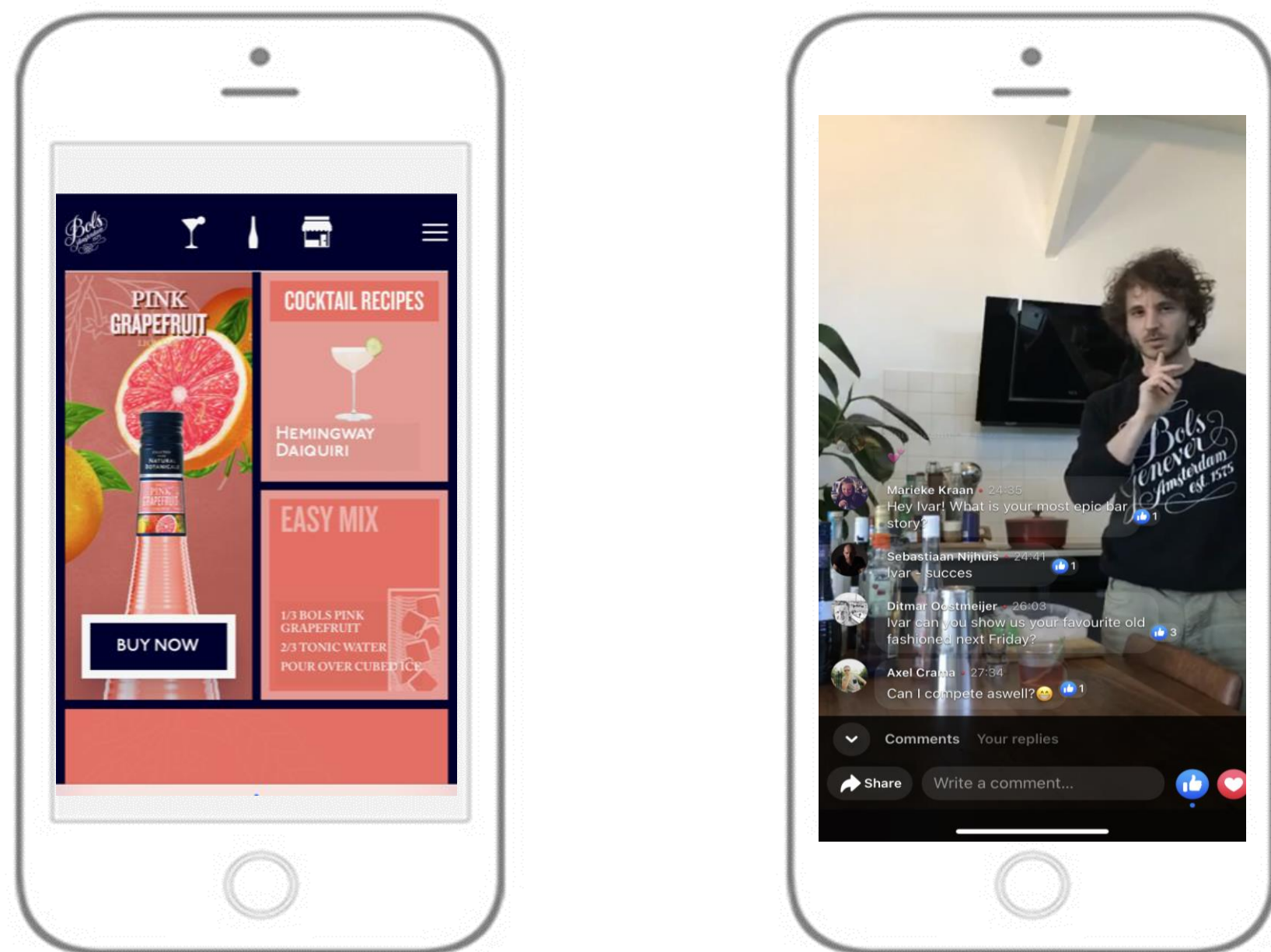
- Increased retail activation programs to leverage the clear trend towards mixing and drinking cocktails at home with DIY packages.

E-commerce:

- Continued developing our e-commerce proposition, increasing our exposure to in-home consumption.
- Benefitting from the home delivery of cocktails, particularly in the US.

Online bartender engagement programs:

- Online bartending courses offered by the Bols Bartending Academy.
- Free live streams with online bartending master classes.



PASSOÃ

- Despite the pandemic 20/21 has been a strong and promising year for Passoã.
- Depletions were up year-on-year in key markets UK, the US, the Netherlands, France, BeLux and Puerto Rico.
- The Porn Star Martini, consolidating its position as the number one cocktail in the UK, strongly supports Passoã's performance.
- The brand is a success in the retail channels benefitting from expanded distribution and an increased popularity of in-home cocktail mixing.
- Passoã's momentum in the US remains positive, driven mainly by retail sales thanks to distribution gains and increased rotation that resulted in significant brand growth.
- Also in other markets, including Australia the popularity of Passoã is increasing.

GALLIANO

- Galliano clearly reversed the declining trend, showing solid year-on-year growth in 2020/21.
- 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.
- Scandinavia achieved good results driven by the signature serve ritual 'The Original Galliano Hot Shot'.
- Also in the US Galliano returned to growth.

DAMRAK LAUNCHED VIRGIN 0.0

- Damrak has become the first global gin brand to introduce a non-alcoholic line extension – Damrak Virgin.
- Damrak Virgin launched in the Netherlands in April, followed by a launch in the US in August.
- Damrak Virgin was the highest rated non alcoholic spirit in the Ultimate Spirits Challenge 2020.
- Damrak Virgin secured the first retail chain listing in US.
- Damrak original Gin's packaging has been improved to stand out on the retail shelf.
- A US-targeting webshop was launched on damrakgin.com.



NUVO

- Retail brand Nuvo performed well.
- 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.
- The roll-out to international markets continued in selected markets in Latin America and Europe.



BREAK FREE
FROM THE
ORDINARY



1/3 PISANG
1/3 TONIC
1/3 ORANGE JUICE

PISANG AMBON

- Brand has been relaunched with a stronger positioning and design.
- New market listings in Norway.
- Off-trade and in home consumption boost in the key markets France and Belgium.
- Strong and increasing demand in France, resulting in positive off-trade sell-out performance and gain of distribution all year long.

GENEVEER NETHERLANDS

- Exclusive launch of Bols Corenwyn 10 years and build our share in Genever specialty segment.
- Improve our position in specialty Genever segment with increasing distribution for Bokma specialties.
- Educate Gall & Gall store owners with digital tasting sessions about the Genever category by our Master Distiller and our Master Bartender.
- Activate store owners to position the Genever specialties as a local aged variant for a standard whisky.





PALLINI

- Lucas Bols signed an agreement with Italy-based Pallini S.p.A. regarding the US distribution of the Pallini Limoncello brand.
- Lucas Bols started to distribute the brand in the US as from December 2020 onwards.
- Pallini was successfully transferred onto the Lucas Bols US distribution platform, including local marketing, sales and logistics.

FINANCIAL HIGHLIGHTS

PROFITABLE AND CASH GENERATIVE DESPITE COVID-19

INTRODUCTION

Key messages

- 1 Significant impact of COVID-19 on gross and net profit**
 - Drop in volumes (depletions & shipments)
 - Destocking by distributors
 - Change in market and channel mix
 - Lower absorption of production costs

Despite COVID-19 (incl. 2nd / 3rd wave), Lucas Bols:

- 2 remains profitable^{*}:**
 - Flexible and asset-light business model enables swift and effective cost measures
 - Agility in A&P spend
 - Significant overhead cost reductions
- 3 remains cash generative:**
 - Strict focus on working capital and cash
 - Improved cash conversion vs. last year
 - Further reduction in net debt
- 4 fully complies with covenants**

^{*} Normalised for one-offs

Topics covered in the presentation

- **P&L**
 - Summary
 - Global Brands and Regional Brands
 - Regions
 - Operating profit and D&A expenses
- **Balance sheet**
 - Incl. net debt
- **Cash flow**
 - Free operating cash flow
 - Cash conversion
- **Other matters**
 - Bank covenants (incl. recent amendments)
 - Impairments & other one-offs
 - Supply chain
 - Heading into FY 2021/22

COST SAVINGS OFFSET ALMOST 50% OF SEVERE COVID-19 IMPACT

P&L - SUMMARY

(€ x million)	Normalised			Organic
	FY 2020/21	FY 2019/20	Δ (%)	Δ (%)
Revenue	57,3	84,0	-31,8%	-31,3%
Cost of sales	-27,2	-36,3	-25,1%	-24,3%
Gross profit	30,1	47,6	-36,8%	-36,5%
Gross margin (%)	52,5%	56,7%		
D&A expenses	-21,5	-30,1	-28,4%	-27,3%
% of revenue	-37,6%	-35,8%		
Operating profit	8,6	17,6	-51,3%	-51,8%
Operating margin (%)	14,9%	20,9%		
Share of profit of JVs	-0,5	1,0		
EBIT	8,1	18,6	-56,5%	-56,9%
EBIT margin (%)	14,1%	22,2%		
Finance income/expenses	-3,4	-3,3	3,1%	3,1%
Profit before tax	4,6	15,3	-69,6%	-69,4%
Income tax expense	-1,3	-4,0	-66,6%	-66,6%
Net profit	3,3	11,3	-70,7%	-70,4%
Earnings per share (€ x1)	€ 0,26	€ 0,90	-70,7%	-70,4%

FY 2020/21		FY 2019/20	
Normalised net profit	3,3	11,3	Normalised net profit
One offs:			One offs:
- Impairment "Dutch brands" CGU	-8,9	-0,5	- Restructuring provision Avandis
- "Bargain buy" equity increase Avandis	1,7	-0,4	- Write-down doubtful debtors BolsKyndal
- Impairment BolsKyndal (India)	-0,7	-1,2	- Change in NL future CIT rate
- Change in NL future CIT rate	-3,9		
Reported net profit	-8,6	9,2	Reported net profit

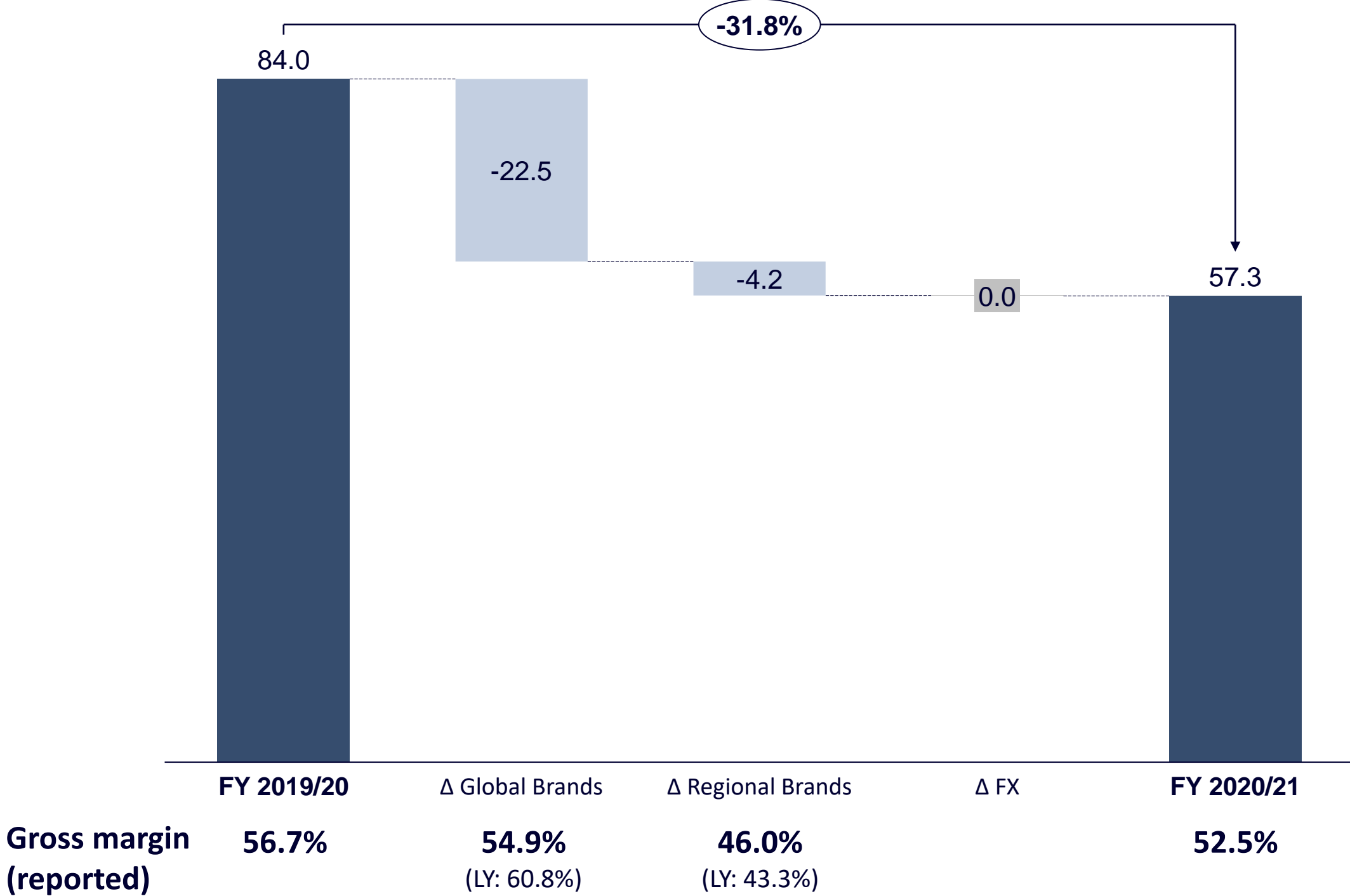
Revenue	<ul style="list-style-type: none">Down 32% to € 57.3 million (organically: -31%)COVID-19 impact across all regions and most brands, magnitude varies (lock-down measures, on-trade dependency, travel restrictions)Substantial destocking by distributorsNet impact of currencies is limited (USD offset by JPY, AUD and SEK)
Gross profit / margin	<ul style="list-style-type: none">Gross margin is 52.5%, vs. 56.7% last year (-420bps)Negatively impacted by production costs and mix effects<ul style="list-style-type: none">Channels: a higher retail revenue share (incl. more Commercial A&P)Markets: a lower high-margin market revenue shareLimited impact of currenciesGross profit declines by € 17.5 million (to € 30.1 million)
Operating profit ¹	<ul style="list-style-type: none">Cost-saving measures reduce the € 17.5 million gross profit decline to a € 9.0 million decline in normalised operating profit<ul style="list-style-type: none">A&P: scaled back by € 4.6 million vs. last year (-51%)Overhead: savings of € 3.9 million (-27%), part of which structuralPositive impact of currencies (€ 0.5 million)Operating profit at € 8.6 million / 14.9% of revenue (last year: 20.9%)
EBIT ¹	<ul style="list-style-type: none">Normalised EBIT is € 8.1 million (last year: € 18.6 million)Share of profit of JVs down € 1.5 million, representing our share in Avandis' loss (substantial COVID-19 impact on production volumes)Positive impact of currencies (€ 0.5 million)
Net profit ¹	<ul style="list-style-type: none">Normalised net profit is € 3.3 millionNet finance costs are € 3.4 million (in line with last year)Income tax expense down € 2.7 million, effective tax rate at 28.7%<ul style="list-style-type: none">Last year: 26.2%Higher than Dutch nominal tax rate due to strong performance of Passoã (taxed in France at a higher rate)
EPS	<ul style="list-style-type: none">Normalised EPS is € 0.26 (FY 2019/20: € 0.90)Reported EPS amounts to -€ 0.69 (FY 2019/20: € 0.74)

¹ Normalised for one-offs

GLOBAL BRANDS SUFFER FROM ON-TRADE MEASURES

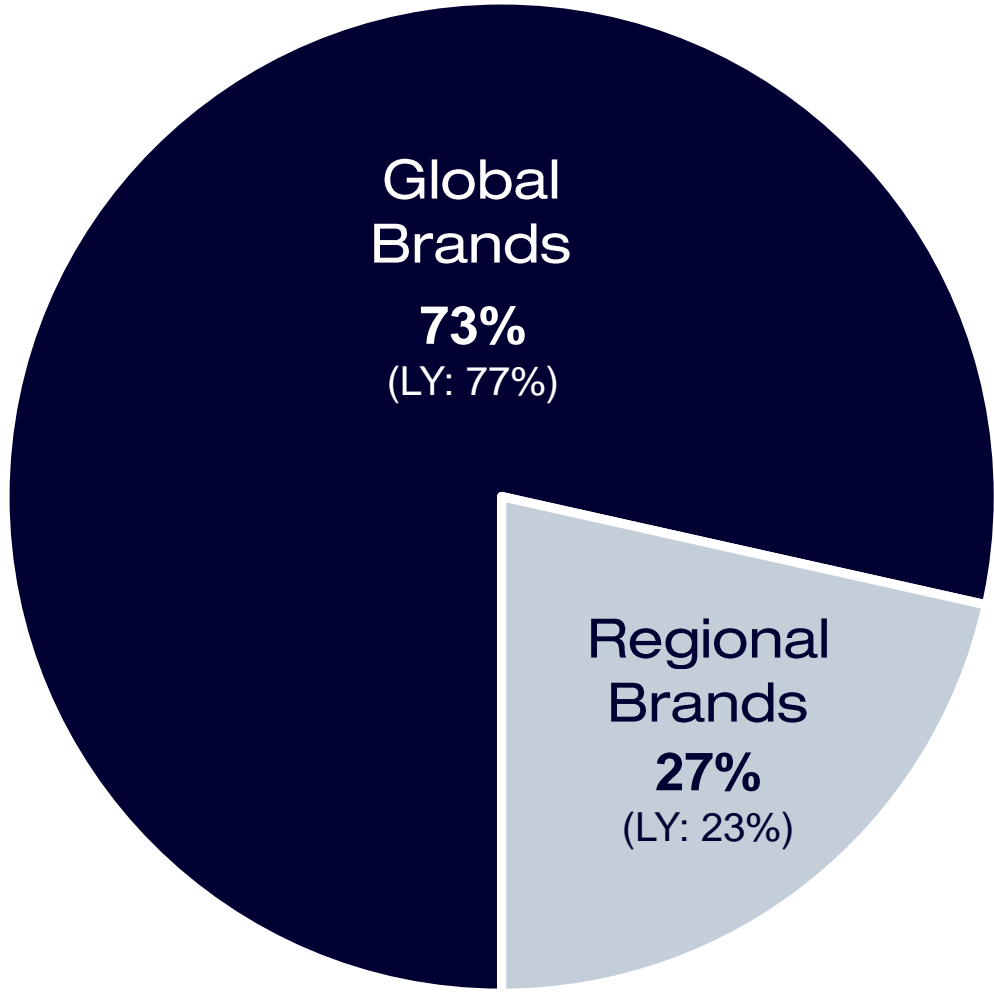
P&L – REVENUE AND GROSS MARGIN GLOBAL BRANDS AND REGIONAL BRANDS

Revenue development (in € millions)



Revenue (€ x million)	Reported			Organic
	FY 2020/21	FY 2019/20	Δ (%)	Δ (%)
Global Brands	42,1	64,5	-34,8%	-34,2%
Regional Brands	15,2	19,4	-21,6%	-21,4%
Total	57,3	84,0	-31,8%	-31,3%

Revenue split



Global Brands

- COVID-19 impacted all brands
- De-stocking at distributors
- Bols Liqueurs, Damrak and Vaccari hit by on-trade closure
- Strong performance of more retail-driven brands:
 - Passoã (all key markets incl. US, “new” markets)
 - Galliano (Pacific, US)
 - Nuvo (US)
- Swift and strong recovery in Q2 and Q4

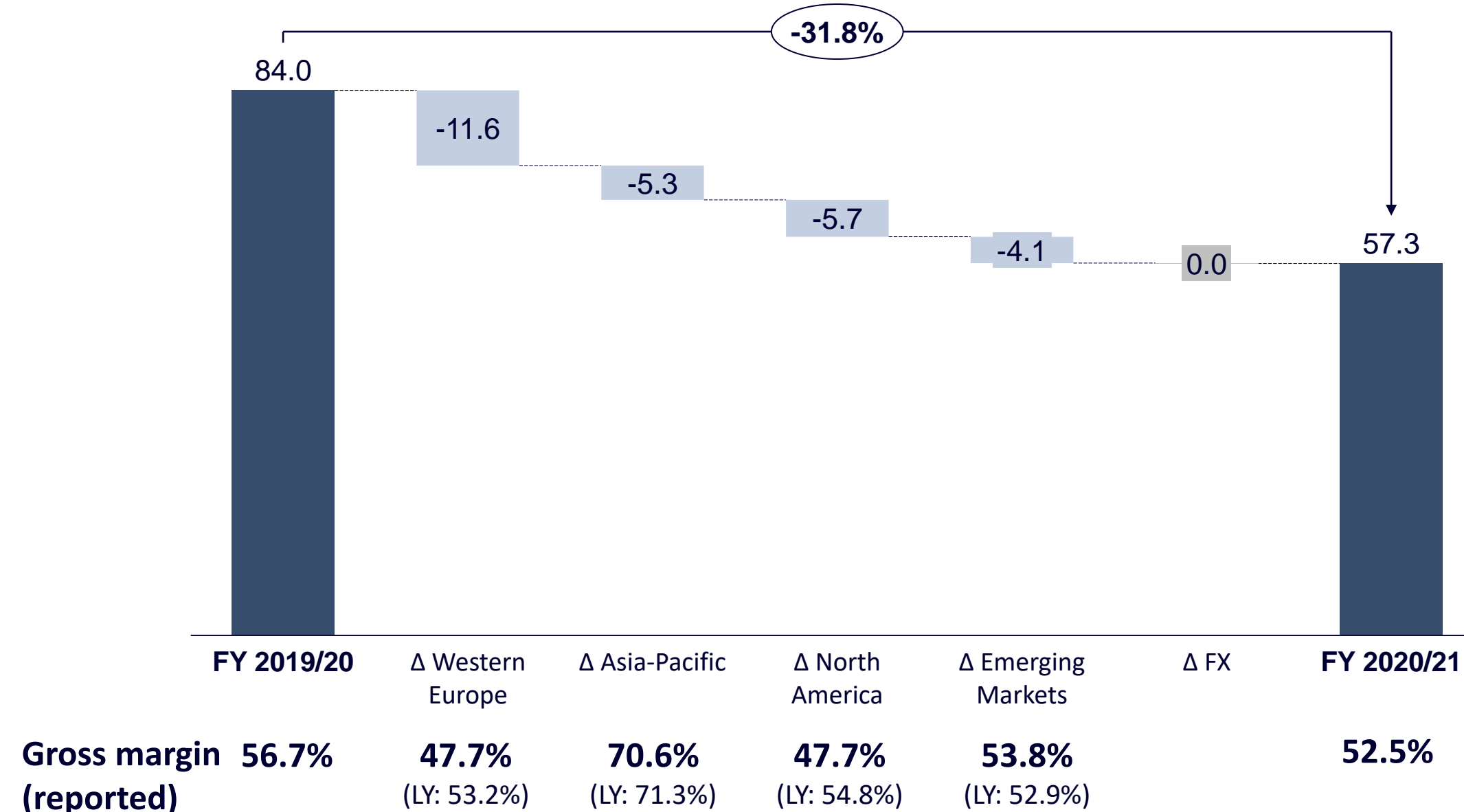
Regional Brands

- Less affected by COVID-19: relatively more retail focused
- Positives:
 - Pisang (France, BeLux)
 - Henkes (West Africa)
- Negatively impacted:
 - Domestic jenever/vieux (on-trade, continued decline in market)
 - Delft-blue houses (travel)
 - Value brands
- Successful protection of profitability (price increases)

IMPACT AND RECOVERY VARIES BY REGION AND MARKET

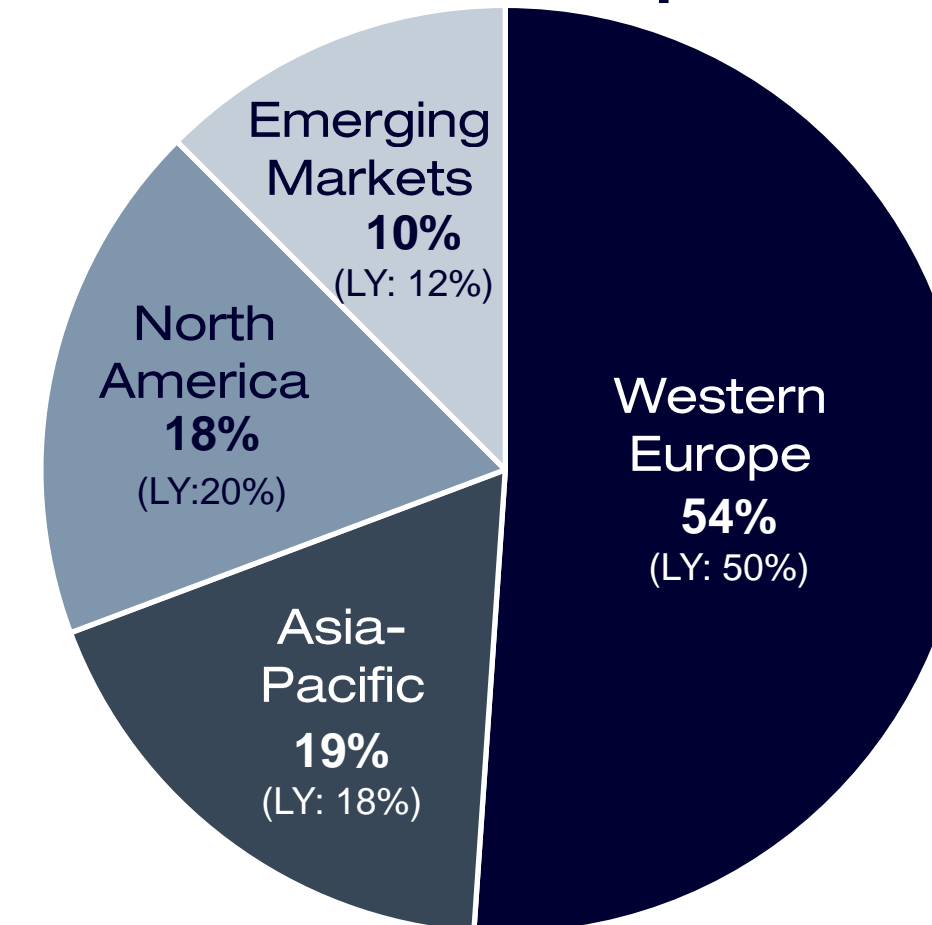
P&L – REVENUE AND GROSS MARGIN BY REGION

Revenue development (in € millions)



Revenue (€ x million)	Reported			Organic
	FY 2020/21	FY 2019/20	Δ (%)	Δ (%)
Western Europe	30,8	42,1	-27,0%	-27,4%
Asia - Pacific	10,6	15,2	-30,1%	-33,4%
North America	10,4	16,8	-38,1%	-33,0%
Emerging Markets	5,5	9,8	-44,0%	-41,9%
Total	57,3	84,0	-31,8%	-31,3%

Revenue split



Western Europe

- High retail exposure
- UK outperforms (Passoã, Bols)
- Good resilience in France
- Retail partly compensates in NL, BeLux and Scanda only
- South Europe more on-trade
- Travel retail almost no business

Asia-Pacific

- Outstanding performance in the Pacific (Galliano, Passoã)
- China achieved YoY growth
- Japan remains challenging (COVID-19 recovery)
- Lack of tourism in South-East Asia

North America

- Bols Liqueurs followed on-trade closures and re-openings
- Strong depletion growth Q4
- Retail brands (Passoã, Galliano, Nuvo) grow and “premiumise”
- Canada did well (Bols Vodka), as did Puerto Rico (Passoã)

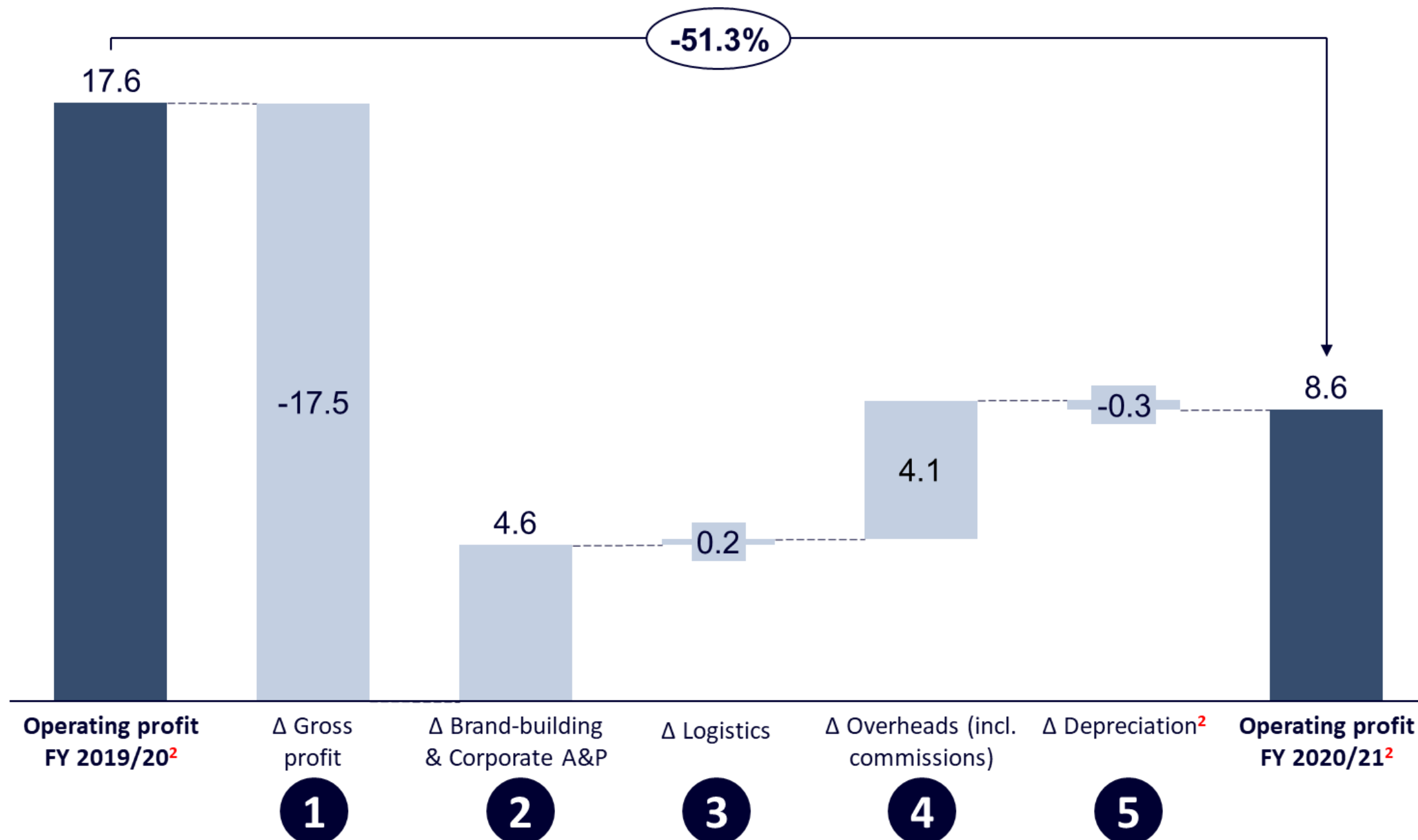
Emerging Markets

- Eastern Europe and LatAm are heavily on-trade driven: slow re-opening
- Africa varies by market
- Return to depletion growth in Q4 (Russia, LatAm, West Africa)
- Protection of profitability

COST MEASURES REDUCE IMPACT ON OPERATING PROFIT

P&L – OPERATING PROFIT AND DISTRIBUTION & ADMINISTRATIVE EXPENSES

Operating profit² development (in € millions)



- 1 Gross profit down € 17.5 million, as COVID-19 impacts both volumes (on-trade closures, destocking) and pricing / gross margin % (mix effects, lower absorption of production costs)

Decline in normalised Operating profit reduced to € 9.0 million:

- 2 Brand-building and Corporate A&P is reduced by € 4.6 million³, applying agility to brand investments. Investments (excl. Commercial A&P) are 7.8% of revenue (FY 2019/20: 10.8%)
- 3 Logistic costs are down € 0.2 million. Savings are relatively less than the decline in shipments:
 - Partly fixed costs (e.g. warehousing)
 - Shipment mix (e.g. high shipments to Australia)
 - Global logistics circumstances (e.g. scarcity of containers)
- 4 Strict cost control reduced overheads by € 4.1 million (despite project costs)
 - Savings mainly apply to personnel expenses (including COVID-19 government support), travel & entertainment and office / housing expenses
 - 18.2% of revenue (FY 2019/20: 17.1%)
 - Significant part of the savings are considered structural
- 5 Depreciation goes up slightly, mainly reflecting the new ERP

² Normalised for one-offs

³ Excluding € 0.4 million savings in Commercial A&P (accounted for in net revenue)

€ 6.9 MILLION REDUCTION IN NET DEBT

BALANCE SHEET

(€ x million)	FY 2020/21	FY 2019/20	Δ
Intangible assets	298,2	307,4	-9,2
Investments in JVs	9,0	7,3	1,7
Other non-current assets	10,6	10,9	-0,2
Non-current assets	317,9	325,6	-7,7
Cash & cash equivalents	18,8	33,1	-14,3
Net working capital	13,8	18,3	-4,5
Other current assets	-	-	-
Current assets	32,6	51,4	-18,8
TOTAL ASSETS	350,4	377,0	-26,6
Equity	184,8	193,7	-8,9
Loans & borrowings	95,3	49,7	45,6
Deferred tax liabilities	45,9	42,7	3,2
Other non-current liabilities	6,6	7,2	-0,6
Non-current liabilities	147,8	99,6	48,3
Loans & borrowings	15,7	11,9	3,8
Other current liabilities	2,1	71,9	-69,8
Current liabilities	17,8	83,8	-66,1
TOTAL EQUITY & LIABILITIES	350,4	377,0	-26,6

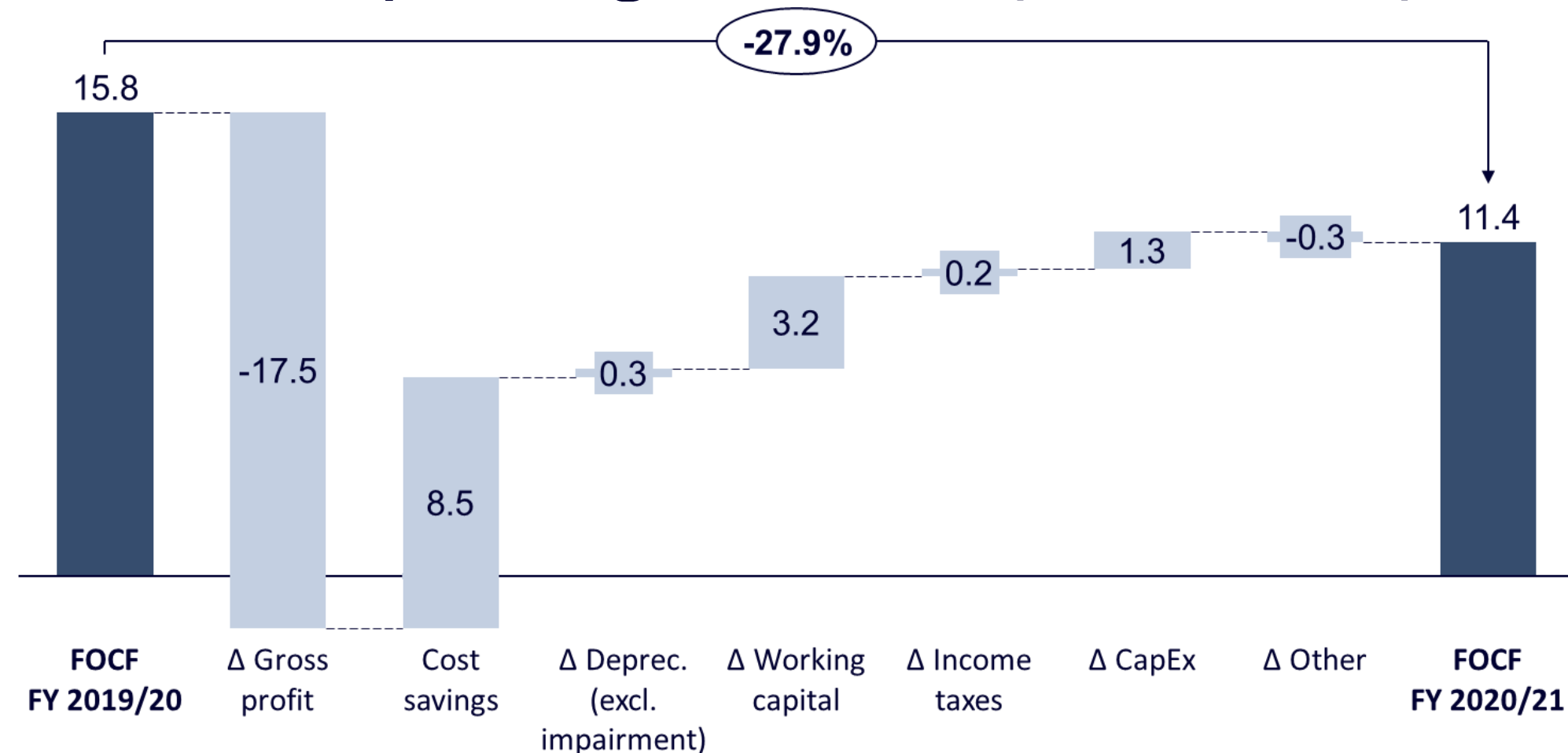
Non-current assets	<ul style="list-style-type: none">Intangible assets decrease following an impairment (€ 8.9 million)Carrying value of investments in joint ventures increases by € 1.7 million<ul style="list-style-type: none">Increase in equity stake Avandis (from 33.3% to 50.0%)Partly offset by the impairment of BolsKyndal (India)Maxxium's profitability is in line with FY 2019/20 despite COVID-19Last phase of ERP is capitalised under PP&E (other non-current assets)																												
Current assets	<ul style="list-style-type: none">Strong focus led to a € 4.5 million improvement in net working capital⁴<ul style="list-style-type: none">The € 8.6 million decrease in receivables is driven by a substantial reduction in over-dues combined with lower trading due to COVID-19Inventories were increased by € 2.7 million:<ul style="list-style-type: none">31 March 2020: shipments to markets to prepare for local lockdowns31 March 2021: increase in production to phase production at Avandis and prepare for markets re-opening once COVID-19 measures are lifted																												
Non-current liabilities	<ul style="list-style-type: none">The deferred tax liability increases due to the one-off remeasurement																												
Current liabilities	<ul style="list-style-type: none">Current loans & borrowings includes a € 2.5 million re-payment (Mar 2022)Execution of the Passoã option (Dec 2020) reduced other current liabilities																												
Net debt	<ul style="list-style-type: none">A rigorous cash focus enabled Lucas Bols to reduce net debt by € 6.9 million (to € 92.4 million) despite COVID-19The completion of the Passoã acquisition had no impact on net debtDuring the year, € 2.0 million was re-paid on the revolving credit facility <table><tr><th>Net debt (€ x million)</th><th>FY 2020/21</th><th>FY 2019/20</th><th>FY 2018/19</th></tr><tr><td>Facilities drawn</td><td>-98,0</td><td>-50,0</td><td>-48,0</td></tr><tr><td>Passoã call/put option liability</td><td>-</td><td>-70,5</td><td>-69,3</td></tr><tr><td>Interest-bearing debt</td><td>-98,0</td><td>-120,5</td><td>-117,3</td></tr><tr><td>Cash & cash equivalents</td><td>18,8</td><td>33,1</td><td>21,2</td></tr><tr><td>Bank overdrafts</td><td>-13,2</td><td>-11,9</td><td>-7,6</td></tr><tr><td>Net debt</td><td>-92,4</td><td>-99,3</td><td>-103,6</td></tr></table>	Net debt (€ x million)	FY 2020/21	FY 2019/20	FY 2018/19	Facilities drawn	-98,0	-50,0	-48,0	Passoã call/put option liability	-	-70,5	-69,3	Interest-bearing debt	-98,0	-120,5	-117,3	Cash & cash equivalents	18,8	33,1	21,2	Bank overdrafts	-13,2	-11,9	-7,6	Net debt	-92,4	-99,3	-103,6
Net debt (€ x million)	FY 2020/21	FY 2019/20	FY 2018/19																										
Facilities drawn	-98,0	-50,0	-48,0																										
Passoã call/put option liability	-	-70,5	-69,3																										
Interest-bearing debt	-98,0	-120,5	-117,3																										
Cash & cash equivalents	18,8	33,1	21,2																										
Bank overdrafts	-13,2	-11,9	-7,6																										
Net debt	-92,4	-99,3	-103,6																										

⁴ Includes a payable corresponding to Lucas Bols' share in Avandis' COVID-19 driven net loss

FOCUS ON CASH RESULTS IN SOLID CASH GENERATION

CASH FLOW

Free operating cash flow (in € millions)

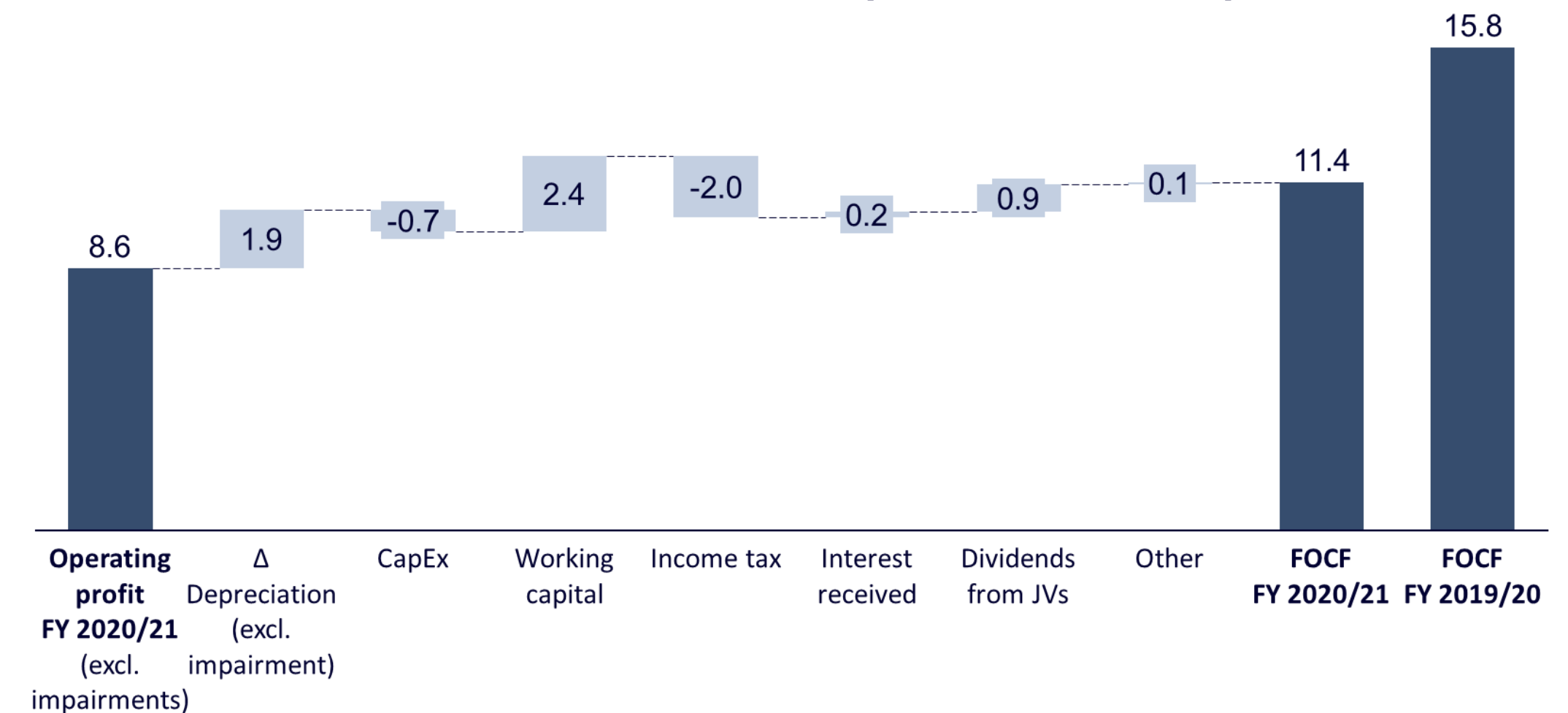


- Free operating cash flow⁵ declined by only € 4.4 million
- From a cash perspective, the € 17.5 million COVID-19 related drop in gross profit was largely offset by:
 - cost savings (+ € 8.5 million)
 - working capital improvements (+ € 3.2 million)⁶
 - reduced CapEx (+ € 1.3 million)
 - lower income taxes paid (+ € 0.2 million)
- Slightly lower dividends received (-/- € 0.2 million, included in other)

⁵ Free operating cash flow: net cash from operating activities minus capital expenditures

⁶ For cash-flow purposes the payable i.r.t. Lucas Bols' share in Avandis' net loss is excluded

Cash conversion (in € millions)



- This cash and expenditure management resulted in a strong FY 2020/21 cash conversion rate⁷ of 108.5%, well above FY 2019/20 (82.2%)
- Cash generated from operations, working capital and dividends from JVs was used for:
 - CapEx (€ 0.7 million, mainly the last phase of the ERP)
 - income tax payments (€ 2.0 million, in France)

⁷ Cash conversion: free operating cash flow divided / (operating profit + depreciation)

WELL POSITIONED FOR POST COVID-19 RECOVERY

OTHER MATTERS

Bank covenants

- 31 Mar 2021: full compliance with amended covenants
- Apr 2021: extension of amendments to address prolonged COVID-19 impact and facilitate execution of growth strategy
 - 30 Sep 2021, 31 Mar 2022 and 30 Sep 2022:
 - No leverage and interest cover *ratio* testing
 - Instead: minimum EBITDA (LTM) and liquidity *levels*

(€ x million)	min. EBITDA (LTM)	min. liquidity
30 Sep 2021	4,5	12,5
31 Mar 2022	8,0	12,5
30 Sep 2022	11,0	15,0

- 31 Mar 2023: back to *ratio* testing, but vs. 4.50x (leverage ratio) and 2.76x (interest cover ratio) covenants, resp.

Supply chain

- No raw material supply issues or constraints
- All three key production sites have remained fully operational
- Logistics remained fully operational despite global disruption
- No out-of-stocks
 - Additional inventory held by Lucas Bols per 31 Mar 2021
 - Healthy in-market stock levels achieved through destocking
- Avandis
 - COVID-19 temporarily reduced volumes, resulting in lower absorption of production costs and a joint-venture loss
 - Equity share brought more in line with relative volume share
 - Production of Passoã successfully transferred to Avandis

Impairments & other one-offs (all non-cash)

- € 8.9 million impairment on Dutch brands CGU
 - Mainly domestic portfolio brands
 - Driven by impact of COVID-19, changes in competitive market circumstances and continuing market decline
- € 0.7 million impairment on BolsKyndal (India) reflects further challenges re. economic, political and market circumstances
- The increase of our equity share in Avandis results in a € 1.7 million “bargain buy”(carrying value exceeds purchase price)
- Another increase in the future Netherlands income tax rate (from 21.7% to 25.0%) drives a € 3.9 million one-off income tax expense

Heading into FY 2021/22

- Improving trends, but some uncertainty and impact remains
 - COVID-19
 - Global disruption (logistics, raw material pricing)
 - Agility re. cost and cash measures continues
- Well prepared for recovery and growth
 - Bank agreements allow headroom and brand investments
 - Acceleration of strategic & product development initiatives
 - Structural impact of cost and cash measures
 - Organisational and process improvements have been implemented
- c. € 1.0 million negative FX impact expected on EBIT



OUTLOOK



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.

LUCAS  BOLS

1575