Full-year results 2021/22 (1 April 2021 – 31 March 2022)

25 May 2022

2021/22 performance well ahead of pre-pandemic level

Important strategic initiatives successfully implemented

Highlights full-year 2021/22

- **Revenue came in at € 92.0 million, +10% compared to 2019/20 (pre COVID-19 level) and up a strong 61% year-on-year. This revenue growth is mainly driven by a solid performance in many key markets, organic growth of the core brands and gradual on-trade re-openings**
- **Most markets saw a robust recovery and some markets even posted excellent growth vs. 2019/20, in particular the US (+53%), the UK (+62%) and Australia (+62%). Japan and travel-related markets were still adversely impacted by COVID-19**
- **Depletions (sales by distributors) were up 28% compared to 2020/21 (+7% vs. 2019/20), reflecting a solid performance of our Global Cocktail Brands: Bols Cocktails, Passoã and Galliano**
- **The gross margin of 55.9% (down 80bps vs. 2019/20) reflects increased input costs (in keeping with the industry as a whole), a different shipment mix and the addition of the distribution contract of Pallini in the US**
- **Operating profit (excl. one-off items) increased 140% to € 20.6 million while net profit (excl. one-off items) rose from € 3.3 million in 2020/21 to € 14.7 million this year**
- **Free operating cash flow came in at € 15.6 million (2020/21: € 11.4 million), which is solid given the investments in inventories to counter longer lead times. This, together with the December 2021 equity issue, enabled a substantial net debt reduction of € 31.7 million to € 60.7 million as at 31 March 2022, resulting in a leverage ratio of 2.74x (31 March 2020: 5.07x)**
- **The Fit for Growth operating model was successfully implemented as of April 2021, further improving our focus on key brands, cocktails, innovation and the flawless execution of our asset-light business model**
- **Lucas Bols acquired Tequila Partida, strengthening the brand portfolio in one of the fastest growing spirits categories in the US and a key ingredient of the Margarita cocktail**
- **Bols Ready-to-Enjoy Cocktails were launched in the Netherlands and the US in H2, where important retail listings were gained and targeted campaigns implemented**
- **Because of the recent equity issue (December 2021) and the objective to improve leverage the Management Board will refrain from proposing a dividend for the 2021/22 financial year but intends to return to dividend distribution as from the 2022/23 financial year**
- **Building on the 2021/22 achievements we remain optimistic about the future despite the impact of the growing macroeconomic and geopolitical instability**

Huub van Doorne, CEO of Lucas Bols: *"We are very pleased with the solid results achieved in the 2021/22 financial year. Although COVID-19 remained a central theme, we were able to recover rapidly in most key markets, leading to revenue growth of 61%. Due to our ongoing interactions with our distributors, the resilience of our brands and the gradual reopening of the on-trade we bounced back to pre-pandemic levels and even outperformed in some markets including the US, the UK and Australia. This is a testament to our brand-building capabilities and the strong momentum and relevance of our brands.*

Passoã performed excellently, with the brand's premiumisation and cocktail positioning resulting in a second consecutive year of double-digit growth. The Bols Cocktails brand showed significant recovery following the reopening of the on-trade in various key markets and the successful expansion of outlets in the US to well over 50,000 accounts. We are excited about the acquisition of Tequila Partida, one of the world's highest-rated ultra-premium tequila brands, and look forward to realising its full potential. The transition to our Lucas Bols USA platform has been seamless, leveraging our experience with Pallini, where growth was realised in its first year as part of the Lucas Bols portfolio in the US.

The implementation of Fit for Growth enables us to further accelerate the execution of our cocktail-focused strategy with the aim to step up growth. The whole Lucas Bols team is contributing to this and I am very grateful for their unwavering dedication.

Other strategic milestones achieved during the year under review include the creation of Maxxium BeLux, (a consequence of which is that we now control approximately 40% of our global distribution), the renewal of distribution contracts in some core markets and the major reduction in net debt, resulting in a healthy leverage ratio.

In 2021/22 global supply chain disruptions affected both the availability and pricing of raw materials and logistics which were further impacted by the recent increase in macroeconomic and geopolitical instability. This had an impact on our profitability and cash generation, which we offset with targeted measures where possible. As we foresee this continuing in the 2022/23 financial year, we have invested in our working capital by holding more inventory.

While global circumstances continue to pose uncertainties, we proudly look back on an important and successful year while looking forward to the future with optimism, not in the least because we expect our Global Cocktail Brands and key markets to continue growing."

Key figures

in € million unless otherwise stated, for the year ended	31 March 2022		31 March 2021		31 March 2020
	Reported	**Excl. one-offs[1]**	**Excl. one-offs[1]**	**% change[2]**	**% change[2]**
Revenue	92.0	92.0	57.3	59%	11%
Gross margin	55.9%	55.9%	52.5%	200 bps	-70 bps
Operating profit	20.4	20.6	8.6	130%	19%
Operating profit margin	22.2%	22.4%	14.9%	670 bps	-10 bps
EBIT[3]	22.6	22.8	8.1	171%	24%
Net profit	11.7	14.7	3.3	319%	34%
Earnings per share (in €)	0.89	1.11	0.26	n/a	n/a
Free operating cash flow[4]	15.6	15.6	11.4	n/a	n/a
Net debt	60.7	60.7	92.4	n/a	n/a

Business review

Brands

Global Cocktail Brands

Bols Cocktails
The Bols Cocktails brand (Bols Liqueurs, vodka, genever and Ready-to-Enjoy Cocktails) showed a strong recovery across many markets as soon as the on-trade reopened, predominantly in the US and across Europe. The global performance of the Bols Cocktails brand is well ahead of last year (revenue up 65%) and in many key markets even better than before the pandemic. In the US the focus was on continued engagement with our distributors and driving the expansion of distribution points to a level well beyond 50,000 accounts. In Japan and Southeast Asia the brand continued to suffer from severe COVID-19 restrictions, significantly affecting depletions, although depletions were slightly higher than a year ago.

The introduction of the Bols Ready-to-Enjoy Cocktails range in the US and the Netherlands as from October 2021 emphasises our increased consumer focus and mirrors the growing in-home cocktail consumption trend, both of which are fully in line with our long-term cocktail strategy. For the first time a Bols Cocktails consumer communications campaign was held to support the launch of the Bols Ready-to-Enjoy Cocktails. The first results of

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[1] An overview of the one-off items is provided on page 7 of this press release under One-off items

[2] Organic: excluding one-off items and at constant currencies

[3] 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

[4] Free operating cash flow is net cash from operating activities minus cash used for the acquisition of property, plant and equipment and intangible assets

the campaign are very promising and the Bols Ready-to-Enjoy Cocktails have been well received by the trade and consumers alike.

Passoã
The past year has again been excellent for Passoã with double-digit revenue growth (reported revenue up 66%). All key markets except Japan performed better than before the pandemic. Passoã's growth in the US was outstanding, while positive and promising momentum was also observed in most mature European markets. In the UK the brand grew across all trade channels. From an in-home consumption perspective the UK significantly outperformed the category, supported by the confirmed popularity of the Porn Star Martini cocktail and our increased A&P investments in brand building. The accelerated growth in the Netherlands, a more historical and mature market, shows the success of the strategic shift the brand made a few years ago and underpins the perfect fit of the brand with current consumer and cocktail trends.

Galliano
Galliano achieved continued growth in all key markets (reported revenue up 6% on 2020/21). In Australia and New Zealand the brand's increased volumes were mainly driven by retail sales as consumers socialised at home with Galliano Sambuca.

The Galliano brand achieved excellent results in Scandinavia, leveraging the original signature Galliano Hot Shot serving ritual. Supported by on-trade activations, orders ramped up quickly in the second half of the year. In the US the Galliano brand posted double-digit growth versus the year before, with an increase in the number of points of distribution for Galliano L'Autentico and a significant increase in rotation for Galliano Espresso (formerly Galliano Ristretto) driven by its popular signature serve: the Galliano Espresso Martini.

Regional Liqueurs & Spirits

Overall revenue of the Regional Liqueurs & Spirits grew 50% year-on-year and was up 13% compared to 2019/20. More retail-oriented brands such as Pisang Ambon and Nuvo performed well, as did Vaccari. The Dutch Genever & Vieux portfolio, a category which has been in decline for several years, remains under pressure due in part to the introduction of restrictions on price promotions imposed by the Dutch government in July 2021. The portfolio has maintained its market position and in doing so remains the market leader in the Netherlands. Hoppe Vieux and the Henkes brand showed a very resilient performance. In 2021/22 steps were taken to increase the gross margin, including the implementation of price increases. Pallini is performing in line with its growth plan and has been a valuable addition to the portfolio in the US since December 2020.

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. Passoã is clearly a powerful contributor to the growth in the US market, driven by various Passoã cocktails including the Passoã Sangria. The popular Espresso Martini cocktail boosted sales of Galliano while Nuvo and Pallini also contributed to the growth in the US. The premiumisation of our brand portfolio continued: reported revenue per case grew 29% 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 Passoã 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 Passoã 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 Vaccari 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, the situation did not materially impact 2021/22 performance.

Commercial initiatives

In the year under review the pandemic continued to pose challenges on the effective development and implementation of commercial initiatives. Nevertheless, many promising initiatives were undertaken to fuel the enthusiasm of our business partners and brand ambassadors and we continue to engage with bartenders around the world virtually. The Bols Bartending Academy further rolled out the e-learning platform that was developed during the pandemic and we were able to organise a successful in-person Bols bartender competition in Dubai. Looking at leveraging business opportunities, great efforts were made to accelerate our focus on retail, to enhance our online communication and sales strategy and to 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.

Depletions

2021/22 depletions were up 28% compared to 2020/21 and up 7% versus 2019/20. The Global Cocktail Brands grew 28% compared to 2020/21 and the Regional Liqueurs & Spirits were up 29%. The growth in the Sophisticated Cocktail Markets (US, Canada and Puerto Rico) touched an impressive 36% compared to 2020/21 and 38% versus 2019/20.

Depletions (value) **2021/22**	**% change vs. 2020/21**	**% change vs. 2019/20**
Total	28%	7%
Brands		
Global Cocktail Brands	28%	7%
Regional Liqueurs & Spirits	29%	9%
Regions		
Sophisticated Cocktail Markets	36%	38%
Developed Cocktail Markets	21%	0%
Emerging Cocktail Markets	48%	-3%

Supply chain and geopolitical situation

Global disruptions in the supply chain impacted the 2021/22 financial year. Shortages of raw materials (e.g. glass and aluminium) posed serious challenges on material requirements, production planning and product availability. Impacted further by war in Ukraine, input costs continued to increase, mainly on alcohol, aluminium, glass, sugar and paper. In addition, headwinds on logistical costs intensified during the year as a result of global container scarcity, increased rates and a more expensive shipment mix (mainly driven by the substantial growth in the US and Australia).

We took decisive actions to mitigate the impact. To counter the longer lead times due to the limited availability of certain raw materials and shipping containers we made targeted investments in our inventory levels. We also agreed price increases with our customers and kept overhead cost saving measures in place where possible to protect profit margins. Thanks to these measures and the company’s strong and flexible supply chain partnerships we were able to deliver our products to markets around the world without facing any substantial out-of-stock situations, even under these challenging circumstances. Nevertheless, these headwinds put notable pressure on margins and profit in 2021/22.

Lucas Bols stopped shipments to Russia immediately after the start of the invasion of Ukraine. Lucas Bols has no employees in Russia and is not buying or importing anything from Russia. Furthermore, Lucas Bols does not have a distributor nor are we active with Lucas Bols’ brands in Belarus. The combined revenue of Ukraine and Russia for

Lucas Bols represents around 1% of our total annual revenue. Lucas Bols is continuously monitoring and evaluating the situation and respects all applicable restrictions.

Route to market

In 2021/22 Lucas Bols strengthened its control of the route to market of its brands. With the creation of Maxxium BeLux, a 50-50 distribution joint venture with Edrington for Belgium and Luxembourg, Lucas Bols now controls the distribution of approximately 40% of its revenue. The joint venture enables Lucas Bols to meet the demands of key customers across the Benelux region with a single-distributor solution.

In the UK, one of our key cocktail markets, a new distributor was appointed to take on the Bols Cocktails, Galliano and Pisang Ambon brands. Furthermore, we renewed a number of important distribution contracts in the past year in key markets including Japan, Australia and New Zealand, China, Scandinavia and Germany, as well as Passoã in the UK, successfully securing our route to market for the next two to three years.

Tequila Partida acquisition

The acquisition of Tequila Partida, one of the world's highest-rated ultra-premium 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.

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 benefitted 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 52.5% 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 € 0.9 million on gross profit.

The gross margin of the Global Cocktail Brands increased by 420bps to 60.2%, driven by accelerated growth of Passoã, mainly in Western Europe, an improved shipment mix in the USA as well as lower investments 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 Vaccari.

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 € 0.9 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 in 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 14.9% 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 logistics 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 and Spirits.

	Global Cocktail Brands		**Regional Liqueurs & Spirits**	
(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 € 3.9 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 (€ 2.2m) 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: € 0.26, 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 BeLux 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);
- € 1.9 million of expenses relating to the financing of the BolsKyndal joint venture in India (included in 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 (€ 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 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 Lucas 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 € 40.6 million to € 225.5 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 we foresee further increases on input and logistical costs. 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 to continue achieving the 4-5% annual revenue growth target for 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.

Further information

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About Lucas Bols
The Lucas Bols Company is a leading global cocktail and spirits player in the worldwide cocktail market and one of the oldest Dutch companies still active. Our mission is to create great cocktail experiences around the globe.
The Lucas Bols Company is active in over 110 countries worldwide with a portfolio of more than 20 premium and super-premium brands. Bols The World's First Cocktail 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 Passoã, the number-one passion fruit liqueur, and the ultra-premium Tequila Partida brand.

Through the House of Bols Cocktail & Genever Experience and the Bols Bartending Academy, the company provides inspiration and education to both bartenders and consumers.
With almost 450 years of experience in the art of distilling and blending spirits and cocktails combined with the creative spirit of Amsterdam, we truly are 'Masters of Taste'.

Lucas Bols has been listed on Euronext Amsterdam (BOLS) since 4 February 2015.

Annexes

1. Brand information
2. Market cluster information (geographical)
3. Full-year condensed consolidated report for 2021/22

Disclaimer

Some statements in this press release may be considered ’forward-looking statements’. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industry in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only express views as at the date of this press release and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities law.

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

1. Brand information

Global Cocktail Brands

(in € million unless otherwise stated, for the period ended 31 March)	2022	2021[5]	% change reported	% change organic[1]
Revenue	66.2	40.1	65%	64%
Gross profit	39.9	22.4	78%	76%
Gross margin	*60.2%*	*56.0%*	*420 bps*	*420 bps*
D&A expenses	12.8	7.5	70%	68%
% of revenue	*19.3%*	*18.8%*	*50 bps*	*50 bps*
EBIT	27.7	15.2	82%	95%
EBIT margin	*41.8%*	*37.9%*	*390 bps*	*640 bps*

Regional Liqueurs & Spirits

(in € million unless otherwise stated, for the period ended 31 March)	2022	2021[5]	% change reported	% change organic[1]
Revenue	25.8	17.2	50%	47%
Gross profit	11.6	7.7	51%	45%
Gross margin	*44.7%*	*44.4%*	*30 bps*	*-70 bps*
D&A expenses	3.6	1.7	113%	111%
% of revenue	*13.9%*	*9.8%*	*410 bps*	*420 bps*
EBIT	9.3	6.2	49%	41%
EBIT margin	*35.8%*	*36.1%*	*-30 bps*	*-160 bps*

Total

(in € million unless otherwise stated, for the period ended 31 March)	2022	2021[5]	% change reported	% change organic[1]
Revenue	92.0	57.3	61%	59%
Gross profit	51.4	30.1	71%	68%
Gross margin	*55.9%*	*52.5%*	*340 bps*	*300 bps*
D&A expenses (allocated)	16.4	9.2	78%	76%
% of revenue	*17.8%*	*16.0%*	*180 bps*	*180 bps*
D&A expenses (unallocated)	14.3	21.3	-33%	14%
Overhead (excl. depreciation) % of revenue	*13.8%*	*18.2%*	*-440 bps*	*-440 bps*
EBIT	22.6	0.2	13,968%	179%
EBIT margin	*24.6%*	*0.3%*	*2,430 bps*	*1,010 bps*

[5] Management realigned the names of its two reportable segments and the allocation of individual brands to the two reportable segments effective 1 April 2021. The 2021 numbers have therefore been restated.

2. Market cluster information (geographical)

Sophisticated Cocktail Markets (North America)

(in € million unless otherwise stated, for the period ended 31 March)	**2022**	**2021[6]**	**% change reported**	**% change organic[1]**
Revenue	25.7	10.4	147%	140%
% of total revenue	*27.9%*	*18.2%*		
Gross profit	13.7	5.0	177%	161%
% of total gross profit	*26.7%*	*16.5%*		
Gross margin	53.5%	47.7%	580 bps	460 bps

Developed Cocktail Markets (Western Europe, Japan and Australia/New Zealand)

(in € million unless otherwise stated, for the period ended 31 March)	**2022**	**2021**	**% change reported**	**% change organic[1]**
Revenue	52.3	39.0	34%	35%
% of total revenue	*56.8%*	*68.1%*		
Gross profit	29.9	20.9	43%	45%
% of total gross profit	*58.2%*	*69.3%*		
Gross margin	57.2%	53.4%	380 bps	420 bps

Emerging Cocktail Markets (Eastern Europe, Asia excl. Japan, Latin America and Africa/Middle East)

(in € million unless otherwise stated, for the period ended 31 March)	**2022**	**2021**	**% change reported**	**% change organic[1]**
Revenue	14.1	7.9	79%	74%
% of total revenue	*15.3%*	*13.7%*		
Gross profit	7.8	4.3	81%	70%
% of total gross profit	*15.1%*	*14.2%*		
Gross margin	55.2%	54.4%	80 bps	-140 bps

[6] Management realigned the set-up of market clusters (previously: regions) and the allocation of individual markets to these market clusters effective 1 April 2021. The 2021 numbers have therefore been restated.

Consolidated financial statements 2021/22

Consolidated statement of profit or loss

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2022	2021
Revenue	92,030	57,313
Cost of sales	(40,606)	(27,207)
Gross profit	**51,424**	**30,106**
Distribution and administrative expenses	(30,990)	(30,452)
Operating profit/(loss)	**20,434**	**(346)**
Share of profit of joint ventures	2,175	507
Finance income	29	188
Finance costs	(5,185)	(3,637)
Net finance costs	**(5,156)**	**(3,449)**
Profit/(loss) before tax	**17,453**	**(3,288)**
Income tax expense	(5,682)	(5,270)
Net profit/(loss)	**11,771**	**(8,558)**
Result attributable to the owners of the Company	**11,771**	**(8,558)**
Weighted average number of shares	13,238,276	12,477,298
Earnings per share		
Basic earnings per share (EUR)	0.89	(0.69)
Diluted earnings per share (EUR)	0.89	(0.69)

Consolidated statement of other comprehensive income

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2022	2021
Net profit/(loss)	**11,771**	**(8,558)**
Other comprehensive income – Items that will never be reclassified to profit or loss		
Remeasurement of net defined benefit liability/(asset)	10	(3)
Related tax	(3)	1
Equity accounted investees – share of other comprehensive income	(46)	(174)
	(39)	**(176)**
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	–	–
Net change in hedging reserve	937	(233)
Related tax	(234)	58
	651	**(165)**
Other comprehensive income for the year, net of tax	**612**	**(341)**
Total comprehensive income for the year, net of tax	**12,383**	**(8,899)**
Total comprehensive income attributable to the owners of the Company	**12,383**	**(8,899)**

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 2021		1,248	129,695	–	(237)	(990)	7,630	56,014	(8,558)	184,802
Transfer result prior period		–	–	–	–	–	–	(8,558)	8,558	–
Total comprehensive income										
Profit (loss) for the year		–	–	–	–	–	–	–	11,771	11,771
Other comprehensive income		–	–	–	(52)	703	–	(39)	–	612
Total comprehensive income		**–**	**–**	**–**	**(52)**	**703**	**–**	**(39)**	**11,771**	**12,383**
Issue of share capital	20	249	28,648	–	–	–	–	–	–	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		**1,497**	**157,787**	**–**	**(289)**	**(287)**	**7,630**	**47,417**	**11,771**	**225,526**

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)	–
Total comprehensive income									
Profit (loss) for the year	–	–	–	–	–	–	–	(8,558)	(8,558)
Other comprehensive income	–	–	–	10	(175)	–	(176)	–	(341)
Total comprehensive income	**–**	**–**	**–**	**10**	**(175)**	**–**	**(176)**	**(8,558)**	**(8,899)**
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)**	**(990)**	**7,630**	**56,014**	**(8,558)**	**184,802**

Consolidated statement of financial position

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Assets		
Property, plant and equipment	8,975	9,786
Intangible assets	306,864	298,213
Investments in equity-accounted investees	10,373	9,024
Other investments	232	831
Non-current assets	**326,444**	**317,854**
Inventories	17,624	13,295
Trade and other receivables	19,323	16,341
Other investments including derivatives	162	47
Cash and cash equivalents	25,588	18,827
Current assets	**62,697**	**48,510**
Total assets	**389,141**	**366,364**
Equity		
Share capital	1,497	1,248
Share premium	157,787	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)
Total equity	**225,526**	**184,802**
Liabilities		
Loans and borrowings	80,370	95,292
Other non-current financial liabilities	7,847	6,142
Employee benefits	–	505
Deferred tax liabilities	48,659	45,908
Total non-current liabilities	**136,876**	**147,847**
Loans and borrowings	5,750	15,703
Trade and other payables	18,174	16,457
Other current financial liabilities including derivatives	2,815	1,555
Total current liabilities	**26,739**	**33,715**
Total liabilities	**163,615**	**181,562**
Total equity and liabilities	**389,141**	**366,364**

Consolidated statement of cash flows

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2022	2021
Cash flows from operating activities		
Net profit/(loss)	**11,771**	**(8,558)**
Adjustments for:		
• Depreciation, amortisation and impairment	1,871	10,828
• Net finance costs	5,156	3,449
• Share of profit of joint ventures	(2,175)	(507)
• Income tax expense	5,682	5,270
• Provision for employee benefits	(505)	68
	21,800	**10,550**
Change in:		
• Inventories	(2,802)	(2,736)
• Trade and other receivables	(2,352)	8,578
• Trade and other payables	(522)	(3,397)
Net changes in working capital	**(5,676)**	**2,445**
Dividends from joint ventures	1,100	900
Interest received	151	188
Income tax paid	(1,591)	(2,002)
Net cash from operating activities	**15,784**	**12,081**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(8,514)	(71,300)
Acquisition of/additions to associates and joint ventures	(250)	(850)
Acquisition of property, plant and equipment	(109)	(705)
Acquisition of intangible assets	(38)	–
Net cash from (used in) investing activities	**(8,911)**	**(72,855)**
Cash flows from financing activities		
Proceeds from issue of share capital, net of related cost	28,341	–
Proceeds from loans and borrowings	–	62,000
Repayment of loans and borrowings	(12,500)	(14,000)
Cash dividend paid to shareholders	–	–
Payments made in lease contracts	(870)	(832)
Interest paid	(3,356)	(2,028)
Net cash from (used in) financing activities	**11,615**	**45,140**
Net increase/(decrease) in cash and cash equivalents	**18,488**	**(15,634)**
Cash and cash equivalents at 1 April	5,624	21,183
Effect of exchange rate fluctuations	726	75
Net cash and cash equivalents as at 31 March	**24,838**	**5,624**
Cash and cash equivalents (asset)	25,588	18,827
Less: bank overdrafts included in current loans and borrowings	(750)	(13,203)
Net cash and cash equivalents as at 31 March	**24,838**	**5,624**

The consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of financial position and consolidated statement of cash flows, as included in this press release, are based on the annual accounts prepared for the year ended 31 March 2022, which will be published on 25 May 2022. The annual accounts will be submitted to shareholders for approval at the General Meeting of Shareholders on 7 July 2022. In accordance with Section 2:293 and 395 of the Dutch Civil Code, we report that our auditor, Ernst & Young Accountants LLP (EY), has issued an unqualified auditor's report on the annual accounts dated 24 May 2022. For the understanding required to make a sound judgement as to the financial position and results of Lucas Bols N.V. and for a satisfactory understanding of the scope of the audit by EY, this press release should be read in conjunction with the annual accounts from which this press release has been derived, together with the auditor's report thereon issued by EY.