ANNUAL REPORT 2019/20

LUCAS BOLS

1575

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ANNUAL REPORT

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The paragraphs marked with a * are part of the report of the Management Board as defined in Title 9, Dutch Civil Code 2.

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 (outside 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 Passoã.

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 445 years of history as inspiration for developing our brands, maintaining our innovation leadership and becoming the undisputed bartending authority.

1575

OUR HERITAGE

For 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.

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 19th 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.

20th 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

Damrak, Lucas Bols' gin brand launches a non-alcoholic alternative in the US and the Netherlands with Damrak Virgin 0.0.

SHARING TASTES **EXPERIENCE** NEW FLAVOURS

FINANCIAL HIGHLIGHTS

Revenue
(in € mln)

84.0

2018/19: 87.0

Gross margin
(in % of revenue)

56.7

2018/19: 56.6

EBIT
(in € mln)

17.7

2018/19: 19.6

Operating free cash flow
(in € mln)

15.7

2018/19: 11.8

Normalised net profit
(in € mln)

11.3

2018/19: 12.8

Dividend per share
(in €)

0.35

2018/19: 0.60

SHARING MOMENTS
EXPERIENCE THE UNUSUAL

BRAND HIGHLIGHTS

1575

Oldest distilled spirits brand in the world

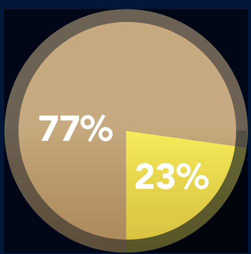
445

years of craftsmanship & cocktail history

More than **25** brands

Revenue split 2019/20

€ 64.5 million



€ 19.4 million

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 *

* outside the US

GENEVER

#1

World's No.1
genever

DAMRAK

1st Virgin

World's first Gin brand
to launch a Virgin 0.0

PASSOA

#1

The No.1 Passion Fruit
liqueur Passoã

INTERVIEW WITH THE MANAGEMENT BOARD

WHAT WERE THE MOST REMARKABLE DEVELOPMENTS THIS PAST YEAR?

"Looking back – and ahead – we cannot overlook China," said Lucas Bols CEO Huub van Doorne. "For us, China is one of the countries where we saw the greatest growth last year. An important driver of this is the growing middle class that is resulting in a clear increase in the number of modern restaurants and bars. We saw a significant rise in volumes in China and we were also able to raise our prices. This is a positive development, although it is worth noting that China's contribution to overall results is still relatively small."

"But then January came around and we were all confronted with the coronavirus," CFO Joost de Vries added. "Of course it was limited to China initially but then the whole world was impacted by the virus and its devastating impact. For our business we saw the first impact on depletions as of February but with the lockdown measures taken in countries around the globe and the uncertainty as to the duration of those measures and how the outbreak will evolve it is very difficult to predict what the impact for 2020/21 will be, but there will be a severe impact."

HOW WOULD YOU SUMMARISE THE YEAR?

"Apart from the impact of COVID-19, it was a year with positive developments but also a year with challenges," Huub van Doorne continued. "I mentioned the positive trend in China but there were also positive developments in Eastern Europe and the US. Looking at our brands, Bols Liqueurs was among the strong performers. One of the challenges we faced was mitigating the negative impact of new legislation in France. Furthermore, the entire retail market in Western Europe was challenging and the coronavirus has put pressure on bars and restaurants since February. The effect of these developments, combined with the high comparable basis in the second half of the year in the US, especially around Nuvo, and in the UK, related to Brexit, is that we were unable to grow our global brands in 2019/20."

"The year 2019/20 was a year with positive developments, but also a year with challenges"

HUUB VAN DOORNE

"We are pleased with the strong improvement in our operating cash flows"

JOOST DE VRIES

COULD YOU EXPAND MORE ON THESE CHALLENGES?

"A new law in France, called EGalim, introduced measures that restrict promotional activities in the retail sector, also impacting the Food & Beverages retail sector," Huub van Doorne explained. "In the short term this had quite a negative impact on our revenue in France, although it is expected to have a positive effect on margins in the long run."

"In addition our Avandis joint venture required attention last year. A large investment programme is underway to make the plant more efficient and enable it to meet the latest safety and environmental demands," Joost de Vries said, adding: "but as we all know, costs precede benefits and this is visible in our temporarily higher production costs."

WHAT ARE YOU THE PROUDEST OF?

"I have to mention China again," said Huub van Doorne. "We can see that all our hard work in the past few years is translating into growth. Even though this trend is currently temporarily disrupted by the coronavirus, it must be said that we have really achieved something in China. We are the number three in terms of liqueurs and that is something I'm really proud of," he said. "But we are also proud of the developments in the US," Joost de Vries added. "Large shipments in the 2018/19 financial year, as a result of the launch of Nuvo somewhat distorted the view of 2019/20, but from an underlying point of view we saw the growth in the market pick up, particularly in the second half of the year, until COVID-19 started to impact the market."

"Internally we also accomplished a major task with the implementation of a new ERP system completed on 1 April 2020," Joost de Vries continued. "Now we are even better equipped to deal with the complexity and dynamics associated with being an international organisation. We have more insight, better accessibility and flexibility for the future because the system operates in the cloud."

"We are also pleased with the strong improvement in our operating cash flows and stable development of the gross margin," Joost de Vries noted. "The entire Lucas Bols team worked hard to achieve this."

WHAT DEVELOPMENTS ARE YOU SEEING AT THE LUCAS BOLS BRANDS?

"A great deal of attention was focused on the preparations for the relaunch of the Bols Liqueurs, which started in May 2020 and will be rolled out in the 2020/21 financial year on a market by market basis," Huub van Doorne said. "We have further improved the quality of our leading Bols Liqueurs range amongst others by making use of only natural botanicals. The new trend setting drink concepts encourage bartenders and consumers to use our liqueurs as a base to create tasteful high quality cocktails with less alcohol and fewer calories, perfectly addressing the consumer preferences of today's world."

"The introduction of Damrak Virgin 0.0, our alcohol-free alternative to Damrak Gin also shows our strength in product development," Huub van Doorne continued. "Led by our Master Distiller Piet van Leijenhorst, our developers spent two years perfecting the recipe and giving it a unique taste sensation, even with 0% alcohol. I must say I think the result is excellent. We launched Damrak Virgin 0.0 in the Netherlands in April and the US will follow soon."

WHAT HAVE BEEN THE TRENDS THIS PAST YEAR?

"That undoubtedly has to be the continuation of the trend towards low and no-alcohol drinks. By expanding the low and no-alcohol alternatives in our product range – such as Damrak Virgin 0.0 and the low-alcohol cocktails based on our Bols Liqueurs flavours – we are giving consumers the chance to enjoy a cocktail any time and on any occasion. We at Lucas Bols are well-positioned in the cocktail market. Our products enable us to serve up an entire spectrum of drinks: from classic cocktails to non-alcoholic drinks. The cocktail potential on a global scale remains high," Huub van Doorne concluded.

WHAT ARE YOUR EXPECTATIONS FOR 2020/2021?

"At the moment it goes without saying that these are uncertain times, the likes of which we have never seen before. Our first priority lies with the safety of our people, their families and our business partners. The impact of the coronavirus is still extremely difficult to predict." Joost de Vries said. "Just under half of our business is in retail channels, where we see orders continue, but in the on-trade the impact is severe. We are therefore taking measures, including cost cuts and strict cash flow management. We have furthermore agreed some temporary amendments to our financing arrangements with the banks, which reflects their ongoing support and commitment. In this context we have also decided to waive the bonus for the 2019/20 financial year for the Management Board as well as the Leadership Team. In addition there will be no variable remuneration for the first half of the 2020/21 financial year for all employees, including the Management Board. The decision to refrain from proposing a final dividend for the 2019/20 financial year and not to pay an interim dividend for the 2020/21 financial year is also part of these measures to protect our cash position."

"Looking at our business focus for the coming year, it will be on the strategy surrounding the Bols brand – with a clear brand and market approach," Huub van Doorne explained. "Our innovations and brand strategy put us in a good position to translate the most important market trends into the Bols brand. Another part of this is the further development of low-alcohol cocktails with the same premium cocktail experience that defines the Bols brand. This refined market strategy will focus not only on the bars and bartenders but also more on the retail channels. This will put a direct consumer approach more at the forefront, enabling us to build on the experience we already have in a number of regions."

JOOST, THIS WILL BE YOUR LAST TIME PRESENTING THE FIGURES. HOW DO YOU LOOK BACK ON YOUR YEARS AT LUCAS BOLS?

"It goes without saying that it has been a fabulous time for me to fulfil this role. Starting with the spinoff of Lucas Bols and giving it the place that it deserves in the global cocktail business. I am also proud of and pleased with the IPO more than five years ago. Above all I am proud of the team with which we did it, a small but dedicated team with a pragmatic approach to everything. The unique, seamless collaboration with Huub was extremely important to me. At the same time, it fills me with sorrow, not only to leave this fantastic team and great company, but also to leave at this very moment in which COVID-19 has tremendously increased the uncertainty. Nevertheless, I am convinced that the company is in good hands with my successor, Frank Cocx. I want to wish Huub, Frank and the entire team at Lucas Bols all the best as it embarks on the next 445 years," Joost de Vries said.

Huub van Doorne concluded: "It remains for me to offer my heartfelt thanks to Joost for the past 15 years and to wish him every success in the future. I have really enjoyed working with Joost in these exciting times. The same sentiment also applies to the chairman of our Supervisory Board, Derk Doijer, who has been by our side from the very beginning. We also owe him a great debt of gratitude for the important role he played in the development of Lucas Bols."

KEY FIGURES

IN € MILLION UNLESS OTHERWISE STATED FOR THE YEAR ENDED 31 MARCH	2020	2019
Results		
Revenue	84.0	87.0
Gross profit	47.7	49.3
Gross margin	56.7%	56.6%
EBIT[1]	17.7	19.6
EBIT margin	21.1%	22.6%
Normalised net profit[2]	11.3	12.8
Net result	9.2	16.5
Cash flow		
Operating free cash flow	15.7	11.8
Cash conversion ratio[3]	82.3%	58.9%
Balance sheet		
Working capital[4]	18.3	18.8
Total equity	193.7	192.2
Net debt[5]	49.0	48.8
Net debt/EBITDA ratio	3.9	3.4
Shares		
# 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	0.90	1.02
Net earnings per share	0.74	1.32
Total dividend per share	0.35	0.60
Employees		
Number of FTEs	71	74

This overview contains certain non-GAAP financial measures and ratios, such as EBIT, operating free cash flow and net debt, which are not recognized measures of financial performance under IFRS. These non-GAAP measures are further discussed at page **138** of this report.

1 EBIT is defined as operating profit plus share of joint ventures.

2 Normalised net profit is net profit excluding one-off items (i.e. one-off restructuring costs of € 0.5 million (net) at Avandis, one-off costs of € 0.4 million at Indian JV Bols Kyndal and a one-off tax loss of € 1.2 million in 2019/20 and one-off restructuring costs of € 0.6 million (net) at Avandis, one-off advisory costs and finance costs totalling € 1.0 million and a one-off tax benefit of € 5.3 million in 2018/19).

3 Cash conversion ratio defined as Operating free cash flow / (operating profit + depreciation); Operating FCF defined as net cash from operating activities minus CAPEX.

4 Working capital defined as 'investories + accounts receivable trade – accounts payable trade'.

5 Net debt is calculated as per the financing agreements (excluding impact of Passoã).

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

	2019/20	2018/19
Number of outstanding ordinary shares at 31 March	12,477,298	12,477,298
Share price low	€ 7.24	€ 14.90
Share price high	€ 16.20	€ 18.50
Closing share price on 31 March	€ 7.70	€ 16.00
Proposed total dividend per share	€ 0.35	€ 0.60
Market capitalization at 31 March	€ 96,075,194	€ 199,636,768

SHARE CAPITAL

All of the issued shares of Lucas Bols are ordinary shares with a nominal value of € 0.10 each. At 31 March 2020 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 Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten (AFM)). AFM was notified of the following statements of interests of 3% and over in Lucas Bols up to 31 March 2020:

SHAREHOLDER	SHAREHOLDING
Dreamspirit B.V. (controlled by mr. H.L.M.P. van Doorne)	6.06%
Enix NV	5.41%
John and Marine Van Vlissingen Foundation	5.01%
Lazard Frères Gestion SAS	5.01%
Lucerne Capital Management LLC	8.74%
NN Group N.V.	5.73%
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.

FINANCIAL CALENDAR

JULY 2020 09	Annual General Meeting of Shareholders
NOVEMBER 2020 19	Publication half year results 2020/21

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'. Lucas Bols has adapted its existing insider trading regulation to comply with the regulations for listed companies in the Netherlands.

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 56).
In the year under review Mr. Joost de Vries (CFO) served as the company's compliance officer and after his departure as per 1 June 2020 Mr. Frank Cocx (CFO) will take over this role.

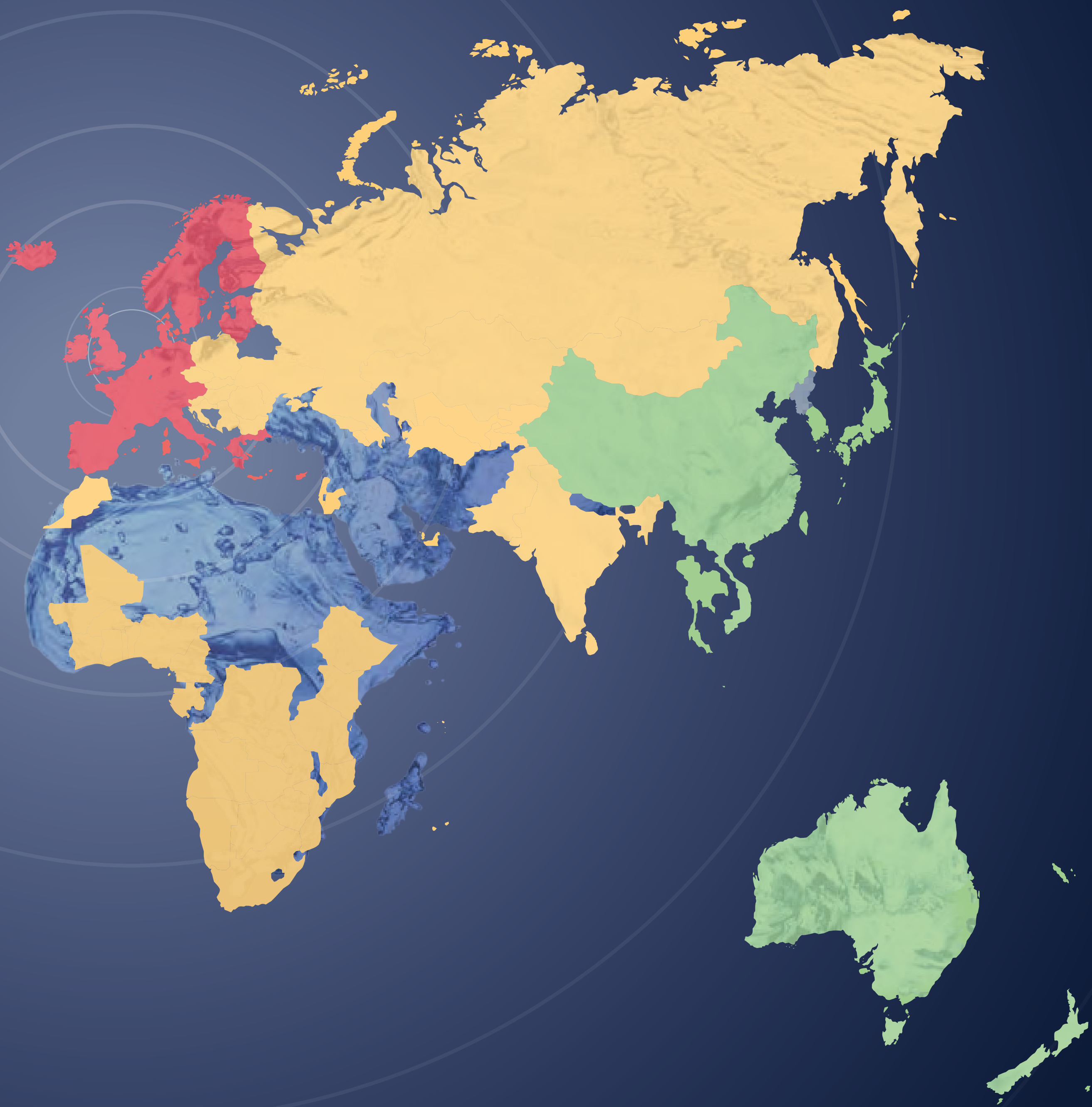
INVESTOR RELATIONS

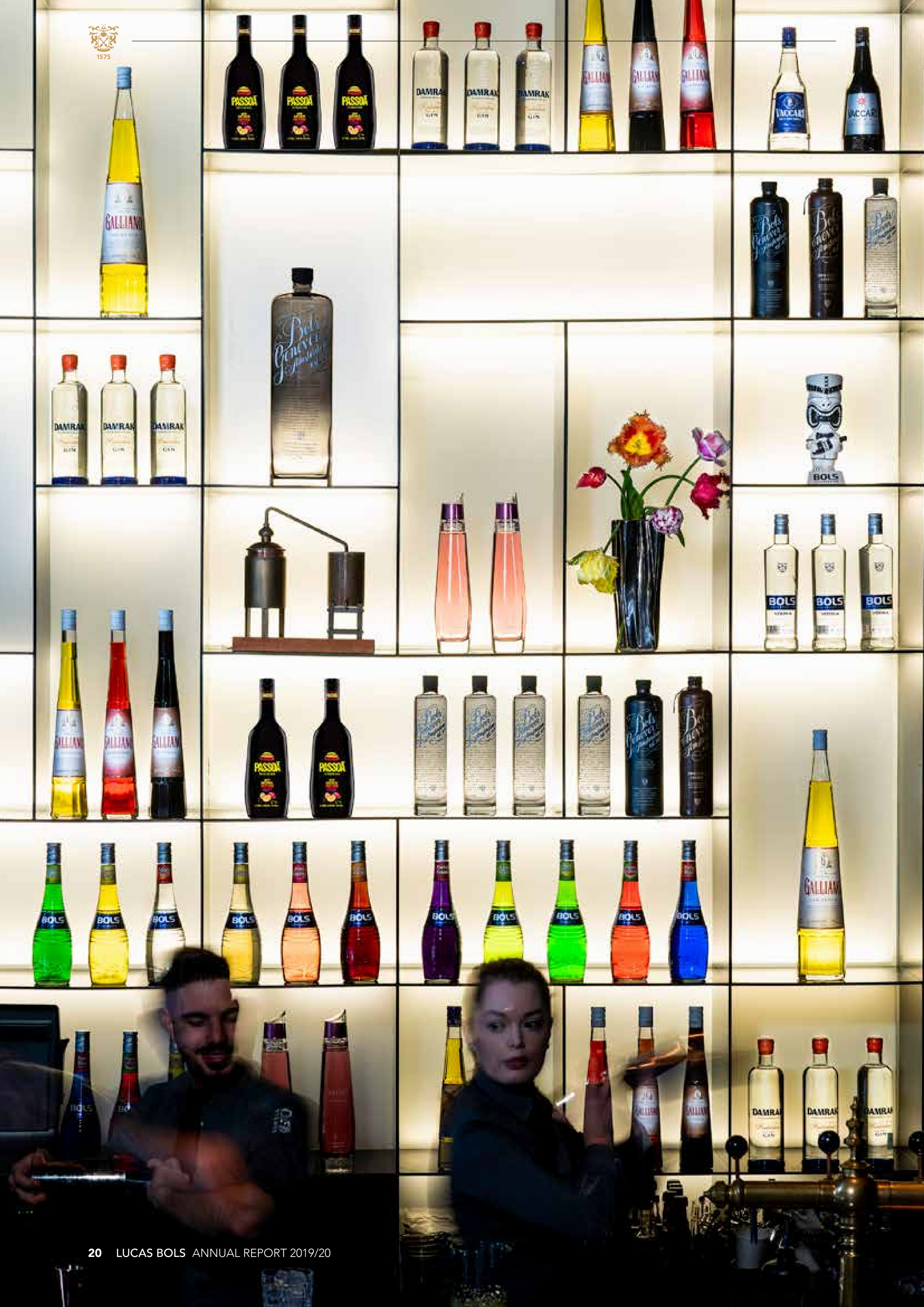
Lucas Bols attaches great importance to maintaining an active dialogue with its shareholders. The aim is to give existing and potential shareholders, analysts and the financial press a broader insight into the company and the sector we operate in. We do this by providing relevant financial and other 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 and that they can access it. 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

50.1%	WESTERN EUROPE
18.1%	ASIA-PACIFIC
20.0%	NORTH AMERICA
11.7%	EMERGING MARKETS




PASSOA
DAMRAK
GIN
GALLIANO
Bols Genever
BOLS
VODKA

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 (outside 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 20th century. Bols' high quality products blend over four centuries of recipes, craftsmanship and experience living up to its centuries-old family motto semper idem. A real bartender brand, Bols engages with the international bartender community to create new drinks and experiences for their customers with its wide variety of products and flavours.

The Original Spirit of Amsterdam

BOLS LIQUEURS

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

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, which was upgraded in 2018/2019 with a new 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. 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 both in and outside the UK, also growing in countries like Spain and Portugal where Brits tend to vacation. 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.

The Best DAM 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 at 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 primarily consumed by women and is mostly sold in the US.

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 1970's as a 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 Ristretto, Vanilla, Amaretto and L'Aperitivo. Galliano is used in cocktails and as a single serve and is one of the 'must-have' stock brands in any bar around the world. 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


BOLS
BOLS
BOKMA
BOKMA
HOPPE
HOPPE
BOLS
LEGNER
FLORYN
HENKES
BOLS
BOLS
BOLS
BOLS
BOKMA

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 key and premium brands.

BOLS GENEVER

The local Bols genever range consists of four 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.

The successful 'Bols komt met een Biertje' (Bols comes with a beer) campaign continued. This campaign promotes the best way of enjoying a Bols genever: paired with a craft beer. It is geared towards a new, and for genever untapped male target audience which enjoys drinking craft beers.

Bols komt met een Biertje!

BOKMA GENEVER

Bokma is a strong local Dutch brand with a very distinctive square bottle and a rich heritage from Friesland, the province in the north of the Netherlands and home to the Bokma family. Last year we introduced Bokma Bourbon Cask 5 years, aged for five years on American oak, creating a full flavour with notes of vanilla and wood. This year we released Bokma Rogge and Bokma Double Cask 10 years, two new barrel aged specialties. 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.

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 Portugal. 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.

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 & tonic. Pisang Ambon is predominantly sold in the Benelux, France and Scandinavia.

Let's go Bananas

HENKES

Henkes is a brand with a fascinating and proud, centuries- old history dating back to 1824. 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 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. Henkes Whisky is a smooth and flavourful whisky for neat consumption or in a mix.

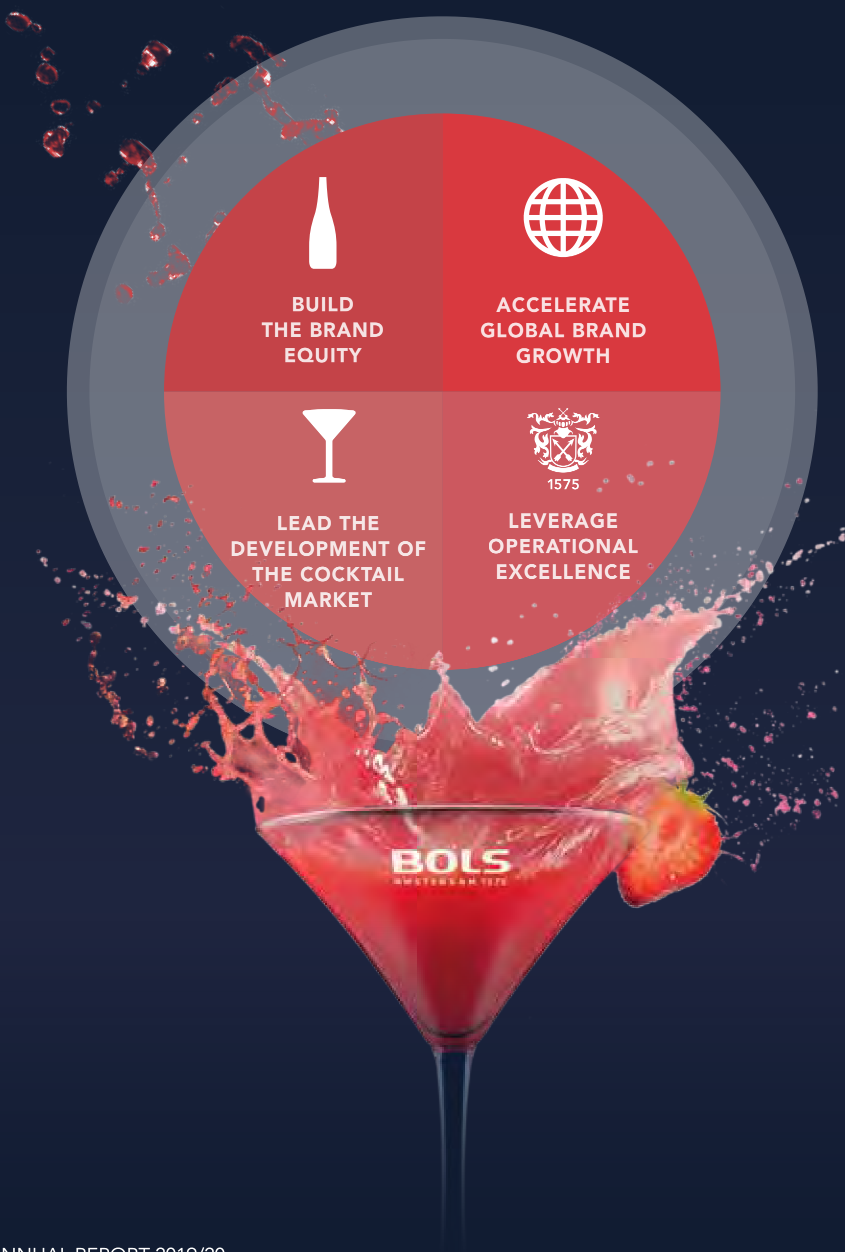
When it's time for tradition, it's time for Henkes

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

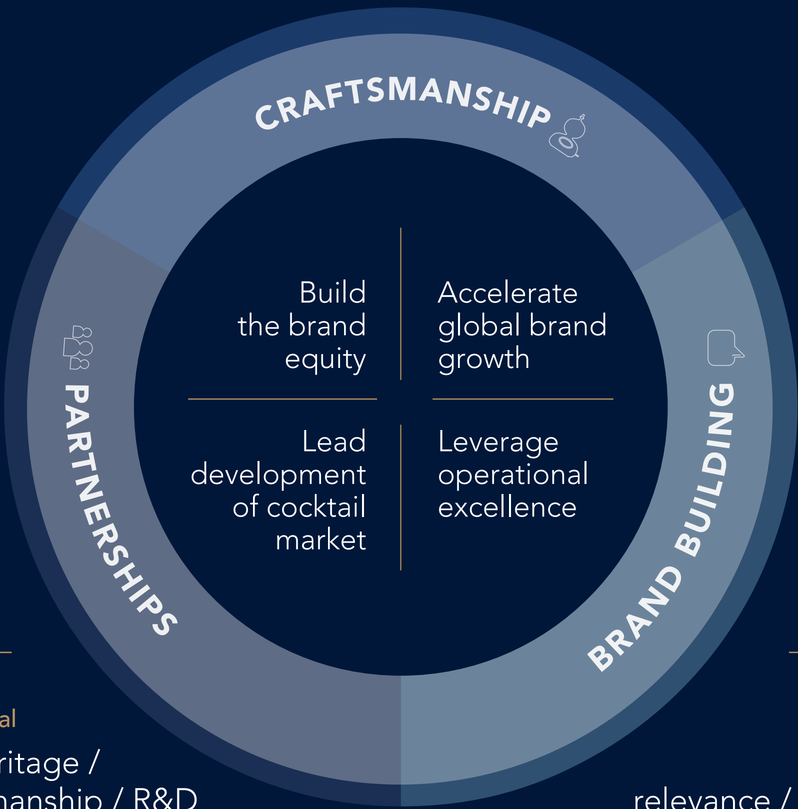
We closely engage with the global bartending community, creating new trends in the cocktail market together. We share our knowledge and expertise through our extensive network of brand ambassadors. Initiatives such as the Bols Bartending Academy and the Bols Around the World global competition capture 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 our strong platform by adding brands, as we have done with the addition to our portfolio of the world's number one passion fruit liqueur Passoã and Nuvo sparkling liqueur.
We believe our platform allows for more selective add-ons to support the further execution of our strategy.

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. With our distillery and together with our blending and bottling partners we use the best raw materials to make the high-quality products Lucas Bols is known for. And with our global distribution partners we make 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 following 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 a relevant market. 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. One of the latest innovations is Damrak Virgin 0.0, the non-alcoholic version of Damrak Gin. The Lucas Bols team worked hard perfecting the non-alcoholic formula to ensure that the spirit contains the unique Damrak flavour, even without alcohol. 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 also travel around with Bols Business Class, a day of inspiring and educational talks for bar owners and -managers. Through our new innovative e-learning tool we reach out to our bartender audiences via live digital seminars all over the world – anytime, anywhere with our most recent programmes, insights and cocktail inspiration.

We provide bartenders with new products and innovative drink recipes. 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. While inspiring bartenders around the world, we also have a programme where bartenders around the world inspire us. Every other year we organise our Bols Around the World competition, one of the largest bartending competitions in the world.

LONG-TERM PARTNERSHIPS

Lucas Bols operates an asset-light business model in which long-term partnerships form 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, France and 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 his 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 taking decisions. Embracing open dialogue makes it possible to identify opportunities and risks early on. It ensures that Lucas Bols remains responsive to the needs of its different stakeholders.

The stakeholder matrix included 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.

STAKEHOLDER MATRIX

	Relevance to Lucas Bols	Relevance to stakeholders / most important expectations	Intended result of dialogue	Means of communication
Employees	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
Consumers	Enjoy our products responsibly	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
Bar owners and bartenders	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
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	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
Distribution partners	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
Shareholders	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
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, meetings, press releases and annual reports
Government bodies	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

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.

JOOST DE VRIES
CHIEF FINANCIAL OFFICER

MR. J.K. (JOOST) DE VRIES – CFO
(Joost de Vries will step down 1 June 2020)

Joost de Vries (1963) teamed up with Van Doorne in 2005 to prepare the buyout of Lucas Bols, which was effected in 2006.

Joost is member of the Supervisory Board of De Stiho Group. In addition, Joost holds board positions within the Lucas Bols joint ventures: he is Chairman of the Supervisory Board of Avandis, member of the Supervisory Board of Maxxium NL and member of the Board of Bols Kyndal.

REPORT OF THE MANAGEMENT BOARD

In 2019/20 the global market environment became increasingly challenging as the geopolitical uncertainty and volatility resulting from the US-China trade war and Brexit, amongst other factors, continued. The impact of the outbreak of COVID-19 which began in the final quarter of our financial year on the global economy is severe and its full impact cannot be estimated yet. Measures across many countries around the world have been triggered by the outbreak, resulting in the closure of on-trade outlets, restrictions on public gatherings and the postponement of events.

COVID-19 started to negatively impact Lucas Bols' results in the fourth quarter 2019/20. Over half of our business is conducted in the on-trade, although this varies significantly between individual markets. The gradual closing of the on-trade resulted in an approximately 30% decrease in depletions (in-market sales) in March, especially impacting the global brands. The full impact of COVID-19 on our business for 2020/21 is still extremely difficult to predict. We are monitoring developments closely and continue to take all measures necessary to deal with the evolving outbreak, including cost and working capital reductions.

However, we also saw positive developments in 2019/20, one of the most notable being our growth in China where we saw significant growth in volumes and were able to raise prices as well. Eastern Europe and the US also posted growth in depletions. On the other hand, the retail markets became even more challenging in the past financial year, particularly in France. All in all we were unable to grow the global brands in 2019/20.

SMOOTH TRANSITION IN ROUTE TO MARKET

In 2018/19 we announced a significant number of changes in the route to market in many of our regions. We renewed an important number of distribution contracts and signed agreements with new distributors. The implementation of the announced changes in 2019/20 went smoothly. Our cooperation with the new distributors in Canada and Spain as well as the consolidation of our brands with one distributor in Germany and Scandinavia is working well. Furthermore, in 2019/20 we signed a distribution agreement with a new distributor in Russia and we decided to work with direct distributors in the South East Asian markets instead of with one distributor for the whole region. We are currently implementing these last steps in our ongoing efforts to further optimise the route to market for our products.

BRAND DISTRIBUTOR SUMMIT

In June 2019 a brand distributor summit was held in Amsterdam with over 80 participants. The participants were all local brand managers working for our worldwide distributors who form the global Lucas Bols community together with the global team in Amsterdam, so the theme of the summit was ONE TEAM, ONE DREAM. During the various seminars, meetings and festivities the local distributors were inspired by brand plans and new innovations, all of which were aimed at ensuring consistent excellent execution in the markets. The summit was a resounding success, as could be gauged from the reactions of the participating distributors who really appreciated the organisation and content of the summit.

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. China continued its strong performance in terms of both volume and pricing and the Liqueurs range also performed well in Eastern Europe. In China the connection with the bartender community through training is growing. In Poland the successful Spritz activation, co-promotions with Bols Vodka and bartender training contributed to the success.

The Bols Liqueurs range was introduced in the Greek, Mongolian and Nigerian markets for the first time in 2019/20. In Nigeria the launch of Bols Liqueurs and Bols Vodka is being supported by an engagement programme organised by the Bols Bartending Academy for over 100 bar owners and bartenders.

Contemporary flavours focusing on a new target group, such as watermelon, pink grapefruit, ginger and cucumber, have been listed across markets worldwide, with South Korea, the Baltics, Spain and Germany among the newly added markets this year. In Japan we were able to capitalize on the thriving RTD market with a successful second pilot at a key retailer of ready-to-drink cans in two flavours aimed at a new target group.

Increased focus on a number of cocktail programmes accelerated the growth of the Bols brand, mainly the Bols Liqueurs range. The successful Bols Low Alcohol campaign is being rolled out further in the Netherlands, the US, Germany and the UK, with Bols Waterlemon as the key signature drink. In Japan specifically we further activated the Bols Pink Grapefruit liqueur with the low-alcohol Pink Fizz as a signature drink. We are using this low-alcohol cocktail programme to respond to the growing low-alcohol trend.

Bols Sprizz, a Bols liqueur mixed with prosecco or cava, is another successful cocktail programme that was further rolled out to Scandinavia and Austria after having initial success in Switzerland. The activation of the Watermelon Spritz was particularly successful across bars in these markets. Our Add Flavor To Your Margarita programme is focused specifically on the US. In 2019/20 this campaign successfully introduced the Bols Liqueurs to over 1 million new consumers through retail tastings, on-premise samplings and digital engagement.

The signature cocktail with Bols Genever, the Red Light Negroni, was further promoted through our participation in the Negroni week in the US in June 2019, when over 500 accounts featured the Red Light Negroni.

The first ready-to-serve Bols Negroni – a light, fresh, easier-to-drink variation of the Original Negroni based on Bols Genever Original, Bols Red Orange liqueur and Galliano L'Aperitivo – was launched in a unique premium packaging. The drink was a special creation for KLM to serve on board its business class flights in honour of the airline's 100th anniversary.

Passoã

New legislation for retail promotions in France (the EGalim law) is negatively impacting retail performance in France, notable in a decline in shipments of Passoã to this important market. This development was offset by growth in a number of other markets such as the Netherlands, Italy and in particular the US. The number of points of distribution is growing by more than 20% in the US, while the number of repeat customers increased by 33%, reflecting the ongoing momentum with the brand now distributed in most states.

The key activation programmes for Passoã have been rolled out in several markets with a focus on two signature drinks. The Porn Star Martini cocktail is confirming its number 1 ranking in the UK market as it continues to grow in listings. There is a clear on-trade focus for this signature drink which was supported by significant PR coverage following Passoã's first Porn Star Martini Day in London in September as well as great visibility of the Passoã Porn Star Martini during London Cocktail Week. The on-trade activation also focuses on key cities in Italy.


BOLS
AMSTERDAM 1575
BOLS

The focus of the Passoã Fresh campaign has been on the retail markets in France, Belgium and the Netherlands activated by in-store promotions. Passoã Fresh activation campaigns were also presented at ten large festivals across France, Belgium and the Netherlands. To further activate the brand, a new digital brand film was launched with regional media campaigns in France, Belgium, the Netherlands and the US.

Galliano

The key signature drink programmes for Galliano in the 2019/2020 financial year focused on two pillars, Galliano Frizzante (Galliano Spritz & Mimosa) and Galliano coffee (Galliano Espresso Martini, Galliano Hot Shot or Galliano liqueur served neat with coffee). On the one hand we are seeing a declining trend in countries like Australia and New Zealand which negatively impacts sales, while on the other hand the Galliano Hot Shot is continuing to achieve double-digit growth in Sweden, supported by strong bartender engagement and a high number of consumer trials at key events. The launch of the Galliano Hot Shot book in collaboration with the famous Swedish comedian Peter Bristav further activated this signature drink. Furthermore, Galliano teamed up with Maybe Sammy, the Australian bar named Best New International Cocktail Bar in 2019, to create the best authentic Italian cocktails, embracing Galliano's brand values of sophistication, elegance and true craftsmanship.

Damrak Gin

Damrak Gin is mainly present in the Netherlands and the US and is known for its characteristic citrus flavour. Damrak Gin featured as cocktail of the month at all Delta Sky Club USA locations in September 2019. Furthermore, a brand partnership in the US with Amsterdam-based fashion company Scotch & Soda was initiated with a co-branded social media campaign and in-store displays.

In 2019/20 the team worked hard to prepare for the launch of Damrak Virgin 0.0. This non-alcoholic alternative to Damrak Gin was introduced in the Netherlands in April 2020 and the US launch is set to follow in June 2020. The introduction of Damrak Virgin 0.0 by Lucas Bols is in response to the low-alcohol trend that has gone mainstream and is now gaining ground in the spirits industry. Damrak is the first gin brand to launch a non-alcoholic alternative in both the Netherlands and the US.

Nuvo

2019/20 marked the second year of the relaunch of Nuvo in the US and the brand is now available in 25 states across the nation. Over 400 new points of distribution in off-premise national accounts were added and the brand saw over 50 successful on-premise activations this summer in 20 New York metropolitan area accounts. Furthermore, Nuvo was launched on various online shopping platforms, including AAFES (Army & Air Force Exchange Service) and NEX (Navy Exchange).

REGIONAL BRANDS

Dutch genevers

In November 2019 the Bokma specialties range was extended to include Bokma Rye and Bokma 10 years. Bokma Rye was inspired by Frisian rye bread and is the ultimate Frisian genever with a smooth, slightly sweet taste and a typical spicy aftertaste from the use of rye. Bokma 10 years provides a unique taste sensation resulting from double-aging in American and French oak barrels. Together with Bokma Bourbon Cask 5 years we have started to build a quality range of our Dutch pride Genever. The Bokma activation was strengthened by tasting tools for consumers and educational support to key clients.

In the past financial year we further intensified our partnership with retailers in the Netherlands to inspire and bring back the Genever passion. The activations included promoting the campaign 'Bols comes with a beer' that was launched late 2018, trial gift packs for Father's Day and educational inspiration nights for in-store personnel.

Illustrative of the impactful partnership we have with KLM was the introduction of KLM House number 100: the Dutch palace of Huis ten Bosch, to celebrate the 100th anniversary of the Dutch airline. The exclusive KLM Delft blue miniature houses are filled with Dutch genever from Bols.

Value brands

Following the successful activation of the Henkes brand in Western Africa, Henkes Gin was also successfully launched in South Africa.

LEADING THE DEVELOPMENT OF THE COCKTAIL MARKET

Bols Around the World

In June 2019 the grand finale of the well-known Bols Around the World (BATW) bartending competition took place in the city of Amsterdam where around


Amsterdam
DAMRAK
VIRGIN
0.0
introducing
DAMRAK
0,0%
same Damrak
YOU CHOOSE
Amsterdam
DAMRAK
GIN

1,500 people visited the event on 'Bols Cocktail Street'. This year the competition was for bar teams and a bar team from Canada won the finale. The BATW competition is one of the leading bartender competitions in the world, providing inspiration for the global bartender community.

Bols Bartending Academy

The Bols Bartending Academy (BBA) in Amsterdam is now officially certified by the Dutch board for hospitality education (SVH). This past year the team worked hard to get this seal of quality. In order for your educational programme to be SVH-certified you need to pass several audits, tests and checks and the trainers and academy must live up to the highest standards. Again this year many training courses were given in the BBA in Amsterdam as well as on tour with training and partnerships in Italy and Hungary. Furthermore, a new e-learning programme was created to further educate our distributors about the possibilities and potential of Bols Genever. The programme was launched with our US distributor who rolled out the e-learning training in focus states. This will be followed up by key cities around the world. In addition the Bols Genever Family programme was launched in the US to better connect with the salesforce and bartender community. This involves various key people within the organisation, including our Master Distiller and our Master Bartender, visiting focus states.

House of Bols Cocktail and Genever experience

The House of Bols Cocktail & Genever Experience in Amsterdam has entered the TripAdvisor hall of fame after consistently being rated 4.5 or higher by travellers in the last five years. The number of visitors grew significantly until the final quarter of the 2019/20 financial year. We also successfully introduced House of Bols Cocktail Boats in Amsterdam, supporting the low-alcohol drink strategy by highlighting our Bols Watermelon (BOLS Waterlemon drink) and Bols Cucumber (BOLS Cucumber & tonic drink).

INVESTMENTS IN PRODUCTION AND INFORMATION TECHNOLOGY

Our Avandis production joint venture is investing heavily in the modernisation of the Zoetermeer plant, focusing on efficiency, safety and the environment. These investments are part of a four-year investment plan that was started in 2017/18 to comply with environmental requirements and to ensure that Avandis is fit for the future as a leading spirits blending and bottling plant in northern Europe. These investments will ultimately result in efficiency benefits but mean a short-term increase in production costs for the joint venture partners, including Lucas Bols.

In the 2019/20 financial year Lucas Bols successfully implemented a new ERP system. This new ERP system makes the organisation even better equipped to deal with the complexity of managing the operations in more than 110 countries in which we are active. The new system operates in the cloud and provides more insight and better accessibility and connectivity.

KEY FIGURES

IN € MILLION UNLESS OTHERWISE STATED, FOR THE FULL YEAR ENDED	31 MARCH 2020	31 MARCH 2019	% CHANGE REPORTED	% CHANGE ORGANIC[1]
Revenue	84.0	87.0	-3.5%	-4.7%
Gross margin	56.7%	56.6%	10 bps	-90 bps
EBIT [2]	17.7	19.6	-9.7%	-13.0%
EBIT margin	21.1%	22.6%	-150 bps	- 210 bps
Profit before tax	14.4	15.7	-8.5%	-14.6%
Normalised net profit [3]	11.3	12.8	-11.7%	-15.2%
Net profit	9.2	16.5	-44.1%	-15.2%
Operating free cash flow [4]	15.7	11.8	+33.1%	–
Normalised earnings per share (in €)	0.90	1.02	-11.7%	-15.2%
Earnings per share (in €)	0.74	1.32	-44.1%	-15.2%
Total dividend per share (in €)	0.35	0.60	–	–

1 At constant currencies and excluding one-off items (one-off restructuring costs of € 0.5 million (net) at Avandis and one-off costs of € 0.4 million at Indian JV Bols Kyndal in 2019/20 and one-off restructuring costs of € 0.6 million (net) at Avandis and one-off advisory costs of € 0.6 million in 2018/19).

2 EBIT is defined as operating profit plus share of profit of joint ventures.

3 Normalised net profit is net profit excl. one-off items (i.e. one-off items mentioned in footnote 1 as well as a one-off tax loss of € 1.2 million in 2019/20 and one-off finance costs of € 0.4 million and a one-off tax benefit of € 5.3 million in 2018/19).

4 Operating free cash flow is defined as net cash from operating activities minus CAPEX.

FINANCIAL REVIEW

Revenue

Lucas Bols' revenue for the 2019/20 financial year amounted to € 84.0 million, down 3.5% on last year (€ 87.0 million). The effect of currencies on revenue was € 1.1 million positive.

The global brands segment showed a decrease in revenue of 2.8% (-4.3% at constant currencies). Revenue of the regional brands declined by 5.4% (-5.6% at constant currencies). Overall, the impact of the lockdown measures on depletions around the world became visible as from February, leading to an approximately 30% decrease in depletions (in-market sales) in March. As the impact on revenue (based on shipments) was still limited in the fourth quarter of fiscal 2019/20 it has resulted in relatively high stock levels at our distributors at year-end.

Furthermore, the challenging retail market in France and the high comparable base in the UK due to the impact of Brexit preparations in 2018/19 caused revenue in Western Europe to decline by 4.5%. Large shipments in 2018/19 – as a result of the launch of Nuvo – resulted in a decline in reported revenue in North America of 5.8% in 2019/20. Before COVID-19 started to impact the market, underlying depletions in the US showed growth. Due to the good performance in Asia, in particular in China, the Asia Pacific region saw revenue increase by 1.4%. Within Emerging Markets, a decline in Latin America was almost compensated for by a good performance in Eastern Europe and Africa.

Gross profit

Gross profit for 2019/20 decreased by 3.3% to € 47.7 million compared to € 49.3 million in 2018/19. The gross margin remained stable at 56.7% (56.6% in 2018/19). Western Europe and North America saw the gross margin go down, while the gross margin increased both in Asia Pacific and in Emerging Markets in particular. The gross margin was supported by the positive currency development while production costs were higher as a result of significant investments at Avandis.

EBIT

EBIT for 2019/20 came in at € 17.7 million, down 9.7% on last year. Currencies had a positive impact of € 0.5 million. Advertising & Promotion (A&P) decreased to 17.2% of revenue compared to 18.5% in 2018/19. Total overhead costs (excluding depreciation) as a percentage of revenue remained stable at 17.1%.
The contribution of joint ventures decreased compared to last year due to one-off costs of € 0.5 million for the final stage of the integration of Distillery Cooymans at Avandis as well as a one-off loss at the Bols Kyndal joint venture in India as a result of a bad debt provision related to difficult market circumstances (€ 0.4 million). Last year's EBIT included one-off costs of € 1.2 million for the restructuring of Avandis and advisory costs for the refinancing. The reported EBIT margin came in at 21.1%, compared to 22.6% last year.

GLOBAL BRANDS

Our portfolio of global brands consists of Bols Liqueurs, Bols Genever, Bols Vodka, Damrak Gin, Passoã, Nuvo and our Italian liqueurs Galliano and Vaccari Sambuca.

IN € MILLION UNLESS OTHERWISE STATED, OR THE YEAR ENDED	31 MARCH 2020	31 MARCH 2019	% CHANGE REPORTED	% CHANGE ORGANIC*
Revenue	64.5	66.4	-2.8%	-4.3%
Gross profit	39.2	40.2	-2.5%	-5.1%
Gross margin	*60.8%*	*60.6%*	*20 bps*	*- 50 bps*
EBIT	26.2	27.6	-5.1%	-7.4%
EBIT margin	*40.5%*	*41.5%*	*-100 bps*	*-130 bps*

* At constant currencies and excluding one-off items.

Developments in the Lucas Bols brand portfolio

Global brands

Revenue of the global brands for 2019/20 came in at € 64.5 million, a 2.8% decrease compared to € 66.4 million in 2018/19. At constant currencies revenue of the global brands was down 4.3%. As the global brands are more on-trade-focused, the impact of COVID-19 is more prominent in this segment and became visible in the depletions by distributors as from February onwards.

- Bols Liqueurs performed well with mid-single-digit revenue growth. This strong performance is attributable to China where the Liqueurs range continued its growth in terms of both volume and pricing. Growth was also achieved in Eastern Europe and the US.
- Passoã was impacted by the new legislation for retail promotions in France (the EGalim law) while higher shipments to the UK in 2018/19 related to Brexit also had an effect. These developments were partially offset by growth in a number of other markets such as the Netherlands, Italy and particularly the US.
- In the white spirits segment Bols Genever gained some momentum with the Red Light Negroni concept focused on three states in the US, while the growth of Damrak Gin slowed down in March due to the closure of on-trade accounts.
- Revenue of the Italian liqueurs was lower than the year before due in part to difficult market circumstances in Australia caused by bushfires, trade stock reductions and COVID-19. On the other hand, the success of the Galliano Hot Shot is contributing to the double-digit growth in Sweden. Shipments of Vaccari were down as we intentionally decreased shipments to some trading customers.
- Nuvo faced high comparable shipment numbers as the brand was launched in 2018/19.

Regional performance global brands

- Apart from the impact of COVID-19, Western Europe's revenue decline was mainly driven by France, following the new legislation for retail promotions, and the high shipments to the UK in 2018/19 in anticipation of Brexit. These developments were partly offset by a good performance in areas including the Netherlands, Scandinavia, Switzerland and Austria.
- Revenue in Asia Pacific was up, driven by high single-digit revenue growth in the Asian region due to China. Until January 2020 China accelerated its growth path further expanding its strong leadership position whilst also increasing margins. As of February, with the closure of the on-trade, the impact of COVID-19 started to be felt. Japan posted a slight increase in revenue, helped by a positive currency impact as the underlying depletion trend showed a mid-single-digit decline. Australia reported significantly lower shipments while underlying depletions showed a small decline.
- Revenue in the US declined due to high shipments last year, especially in the second half in relation to the launch of Nuvo. Furthermore, shipments to traders were intentionally reduced. The in-market depletions in the US continued to grow, prior to the impact of COVID-19. In Canada the change in distributor is paying off as we see a stabilisation of revenue development while Puerto Rico reported a revenue decline due to difficult market circumstances.
- Within Emerging Markets, Eastern Europe continued to show good growth, driven by a solid performance of Bols Liqueurs and Passoã in Poland. This positive development was able to offset the decline in South America as a result of the economic crisis in Argentina.

REGIONAL BRANDS

Our regional brand portfolio contains the portfolio of Dutch Genevers and Vieux (which enjoy market leadership in the Dutch market), the Pisang Ambon and Coebergh brands as well as a broader range of products that are sold on one continent or in a specific country, such as the Henkes brand in Africa and Regnier Crème de Cassis in Japan.

IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED	31 MARCH 2020	31 MARCH 2019	% CHANGE REPORTED	% CHANGE ORGANIC
Revenue	19.4	20.6	-5.4%	-5.6%
Gross profit	8.4	9.0	-6.9%	-10.5%
Gross margin	*43.3%*	*43.9%*	*-70 bps*	*-240 bps*
EBIT	7.5	8.4	-9.9%	-7.0%
EBIT margin	*38.7%*	*40.6%*	*-190 bps*	*-60 bps*

* At constant currencies and excluding one-off items.

Furthermore, we introduced Bols Liqueurs and Bols Vodka in Nigeria, which is reflected in good growth numbers. In the Middle East the trading business was further reduced.

Gross profit of the global brands came in at € 39.2 million, down 2.5% compared to last year (at constant currencies -5.1%). The gross margin increased by 20 bps to 60.8% compared to 60.6% last year, supported by a positive currency impact. EBIT came in at € 26.2 million, a decrease of 5.1% compared to 2018/19. Joint ventures had a negative impact of € 0.3 million on EBIT. Currencies had a positive impact of € 0.7 million.

Regional brands

Revenue of the regional brands for the 2019/20 financial year amounted to € 19.4 million, a decline of 5.4% compared to 2018/19. Revenue of the Dutch domestic genever/vieux portfolio continued to decrease as a result of the declining market. In the year under review Bokma launched two new specialty genevers: Bokma Rye and Bokma 10 years. Together with Bokma Bourbon Cask 5 years, these new product introductions form a high-quality range of specialty genevers geared towards a broad target group. The value brands, in particular the Henkes brand, showed a good performance. Furthermore, we successfully delivered the 100th KLM Delft Blue miniature house.

Gross profit decreased to € 8.4 million (2018/19: € 9.0 million) as a result of lower gross profit of the domestic genever/vieux portfolio and regional liqueurs. Reported EBIT for the regional brands was down 9.9%. Organically, excluding one-off items, EBIT decreased 7.0%. The EBIT margin fell to 38.7%.

Finance costs

Finance costs improved from € 3.9 million in 2018/19 to € 3.3 million in 2019/20, mainly as a result of the one-off accelerated amortisation of the financing costs (€ 0.4 million) related to the new credit facility Lucas Bols entered into in the third quarter of 2018/19.

Taxes

Normalised tax expenses amounted to € 4.0 million in 2019/20, compared to € 4.6 million in 2018/19. One-off tax items were recorded in both financial years. In 2018/19 a non-cash one-off tax gain of € 5.3 million was recognised as a result of a reduction in the future Dutch corporate tax rate. In 2019/20, however, as a consequence of subsequent tax law changes in the Netherlands, this one-off tax benefit was partially reversed, which resulted in a non-cash one-off tax loss of € 1.2 million in the second half of the 2019/20 financial year. Reported tax expenses for 2019/20 amounted to € 5.2 million, compared to a tax gain of € 0.7 million in 2018/19.

The effective tax rate was approximately 26.2% for the 2019/20 financial year (2018/19: 26.4%), which is higher than the Dutch nominal tax rate as the profit of Passoã is taxed at a higher rate in France.

Profit for the period

Normalised net profit, excluding the one-off tax items explained above, came in at € 11.3 million compared to a normalised net profit of € 12.8 million in 2018/19. Reported net profit came in at € 9.2 million for the full year 2019/20 (2018/19: € 16.5 million). Net profit per share decreased to € 0.74 in 2019/20 compared to € 1.32 in 2018/19. Normalised net profit per share came in at € 0.90 in 2019/20 compared to € 1.02 in 2018/19.


BOKMA
BOURBON CASK
5 JAAR GERIJPT
1826
1826
FRIESLAND
BOKMA
BOURBON CASK
5 JAAR GERIJPTE
GRAANGENEVER
BOKMA IS GELOVEN IN JEZELF
EN VIERKANT ERGENS
ACHTER STAAN. ALLEEN DAN
KOM JE TOT NIEUWE ONTDEKKINGEN.
5 jaar gelagerd
AMERIKAANS EIKENHOUT
5 JAAR BOURBON
GRAANGENEVER

Cash flow
The operating free cash flow improved by 33.1% compared to last year and amounted to € 15.7 million in 2019/20 (2018/19: € 11.8 million). The improvement is mainly due to lower working capital, lower income tax payments in France (2018/19 included a € 1.7 million non-recurring payment related to a change in the French tax collection system) and lower capital expenditure.

Financial position

Equity
Equity increased by € 1.5 million to € 193.7 million at the end of the 2019/20 financial year, mainly as a result of the recorded net profit of € 9.2 million and the € 7.5 million dividend distribution.

Net debt & liquidity position
Net debt increased by € 0.3 million to € 49.0 million at 31 March 2020 (31 March 2019: € 48.8 million). The net debt to EBITDA ratio was 3.9 at 31 March 2020 (3.4 at 31 March 2019). To comply with the bank covenants during the COVID-19 crisis, Lucas Bols engaged with its banks in April 2020 to agree certain temporary amendments to the financing arrangements. The amendments stipulate that temporarily the net debt/EBITDA and interest cover ratios will not be tested. Instead, the covenants will be tested on EBITDA and liquidity levels for the testing periods in 2020/21.

In December 2016, as part of the Passoã transaction, the company assumed a debt related to the exercise of a call/put option with a net present value of € 70.5 million as of 31 March 2020. The total net debt of the company, including assumed debt and accumulated cash within the Passoã entity, was reduced to € 99.3 million at 31 March 2020 (€ 103.6 million at 31 March 2019). The total net debt to EBITDA ratio was 5.1 at 31 March 2020 (4.8 at 31 March 2019). In anticipation of the December 2020 Passoã transaction it was additionally agreed that covenant testing as from 2020/21 will include the Passoã financials.

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.

Passoã transaction
The Passoã transaction is expected to be completed in early December 2020. The cash accumulated within the Passoã entity amounted to € 20.2 million at 31 March 2020. This, together with the € 50 million committed acquisition facility included in our financing facilities will enable us to pay the purchase amount that was agreed in 2016 (approximately € 71 million).

Dividend
Given current circumstances and the uncertainties related to the COVID-19 situation the Management Board and Supervisory Board decided to refrain from proposing a final dividend for the 2019/20 financial year. The total dividend for the 2019/20 financial year is therefore equal to the interim dividend of € 0.35 per share in cash that was paid out in December 2019.

OUTLOOK

The COVID-19 pandemic has widespread repercussions for the global economy. Lockdown and other measures are having a significant impact on Lucas Bols' markets and business. Over half of our business is conducted in the on-trade, so revenue in 2020/21 will be severely impacted as long as the on-trade remains closed or operates at reduced capacity and distributors are reducing their stocks in the market. The impact of COVID-19 is expected to be less negative on the Lucas Bols' markets which are predominantly retail driven, such as the Netherlands, Australia, Germany and France. Assuming that the on-trade will gradually re-open on a market-by-market basis, we expect to see a slow recovery of the business as from the second quarter of 2020/21, albeit that the level of results will still be significantly lower than a year earlier.

We are taking every necessary measure to weather the crisis. We are reducing overhead costs, limiting A&P spending and are focused on strict working capital management. To further preserve our cash position, we have decided to not pay out an interim dividend in December 2020. In addition, there will be no variable remuneration for the first half of the 2020/21 financial year for all employees, including the Management Board.

Considering the foreign currency position already hedged and assuming the current level of the euro, foreign currencies are expected to have a limited impact on EBIT for the full 2020/21 financial year.

We continue to work closely with our strong distributor network around the world, enabling us to scale up quickly when markets re-open. Furthermore, the worldwide relaunch of the Bols Liqueurs range will further strengthen our leading role in the cocktail market.


PASSOÃ
PASSOÃ
THE PASSION DRINK
WITH REAL PASSION FRUIT
℮70CL LIQUEUR 17% VOL.

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;
- 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 is able to 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 SDG's based on the expected impact of our contribution.

SUSTAINABLE DEVELOPMENT GOALS

How Lucas Bols contributes

3 GOOD HEALTH AND WELL-BEING

- Promote responsible alcohol consumption
- Actively offer no- and low-alcohol alternatives with Damrak Virgin 0.0 and the Low alcohol cocktail campaigns
- Promote a healthy lifestyle (both to our employees as in our bartending courses)
- Promote health and safety to our own employees and those of our partners

6 CLEAN WATER AND SANITATION

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

7 AFFORDABLE AND CLEAN ENERGY

- 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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- 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_2 emissions at our logistics provider Nedcargo
- Reduced footprint of the new LB 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 no 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.

Regarding non-alcoholic cocktails, our Master Distiller has spent two years developing a special technology to create a non-alcoholic spirit that has all the botanical flavours of a gin with none of the alcohol. So in the spring of 2020 we expanded our Damrak Gin brand with a non-alcoholic alternative. Damrak Virgin 0.0 was launched in the Netherlands in April and a US launch will follow in June. This non-alcoholic spirit is in response to the rise in popularity of non-alcoholic cocktails, providing tasteful gin cocktail alternatives for everyone, 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 the Environment, STIVA and the Dutch traffic safety association Veilig Verkeer Nederland. Underage drinking is also an important theme in the campaigns. 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. In addition, the prevention of alcohol advertising reaching minors via influencers on social media is increasingly important. This is a focal point for STIVA, which liaises with social media platforms worldwide.

Dutch national prevention agreement

In November 2018 the Dutch national prevention agreement (Nationaal Preventieakkoord) was signed by more than 70 parties working together to make the Netherlands healthier and to reduce health inequality. The agreement – in which STIVA played an important role – also includes measures to reduce problematic alcohol use. In addition to promoting alcohol abstinence during pregnancy and prohibiting alcohol consumption under the age of 18, the agreement focuses on less excessive and heavy alcohol consumption and increased awareness of individual drinking behaviour and the effects of alcohol consumption.

International

Outside the Netherlands our local distribution partners all 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 also 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 we also promote healthy living for bartenders, teaching them how they can live a responsible lifestyle. In the past year we implemented e-learning tools for bartenders worldwide. Using global webcasts, including a training on a healthy bartender lifestyle, we were able to reach many participants in various regions around the world.

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 having the suppliers of raw materials and packaging materials managed by its 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 are sourced in the Netherlands and other countries in Western Europe.

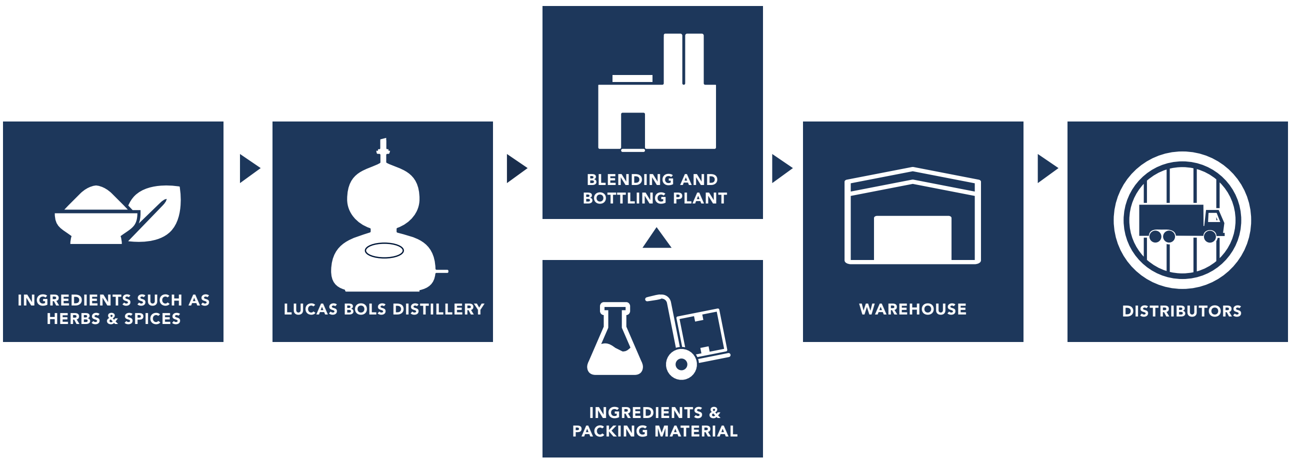
Ingredients

Our ingredients include grains, herbs and spices, sugar and alcohol. Our suppliers all have sustainability high on the agenda. Our supplier of sugar was again awarded the gold 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 hand sanitizer in anticipation of shortages in hospitals

As a result of the global COVID-19 pandemic a serious shortage of disinfectant hand alcohol became eminent. Avandis was approached and within days was able to start up the production of hand sanitizer in its Zoetermeer plant. The first batch of 100,000 litre was produced and delivered in the fourth week of March. The bottles are delivered to hospitals and other healthcare institutions at cost price. For the occasion the product has been given the name "Sarphati hand alcohol", named after the Dutch physician Samuel Sarphati who meant a lot to Dutch public health in the 19th century. Production will continue as long as needed.

Environmental impact

The advanced bottling plant in the Netherlands operated by our Avandis joint venture is working hard to minimise its environmental footprint, in line with current regulations in the Netherlands. In 2019/20 Avandis invested in new compressors in the central boiler plant to enhance the energy efficiency and consequently save energy. Furthermore, all electricity used in all premises is derived from green sources.

Health and safety

Investing in a new building for separate alcohol storage will help the working environment become safer. The building is planned to be in operation in 2020. In the year under review the entire bottling plant was equipped with clear and uniform safety signs. New initiatives included the compulsory use of safety glasses and advice to wear gloves. Despite the initiatives five accidents (LTIs) were reported (compared to two in the previous financial year). These LTIs resulted in the need for medical treatment and subsequently absenteeism. None of them resulted in permanent injuries. Three cases related to staff of external contractors.

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 one accident occurred that resulted in absenteeism (no permanent injury) compared to none in previous years. 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 new requirements related to energy use. We also comply with the energy-saving obligation, whereby energy-saving measures are implemented with a payback time of five years or less. All new appliances are also energy-efficient electrical appliances that meet the so-called 'Energy Star' specification.

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 culture of vitality and a dynamic working environment.

Our values and working principles

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.

We work with 'Management Drives', a tool to gain insights into the drive and motivation of all team members and to increase mutual understanding within the teams. Based on this tool we developed 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. For 2019/20 this was *'one company – one culture'*. 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.

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.

Employee well-being

We aim to create a healthy work environment for our employees. Our open office space, focused on encouraging teamwork, stimulates an agile and transparent way of working that fits a target and objective-driven organisation. ICT tools and infrastructure facilitate local and international teamwork and create a paperless office.

Maintaining good posture is encouraged – alternating between sitting and standing and also moving around the office – as it promotes increased activity throughout the working day.

The office architecture provides a great deal of natural light, which is beneficial to people's wellbeing. Using the stairs is very actively promoted, which is reflected in very low usage of the elevator.

People are encouraged to walk down to our "working café" for a coffee and a chat with colleagues. Tea and water (no coffee) is provided on all office floors. Healthy lunch options and fresh fruit throughout the day also promotes a healthy lifestyle. And we encourage and support our staff to live an active lifestyle by providing shower and changing facilities so that people can cycle to work.

Furthermore, a healthy work-life balance is highly valued. At Lucas Bols time off means time off. Holiday entitlement is above average and there is ample room for flexibility. It is embedded in the company's culture that employees are judged on the objectives reached and not on the number of hours worked.

Work enjoyment is also high on our agenda. Various staff events are held throughout the year to increase unity and build team spirit within the group. Staff also take the initiative to organise social events outside working hours.

In the year under review the average rate of absenteeism among Lucas Bols' employees in the Netherlands was 4.8% (2018/19: 1.6%). This number was significantly influenced by three employees who were absent for the majority of the year. In the month March 2020 the absenteeism rate already decreased to 3.4%.

Diversity

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 44 male employees and 32 female employees (in 2018/19: 43 male and 37 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 71 FTEs (76 employees), a decrease compared to the 74 FTEs (80 employees) at year-end 2018/19.

In the Netherlands Lucas Bols employed 44 people (year- end 2018/19: 47 employees). At The House of Bols and Wynand Fockink the company also employs additional flexible staff. Outside the Netherlands 32 people work for Lucas Bols (year-end 2018/19: 33 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 2020/21.

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 18 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. Our partnership with Dance4Life is the company's most important programme.

Dance4Life is an Amsterdam-based NGO that calls itself the movement for safe sex. They empower young people around the world by providing them with the knowledge, skills and confidence they need to protect their health and make safe sexual choices. This is done through the Dance4Life curriculum known as the Journey4Life. This highly-attuned youth empowerment learning experience is focused on personal discovery, empathy and purposeful action for change in the community.

Together with their partners, Dance4Life works towards one long-term goal: 'Empowering more than five million young people to lead healthy sexual lives and feel confident about their future'.

Lucas Bols is inspired by Dance4Life's objective to empower and change the behaviour of young people and, in doing so, to help them build healthy and positive lives. We also recognise their franchise model that empowers local partners to execute the centrally-created programmes, as we do with our brands and local distributors. We are a Dance4Life corporate partner, providing advice and supporting the Friends4Life donor network with Bols cocktails at festive fundraising events. We also provide donations, supported by fundraising actions by our employees. These include running the New York marathon and a group of employees cycling from Angers to Amsterdam as seen in the adjoining visual.

dance 4 life®
the movement for safe sex


Bols
Genever
Amsterdam
est. 1575
1575
PRODUCT FROM HOLLAND
ORIGINAL RECIPE
℮0.70L. 42% ALC./VOL.

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, which is why the Management Board promotes a transparent, company-wide approach to risk management and internal controls, allowing the company to operate effectively. This approach is aimed at finding the right balance between maximising the business opportunities and managing the risks involved. The Management Board considers this to be one of its most important tasks.

Key people in the organisation, covering all critical business processes report on the existing risks and mitigating actions on a quarterly basis. These reports were discussed in the risk management committee. Based on the committee's assessment the Management Board concluded that no new risks emerged up to and including the third quarter of the year under review compared to the risk management landscape presented in the previous annual report. There have, however, been changes in the potential likelihood and impact of a number of risks and these are discussed in this chapter.

There were no major changes in the risk management and control systems in the year under review.
The implementation of the Oracle ERP system at the start of the new financial year will mean a move towards more and stronger IT-related operational controls.

In the fourth quarter a new risk emerged: a pandemic resulting from the outbreak of the COVID-19 virus in China. The impact on Lucas Bols will be severe but it is currently difficult to predict the full impact due to uncertainty surrounding the duration, severity and scale of the outbreak.

RISK MANAGEMENT APPROACH

Our risk management policies are designed to identify and analyse the risks facing Lucas Bols, to set appropriate risk limits and controls, and to monitor any developments in the risk environment of the company.
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 the strategic area but only provided that there is an appropriate balance of risk and reward.

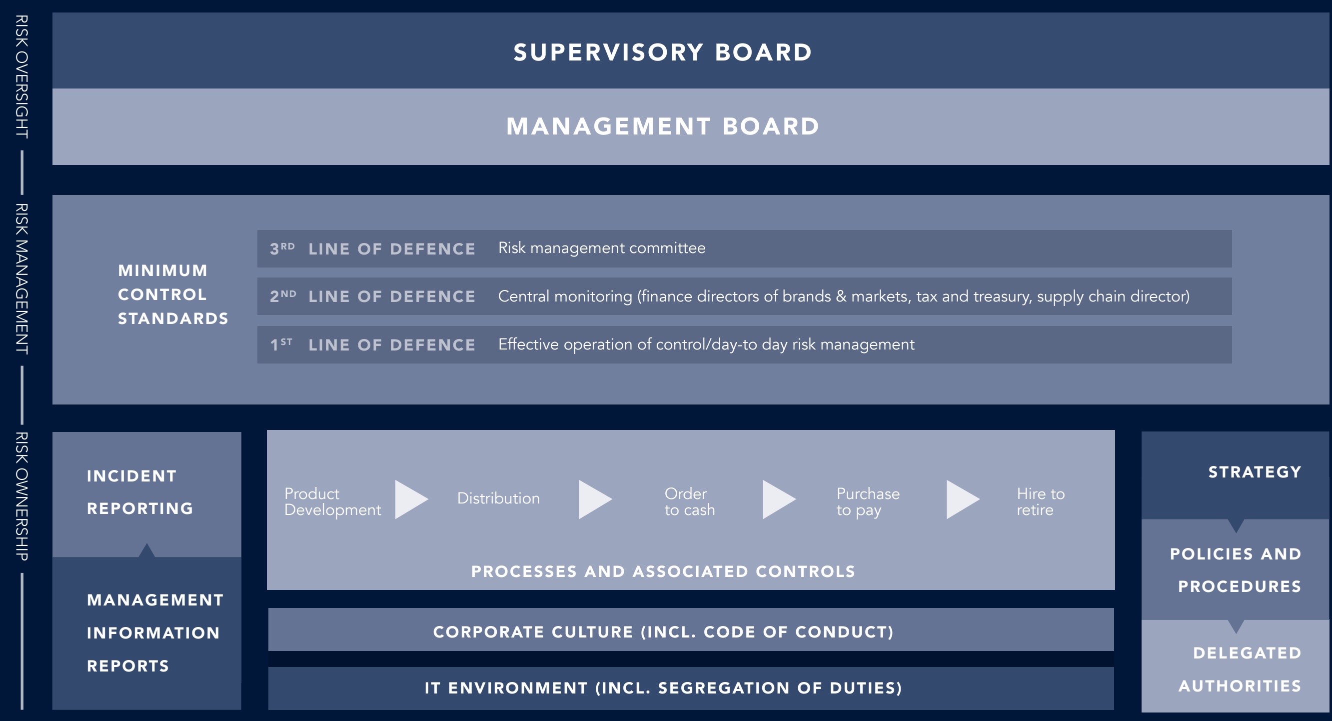
RISK MANAGEMENT FRAMEWORK

Our risk management framework is the foundation for the mitigation of corporate business risks and has been developed to provide reasonable assurance that the risks facing us are properly evaluated and mitigated.
And furthermore 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 with absolute certainty such things as human error, fraud or infringements of laws and regulations. The risk management committee, headed by the CFO and complemented by the finance director internal and external reporting and the legal counsel, is responsible for the establishment, performance and monitoring of the risk management framework.

The Management Board is ultimately responsible for establishing and maintaining sound internal risk management and control systems. Management leads by example.

RISK MANAGEMENT FRAMEWORK

The risk management framework acts as the foundation for the mitigation of corporate business risks and enables to achieve our strategic objectives and maintain our company's long-term viability and reputation.



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 the Supervisory Board meetings. Risk management is based on the 'three lines of defence' approach, with an effective day-to-day risk management system as first line of defence. The central monitoring of key people in the organisation acts as second line of defence, covering all critical business processes, such as the supply chain. The risk management committee forms the third line of defence. Our independent external auditor also obtains an understanding of internal control relevant to the audit but does not express an opinion on the effectiveness of the company's internal control. The framework ensures that risk ownership becomes part of everyday operations, across all departments and processes. Key in detecting and monitoring risks are the management information reports the Management Board receives on a monthly basis. These reports include a full analysis of the performance of brands and regions, including quarterly risk developments. In addition deep dives are performed into specific subjects. Furthermore, Lucas Bols has a culture of clear responsibilities, open communication and short communication lines that supports the effectiveness of the group's risk management. Lucas Bols' risk management systems are constantly monitored, upgraded where necessary and adapted to reflect changes in internal and external circumstances.

Product development and quality control

Bringing excellent products to the market at a consistently high level of quality as well as innovation forms the core of our activities and is key to maintaining our company's single most important asset: our brands. This process is driven by our Master Distiller and the product development and quality team, who develop our products, make our recipes and decide which ingredients and suppliers to use. Only once recipes have been finalised and thoroughly tested are they handed over to our bottlers, who blend and bottle the product as stipulated. Our bottlers' quality assurance procedures are subject to constant screening, and product samples from bottling locations around the world are routinely tested for compliance with our recipes. The process includes numerous checkpoints to ensure that our products meet the highest standards, every single time.

Reporting cycle and management information systems

Our reporting cycle and management information systems are at the heart of our internal risk management and control system. The control system is largely embedded in the company's information systems.

Brand Market Units (BMU) structure

Our budget is detailed with a separate budget made for each brand in each country, resulting in a matrix of brand/market units. The annual budget is the result of a diligent process, whereby our distributors provide forecasts, which are challenged by Lucas Bols management and subsequently agreed. The budget is largely based on these forecasts.

Actual performance is closely monitored in detail and evaluated and acted upon on a monthly basis. This cycle includes monitoring the currency effects, which arise from our worldwide operational activities.

To ensure that the management information system is accurate, the input for the reports is drawn from various sources including our distributors, actual shipment data for Lucas Bols and market performance data based on publicly available information (such as market share developments). This is further substantiated with macro-economic and currency developments and our periodic evaluation of the performance of our distributors.

Code of conduct and brand protection

Both our own communication and business practices and those of our distributors across the globe are characterised by integrity and corporate social responsibility. In order to maintain these high standards we have established a code of conduct. We keep track of all marketing activities on our brands, including those of our (distribution) partners, as well as monitoring the social media activities of our company and partners in this respect.

Protecting the value of our brands is furthermore driven by extensive brand registration across the globe, with potential infringements being constantly monitored and appropriate legal action taken where necessary.

Policies

As referred to above, Lucas Bols has a code of conduct drawn up by the Management Board and approved by the Supervisory Board. The code of conduct describes how Lucas Bols' employees should behave and do business in various circumstances and situations. The code of conduct applies to all employees of Lucas Bols and is published on the corporate website. The Code is updated on a regular basis and communicated to all employees.

Lucas Bols also has a whistle-blower policy in place which ensures that any violations of existing policy and procedures can be reported without negative consequences for the person reporting the violation. The whistle-blower policy can also be found on the corporate website. There was one report under the whistle-blower policy related to (local) management style which was dealt with by the compliance officer, and suitable measures were taken.

Developments in the risk management and control system in 2019/20

In the year under review there were no major changes in the risk management and control systems.
Training courses were held to raise awareness of company policies on insider trading, cybersecurity and other risk-related topics.

Implementation of Oracle

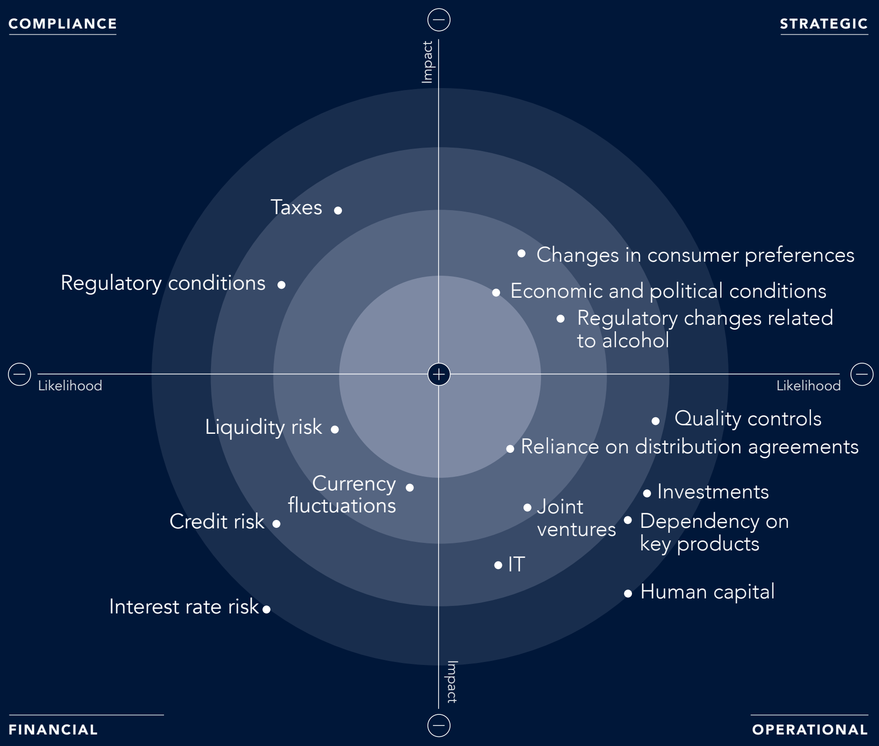
With the implementation of the new ERP system at the start of the 2020/2021 financial year, our risk management and control system will rely even more on IT-related controls. The application of digital authorisations will result in a more traceable audit trail of these authorisations.

Update on compliance policies

In 2018 the staff manual and compliance policies, including the company Code of Conduct, Insider Code, Privacy Policy and Social Media Code of Conduct, were updated. The new staff manual was shared with all employees in February 2019 and the updated policies were brought to their attention. Training courses for new employees on insider trading and how to deal with inside information were held in October and November 2019.

Cybersecurity

In July 2019 a number of training courses were held for employees aimed at increasing awareness of cybersecurity-related topics.



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

Regulatory changes related to alcohol

In 2019/20 changes to local regulations and governmental actions related to alcohol were a focus of attention. In the Netherlands Lucas Bols has been an active participant in the Dutch National Prevention Agreement working group. Other local regulations around the globe were addressed in the business reviews with the commercial team and mitigating actions were taken where needed.

Focus 2020/2021

In the 2020/2021 financial year the focus will once again be on raising awareness of IT security among employees.

KEY RISK FACTORS

Risks and uncertainties in 2019/20

COVID-19

Overall, macroeconomic volatility and geopolitical uncertainty further increased in 2019/20. The trade war between the US and China and the Brexit process continued to have a clear impact on the global economy this financial year. The impact of the outbreak of COVID-19 that started in the final quarter of our financial year triggered public health warnings and measures across many countries around the world that resulted in restrictions on public gatherings, the postponement of events and the closure of outlets (especially on-trade). This obviously impacts the business of many companies and also that of Lucas Bols. We expect revenue in H1 2020/21 to be severely impacted as long as the on-trade remains closed and distributors are reducing their stocks in the market. However, as it is difficult to predict the duration of the outbreak and the consequent lockdown measures management cannot quantify the magnitude of the impact for the full year 2020/21. Looking at our revenue breakdown we are slightly more dependent on the on-premise markets than on the retail markets.

Lucas Bols is monitoring developments closely and will continue to take any and all measures needed to deal with the seriously negatively impacted circumstances, including overhead cost reductions and strict working capital management. Furthermore, our BMU structure (brand market unit) facilitates a very focused adjustment of A&P spending, per each specific brand market combination. This enables us to rapidly scale down investments per market as long as the lockdown measures are in place, but it also allows us to respond quickly when markets are re-opening.

Lucas Bols' strong cash generation and the availability of significant undrawn committed bank facilities provide for sufficient liquidity to manage this crisis. However, given the lack of visibility over the duration of the pandemic, and to further preserve the cash position, management will refrain from proposing a final dividend for the 2019/20 financial year and not pay an interim dividend in December 2020. Furthermore, the Management Board and Leadership Team have decided to waive their entitlement to any variable remuneration for the 2019/20 financial year. Furthermore, there will be no variable remuneration for the first half of the 2020/21 financial year for all employees, including the Management Board.

In addition, to comply with bank covenants and to ensure sufficient flexibility and headroom to continue business operations throughout the COVID-19 crisis, a number of amendments were agreed with the lender group of banks. For more information on these amendments we refer to note 21 of the consolidated financial statements.

Legislation
Legislation continues to impact markets. A recent prime example is France, where new legislation is limiting retail promotions and regulating minimum margins for retailers (under the EGalim law). This has led to significant changes in the landscape and trade relations. Although potentially positive in the long run, it will take a number of years for such a legislative change to settle in before it no longer impacts the behaviour of consumers and retailers. It will be similar to what we saw following changes in the Belgian market a number of years ago, where the impact is still visible in the market.

Consumer preferences
Looking at consumer preferences, a trend we see clearly gaining ground in Western Europe and to some extend North America is consumer demand for no and low-alcohol drinks. Consumers are making more health-conscious choices and Lucas Bols is responding to this with a number of new flavours in our Bols Liqueurs range that serve as a perfect base for a light alcoholic drink. Furthermore, we have introduced Damrak Virgin 0.0, a non-alcoholic alternative to Damrak Gin used to provide tasteful non-alcoholic gin cocktail alternatives. We are actively promoting these new drink concepts in our no and low-alcohol campaigns aimed at offering attractive cocktail alternatives.

Production and input costs
In the year under review we saw increased production costs at our Avandis production joint venture. The rise is mainly the result of significant investments focusing on efficiency, safety and the environment, to create a modernised plant, complying to the latest requirements. These costs cannot be compensated by efficiency benefits yet. We also see the prices of raw materials, including alcohol and glass prices, rising slightly. On balance this had a limited impact on our 2019/20 results. We continue to offset input cost pressures by premiumisation and revenue management initiatives.

For more details on the developments and the potential impact of material changes in both internal and external circumstances on the company's results, please refer to the risk overview on the following pages. The likelihood and impact of the different risks, adjusted based on insights and developments in 2019/20, is illustrated in the diagram on the previous page. For the sensitivity analysis please 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, probability 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 categories.

Although management believes that these risks are the most material risks, they are not the only ones Lucas Bols may face. All of these risks are contingencies, which may or may not occur. Additional risks and uncertainties which are not presently known to management or which are currently deemed immaterial may also have a material adverse effect on Lucas Bols' results of operations or financial condition.

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 produce 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 risk and reward.

RISK	MITIGATION
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 alcohol. The company is subject to extensive regulations regarding advertising, promotions and access to its products, and these regulations or any changes to these regulations could limit its business activities, increase costs and decrease demand for its products.	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 its home country the Netherlands the company is actively involved in the relevant industry bodies, for example through representation 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.
Economic and political conditions in the global markets in which we operate The company's global business is subject to a number of commercial, political and financial risks. The company also operates in emerging markets where the risk of economic and regulatory uncertainty is greater. Also geopolitical issues and trade and import restrictions could have negative consequences for our businesses. Lucas Bols' results are dependent on general economic conditions and can therefore be affected by deterioration of the economic conditions in its markets.	Lucas Bols activities are well diversified, 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 has a sound financial performance with strong operating margins, which can act as a cushion against an economic downturn. *Geopolitical developments such as the US-China trade war had an impact on consumer confidence. We were not directly affected by any new tariffs last year but the risk of new tariffs on alcoholic products has risen and we export our products to the majority of our international markets. Also the global outbreak of COVID-19 is having a clear effect on the global economy and consumer confidence. Lucas Bols has taken measures, including overhead cost cutting, limiting A&P spending and strict cash flow management. Furthermore, temporary amendments to the financing agreements were made.*

RISK	MITIGATION
Changes in consumer preferences Demand for the company's spirits products may 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 with the bartender community means that the company is alerted to changes in consumer preferences at an early stage. The innovative nature of the company enables Lucas Bols to respond swiftly to such changes with new flavours and products. *We see the trend towards no and low-alcohol and low-calorie drinks continuing and Lucas Bols is actively responding to this trend. In April 2020 we launched the non-alcoholic Damrak Gin alternative Damrak Virgin 0.0. We are also responding to this trend with the successful low-alcohol cocktail concept for which specific flavours have been developed.*

OPERATIONAL

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

RISK	MITIGATION
Dependency on key products A few key products contribute a significant portion of the company's revenue, and any reduction in revenue from these products could have a material adverse effect on the company's business, results of operations, financial condition and prospects.	Sales of these products are generally spread across multiple countries and continents.
Joint ventures Lucas Bols' involvement in joint ventures (JVs) over which it does not have full control could prevent the company from achieving its objectives.	Managing and monitoring partnerships and joint ventures is at the heart of the company's business. JVs are monitored through direct board involvement, with a focus on achieving long-term objectives. *We saw an increase in production costs at our Avandis production joint venture as well some output problems after the summer months following the steep increase in the number of stock keeping units (SKUs) and customers. Because the Management Board members of Lucas Bols serve as Supervisory Board members of the joint venture, we are aware of these issues and involved in how Avandis deals with them.* *The economic situation in India and accompanying adverse market circumstances, combined with ongoing changes in the political landscape and corresponding changes in legislation, creates pressure on the business model of our Bols-Kyndal joint venture.*
Investments Transactions that the company engages in, such as acquisitions or investments in joint ventures or associates, might not produce the expected returns.	Potential investments and acquisitions are aligned with our strategy. Decisions to invest or acquire are based on thorough processes, where necessary with external support. New brands are integrated in our management information and reporting systems.
Quality controls Inconsistent quality or contamination of the company's products or similar products in the same categories as Lucas Bols products could harm the integrity of, or customer support for, the company's brands and adversely affect the sales of those brands.	The recipes in which the ingredients and procedures are defined are fully controlled by Lucas Bols. The company only partners with certified bottlers and in general our joint venture partners also work exclusively with certified suppliers. The company samples and tests all its products.

RISK	MITIGATION
Reliance on distribution agreements Lucas Bols is reliant on the performance of its distributors and its operations may be adversely affected by poor performance of its distributors or by the company's inability to enter into or maintain distribution agreements on favourable terms or at all.	The company applies very strict criteria for selecting distribution partners. In addition each distributor and each agreement is subject to annual evaluation by the commercial team and if this evaluation shows that action is needed, that action will be taken, within the contractual terms agreed. *Overall, the launch of and/or transition to the agreements agreed in 2018/19 with new distributors was smooth. There were also some changes in our distribution network in 2019/2020.*
Human capital Lucas Bols' success depends on retaining key personnel and attracting highly skilled individuals, especially given its relatively small number of employees.	Lucas Bols is able to attract, motivate and retain knowledgeable and experienced employees thanks to our reputation and market position, our strategic partnerships and our strong entrepreneurial company culture.
IT IT security threats and levels of sophistication in computer crime are increasing globally, posing a risk to the confidentiality, availability and integrity of data and information and going as far as posing a risk to the order to cash process.	We have invested in protection measures to prevent damage from cyberattacks and to continuously update our defences to be effective in a changing environment. Furthermore, we have further increased our internal controls on outgoing payments. *At the start of the 2020/2021 financial year we implemented a new Oracle ERP system. Along with the benefits it provides for streamlining the internal processes, the system enables additional IT-driven controls. Furthermore, we organised cybersecurity and data protection training courses for all employees in July 2019 to further raise and maintain staff awareness.*

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 limit our risk. Our reporting risk is limited to the minimal risk associated with errors in our reporting.

RISK	MITIGATION
Currency fluctuations Exchange rate fluctuations could have a material adverse effect on the company's business, financial condition and results of operations.	Each year the company seeks to mitigate the short term impact of fluctuations in foreign currency exchange rates on its cash flow and earnings by entering into hedging agreements for approximately 60% to 80% of its total currency exposure at the start of the financial year. The company's strategy is to hedge the currency risk through the application of standard forward contracts.
Liquidity risk Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The company's approach to managing liquidity through its treasury process is aimed at ensuring, insofar as is 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 company's reputation. *Lucas Bols' strong cash generation and the availability of significant undrawn committed bank facilities provide for sufficient liquidity to manage the COVID-19 crisis.*
Interest rate risk Changes in interest rates affect the company's results and cash flow.	Lucas Bols applies a policy which ensures that at least 80% of its medium-term interest rate risk is fixed-rate exposure. This involves entering into and designating interest rate swaps to hedge fluctuations in cash flows attributable to interest rate movements.
Credit risk Credit risk arises from liquid assets, derivative instruments and balances with banks, as well as credit exposure to customers, including outstanding receivables and agreed transactions.	The company has implemented a credit policy and monitors its exposure to credit risk on an ongoing basis.

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 producing and distributing our high-quality products, so we allow only minimal risk in this area.

RISK	MITIGATION
Regulations Lucas Bols' business and production facilities are subject to significant governmental regulation and failure to comply with relevant regulations or any changes in such regulations could result in interruptions to supply and increased costs.	Lucas Bols closely monitors the legal developments in the markets where it is active. *In France new legislation was introduced to limit retail promotions. Although these new rules will be beneficial in the long term, the new law is having a negative short-term impact on the market in France.* *We see that the specific requirements for our products are getting stricter in a number of regions in Asia and Africa. These protective measures are increasingly being taken to discourage market entry.*
Taxes Increases in taxes, particularly increases in excise tax rates, could adversely affect demand for the company's products.	Excise tax increases which are significant in a given market tend to have a negative impact for a period of 12 months, followed by stabilisation and often recovery of the business. Consequences of tax changes and resulting changes in buying behaviour are constantly monitored in close cooperation with our distributors and market positioning is adjusted where 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 44 to 48 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 58 to 61;
- the internal risk management and control systems of the company provide reasonable assurance that financial reporting as included in the Financial Statements on pages 88 to 137 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 48;
- 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 61 to 68.

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 2020 and of the state of affairs for 2019/20 of Lucas Bols and its subsidiaries, as well as a description of the principal risks and uncertainties Lucas Bols faces.

Amsterdam, 27 May 2020

Management Board
Huub van Doorne & Joost de Vries

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 4.3.3) 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. 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. For Lucas Bols long term value creation is all about building brands and building 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 interview with the Management Board, the strategy paragraph, the Lucas Bols Business model and the operational review of the report of the Management Board. Furthermore, as a spirit's company Lucas Bols takes its role in society seriously, advocating responsible alcohol consumption and encouraging socially responsible communication on this. Throughout the company entrepreneurship, client & consumer driven, excellence in execution and teamwork & trust are the main drivers to build future, sustainable success. More detail on culture and our company values can be found in the Corporate Social Responsibility chapter in the report of the Management Board.

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 58 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 2019/20 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 10 January 2021;
- 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 10 January 2021;
- 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.

This year the annual general meeting is scheduled to take place on 9 July. 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 meetings with analysts, 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 provision deviates from the Code (best practice provision 4.3.3). Lucas Bols believes this to be justified in the interest of the continuity of Lucas Bols and its group companies.

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 82 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 temporarily consists of five members, Mr. Derk Doijer, Mrs. Marina Wyatt, Mrs. Alex Oldroyd, Mr. Ralph Wisbrun and Mr. René Hooft Graafland. Mr. Doijer will step down from the Supervisory Board at the AGM to be held on 9 July 2020. Mr. Hooft Graafland will become the chairman of the Supervisory Board.

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.

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 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 chairman 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 strictly follow best practice provision 2.1.6 of the Code to formulate an explicit diversity target 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 Lucas Bols operates in. In determining profiles for new board members, Lucas Bols will pay close consideration to the aforementioned best practice provision as well as the provisions of article 2:166 of the Dutch Civil Code which requires companies to pursue a policy of having at least 30% of the seats on the Management Board and Supervisory Board held by men and at least 30% of the seats on the Management Board and Supervisory Board held by women.

The Supervisory Board has a 60-40 male-female division (which will be 50-50 again after Mr. Doijer retires at the following AGM) and thereby meets the above mentioned target and furthermore is compliant with the proposed new legislation related to this topic. The Management Board does not meet the target as set in the Dutch Civil Code. In the search for the new CFO, the overriding principle of best person for the job led to the selection of Mr. Frank Cocx. Mr. Cocx will be proposed to be appointed as the new Chief Financial Officer at the annual general meeting scheduled on 9 July 2020.

CONFLICT OF INTEREST

Any potential or actual conflict between Lucas Bols and a member of the board should be reported to the chairman 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 (below 0.01% of total shares outstanding). There were no conflicts of interest between Lucas Bols and any member of the boards during the financial year 2019/20.

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. During the financial year 2020/21 a process will be initiated with the aim to appoint the auditor for the financial year 2021/22.

The Management Board ensures that the external auditor is able to 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.

AGREEMENTS IN THE SENSE OF ART. 1.J. OF THE DECREE OF 5 APRIL 2006 (CHANGE OF CONTROL)

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 agreements entered into with Remy Cointreau S.A. regarding Passoã SAS also contain a change of control clause. If a party obtains 50.01% or more of the shares in the company's capital, Lucas Bols will be obliged to issue Remy Cointreau with a security in the form of a bank guarantee or an escrow deposit for an amount equal to the exercise price of the call/put option.

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.

COSMOPOLITAN

COMPOSITION OF THE SUPERVISORY BOARD

DERK DOIJER

CHAIRMAN

MR. D.C. (DERK) DOIJER
1949, Dutch nationality

Current (second) term commenced on 6 September 2018 and Mr. Doijer will retire at the AGM to be held on 9 July 2020.

Mr. Doijer was first appointed at the management buy-out in 2006. His first term according to the Code commenced on 3 February 2015.

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 (first) term commenced on
1 September 2016 and expires in 2020.

Other positions
Managing Director Fluxion Advisors
Non-Executive Director of Brockmans Gin

RALPH WISBRUN
VICE-CHAIRMAN

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
Board member of the Foundation to support the Emma children's hospital

RENÉ HOOFT GRAAFLAND
MEMBER

MR. D.R. (RENÉ) HOOFT GRAAFLAND
1955, Dutch nationality

Current (first) term commenced on 10 July 2019 and expires in 2023. Mr. Hooft Graafland will succeed Mr. Doijer as chairman on the AGM to be held on 9 July 2020.

Other positions
Supervisory Board member at Ahold Delhaize, FrieslandCampina and Wolters Kluwer
Member of the Monitoring Committee Corporate Governance
Chairman Stichting African Parks Foundation
Chairman Royal Theater Carré Fund

REPORT OF THE SUPERVISORY BOARD

The year under review was characterised by extreme volatile macro-economic developments with the US-China trade war, Brexit and above all the outbreak and spread of COVID-19 in the last months of the fiscal year having a significant impact on markets worldwide. In these market circumstances, the company did not show revenue growth, but we did see an improvement in the cash flow. Furthermore, the company worked hard on product development with the launch of Damrak Virgin 0.0 and the improved recipes of the Bols Liqueurs.

Writing about the events of the 19/20 fiscal year and what Lucas Bols achieved in that period seems a distant reality since last January COVID-19 has overtaken our lives, presenting an unprecedented medical, economic and human challenge. The implications of this coronavirus for everyone are profound and the outcome still very much unclear. Focus on the short-term will be on the safety of our employees and protecting the cash flow. Herewith, we are benefitting from our asset light business model as we have a relatively more flexible cost-base. However, as dramatic as the situation now is, we do believe that under today's circumstances the economy will recover steadily and as such we remain fully committed to our strategy and our medium-term objective to grow our global brands.

COMPOSITION OF THE SUPERVISORY BOARD

On 31 March 2020 the Supervisory Board of Lucas Bols consisted of five members: Derk Doijer (chairman), René Hooft Graafland, Alex Oldroyd, Ralph Wisbrun (vice chairman) and Marina Wyatt. Mr. Doijer will step down from the Supervisory Board after the Annual General Meeting on 9 July 2020 and Mr. Hooft Graafland will succeed him as chairman. At the same meeting the re-election of Mrs. Oldroyd will be proposed to the shareholders.

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. Following the appointment of Mr. Hooft Graafland and the retirement of Mr. Doijer, the gender ratio of the Supervisory Board will be 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 gender 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.

Although the Supervisory Board currently consists of five members, it is envisaged that the number will decrease to four again after the AGM in July 2020. As this is a temporary situation the Supervisory Board adheres 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. Meetings regarding remuneration are chaired by Mr. Wisbrun and the financial statements and audit-related meetings are chaired by Mrs. Wyatt who has extensive financial and accounting experience.

EVALUATION

The Supervisory Board reviewed and discussed its own functioning during the 2019/20 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. The overall conclusion of the assessment was positive. The follow-up points of the assessment in 2018/19 were adequately addressed, although some of the topics touched on are deemed to require continuous improvement, such as the management reports which will need to provide more in-depth insight into market developments.

The composition, functioning and succession planning of the Management Board and the performance of its individual members were also assessed and discussed.

MEETINGS AND ATTENDANCE IN 2019/20

The Supervisory Board held five ordinary meetings during the year under review. All members were present at every meeting (either in person or via video conference). All meetings were held in the presence of the Management Board, with the exception of the meeting at which the Supervisory Board discussed and decided on the performance appraisal of the individual Management Board members. Also, members of the company's Leadership Team and management board members of the Avandis and Maxxium joint ventures were present at a number of Supervisory Board meetings.

All but one physical meeting took place at the company's offices in Amsterdam. In between the meetings Supervisory Board chairman Derk Doijer maintained contact with the Management Board on a regular basis, while Supervisory Board member Marina Wyatt was in regular contact with the CFO on audit-related matters.

The topics discussed in the various meetings included the financial performance of the company as well as market, brand and distribution developments in the various markets in which Lucas Bols operates. The performance of Avandis, the company's production joint venture, as well as the Bols-Kyndal joint venture in India were also discussed extensively.

Furthermore, the Supervisory Board 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.

The succession of the company's CFO was discussed by the Supervisory Board as a whole, while a committee consisting of Messrs. Doijer, Hooft Graafland and Van Doorne was responsible for the selection process. After a careful and extensive selection process, supported by external specialists, the Supervisory Board is of the opinion that Mr. Frank Cocx is a very well-suited candidate for the CFO position given his background and experience. Mr. Cocx will be nominated for appointment as Chief Financial Officer and statutory director of the Company at the Annual General Meeting scheduled to be held on 9 July 2020.

Furthermore, the Supervisory Board was kept informed of developments within Lucas Bols' risk management framework and risk environment. The actions taken to mitigate risks and strengthen the company's internal control framework were presented and discussed.

On the topic of COVID-19, the implications for the company and specific actions to be taken, communication with management is on a continuous basis.

During the 2019/20 financial year the Supervisory Board met with the external auditor on two occasions.
At the meeting in May 2019 the auditor presented its independent auditor's report and long-form auditor's report with the findings following the audit of the 2018/19 financial statements. The key audit matters for the audit of the 2019/20 financial statements were subsequently discussed at the Supervisory Board meeting in November 2019.

REPORT OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

At the Annual General Meeting of Shareholders held on 10 July 2019 the Management Board gave an account of the general state of affairs at Lucas Bols and of the company's financial performance in the 2018/19 financial year. The meeting adopted the 2018/19 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. Hooft Graafland as a member of the Supervisory Board for a four-year term. The meeting authorised the Management Board to issue ordinary shares, limited to a maximum of 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 2018/19 financial statements, gave a presentation on the audit and auditor's report. Pursuant to the revised Shareholders Rights Directive, the remuneration policy was discussed with and adopted by the Annual General Meeting with 98.8% (thereby amply meeting the required majority of 75%).

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.

2019/20 FINANCIAL STATEMENTS AND DIVIDEND

The Supervisory Board has reviewed and discussed the 2019/20 annual report. The 2019/20 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 in May 2020 by the Supervisory Board and the external auditor in the presence of the Management Board.

The Supervisory Board believes the 2019/20 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 2019/20 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 2019/20 and its report at the Annual General Meeting of Shareholders on 9 July 2020. The Supervisory Board recommends that the Annual General Meeting of Shareholders adopt the 2019/20 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 final dividend for the 2019/20 financial year. The total dividend is therefore equal to the interim dividend of € 0.35 paid out in December 2019.

The Supervisory Board would like to express a specific note of gratitude to Joost de Vries for his service to the company for a period of nearly 15 years. Joost has been instrumental in taking the company to where we stand today, helping realise various milestones in our rich history including three refinancing rounds, the IPO and the Passoã transaction.

The members of the Supervisory Board would like to thank our shareholders and business partners for their long-term commitment to our company, especially given the challenges of today's world. In particular, we wish to thank all our employees and Management Board for their never-ending commitment and hard work under these extremely difficult circumstances. Please stay safe.

Amsterdam, 27 May 2020

On behalf of the Supervisory Board

Derk Doijer, Chairman

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.

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 Company's long-term strategy is aimed at building brand equity by accelerating the global brand growth and maintaining the strong position of the Company's regional brands, 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;
- annual variable remuneration in cash;
- allowance for pension and fringe 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 56 of the Annual Report. None of the current members of the Management Board have participated in the Plan.

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 takes into account 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.

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.

Annual variable remuneration in cash

The objective of the annual variable 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 financial 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 financial 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 also contribute to the Company's long-term strategy objectives and may also relate to the long-term objective of the Company to realise sustainable operational leverage.

Pension and fringe 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 fringe 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 2019/20

In the financial year ending 31 March 2020 Mr. van Doorne and Mr. de Vries served Lucas Bols via a service agreement with a management company controlled by Mr. van Doorne and Mr. de Vries, respectively. The terms of these service 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 2019/20 are as follows:

	BASE SALARY		VARIABLE REMUNERATION		PENSION		OTHER BENEFITS*		TOTAL REMUNERATION		PROPORTION OF FIXED AND VARIABLE REMUNERATION	
REMUNERATION IN € '000	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Mr. H.L.M.P. van Doorne (CEO)	479	470	–	94	–	–	95	95	574	**659**	100%/0%	86%/14%
Mr. J.K. de Vries (CFO)	326	320	–	64	33	31	21	24	380	**439**	100%/0%	85%/15%

* Other benefits include a.o. insurances and the use of a private or lease 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

The level of the fixed base remuneration remained unchanged during the 2015/16 to 2018/19 financial years. For the 2019/20 financial year the Supervisory Board has adjusted the fixed base remuneration for the Management Board upwards by 2%. This adjustment fits within the reference framework of the peer group and is deemed reasonable given the fact that the remuneration level of the Management Board has not been adjusted for the past 5 years. Furthermore, the internal pay ratio was taken into account as the adjustment is in line with the average salary adjustment throughout the Company 3%.

Annual variable remuneration

Given the current situation relating to COVID-19, the Management Board, in consultation with the Supervisory Board, has decided to waive its entitlement to the annual variable remuneration for the 2019/20 financial year.

Share awards

In the context of the employee stock allocation (ESA) scheme for all employees of the Company with respect to the successful IPO in 2014/15, Mr. de Vries was granted a one-off remuneration component consisting of 7,840 depositary receipts for shares in the capital of Lucas Bols. The shares were subject to a retention period of five years, during which the shares could not be disposed of. This retention period ended on 5 February 2020.
The value of the ESA shares at 31 March 2020 amounted to € 60,368 (31 March 2019 € 119,680).

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 (€ 134,134 in 2019/20) (€ 123,940 in 2018/19) 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 4.3 (5.3 for 2018/19) and for the CFO of 2.8 (3.5 for 2018/19).

Remuneration of Management Board in 2020/21

For 2020/21 no changes are foreseen in the base remuneration of the Management Board. In the context of the COVID-19 outbreak the Management Board has voluntarily decided to waive their entitlement to any variable remuneration for the first half of the 2020/21 financial year.
Mr. J.K. de Vries will not receive severance pay in relation to the termination of his service contract with the Company on his initiative. For details of the remuneration

REMUNERATION AND COMPANY PERFORMANCE IN LAST FIVE FINANCIAL YEARS					
REMUNERATION MANAGEMENT BOARD (IN €)	2015/2016	2016/2017	2017/2018	2018/2019*	2019/2020*
Total remuneration CEO	612,000	754,000	710,000	659,000	574,000
Total remuneration CFO	407,000	504,000	469,000	439,000	380,000
LUCAS BOLS PERFORMANCE (ALL IN € MILLION)	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
EBIT	17.6	18.2	23.6	19.6	17.7
Normalised net profit	11.7	15.1	14.7	12.8	11.3
Operating free cash flow	16.7	17.5	18.7	11.8	15.8
PAY RATIO	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Pay ratio CEO**	5.6	6.4	5.9	5.3	4.3
Pay ratio CFO**	3.7	4.3	3.9	3.5	2.8
Average total remuneration of Lucas Bols employees**	109,371	117,649	120,334	123,940	134,134

* As of 2018/19 the new IFRS 15 and 16 standards have been implemented.

** 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.

of the new CFO, Mr. F.J. Cocx, reference is made to the information that will be made available for the 2020 Annual General Meeting of Shareholders which is currently scheduled to be held on 9 July 2020.

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.

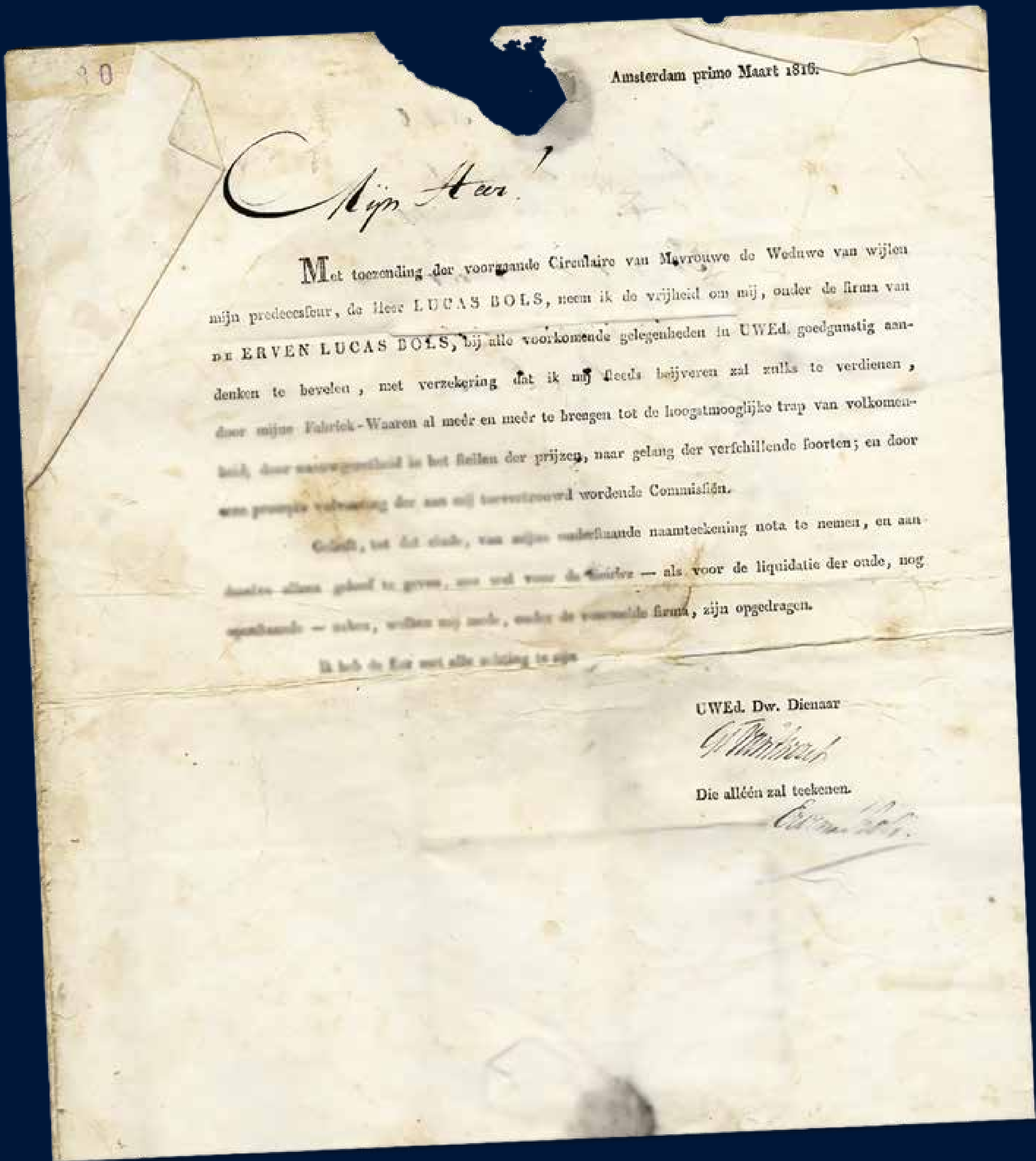
The annual fee for the Supervisory Board members is set as follows:

REMUNERATION OF THE SUPERVISORY BOARD MEMBERS	
Chairman of the Supervisory Board	45,000
Vice-chairman of the Supervisory Board	40,000
Other members of the Supervisory Board	35,000

REMUNERATION SUPERVISORY BOARD IN LAST FIVE FINANCIAL YEARS					
(IN €)	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Mr. D.C. Doijer	40,000	40,000	43,000	45,000	45,000
Mrs. M.M. Wyatt	30,000	30,000	32,000	35,000	35,000
Mrs. A. L. Oldroyd			32,000	35,000	35,000
Mr. R. Wisbrun			32,000	38,000	40,000
Mr. D.R. Hooft Graafland					26,250

Remuneration of Supervisory Board in 2020/21

No changes are planned with respect to the remuneration of the Supervisory Board members in 2020/21.



Amsterdam primo Maart 1816.

Mijn Heer!

Met toezending der voorgaande Circulaire van Mevrouwe de Weduwe van wijlen mijn predecesseur, 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 aandenken te bevelen, met verzekering dat ik mij steeds beijveren zal zulks te verdienen, door mijne Fabriek-Waaren al meêr en meêr te brengen tot de hoogstmooglijke trap van volkomenheid, door [illegible] in het stellen der prijzen, naar gelang der verschillende soorten; en door eene [illegible] der aan mij [illegible] wordende Commissiën.

[illegible] naamteekening nota te nemen, en aan [illegible] — als voor de liquidatie der oude, nog [illegible] firma, zijn opgedragen.

[illegible]

UWEd. Dw. Dienaar

Die alléén zal teekenen.

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CONSOLIDATED FINANCIAL STATEMENTS 2019/20

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2020	2019
Revenue	5	83,980	86,983
Cost of sales	5	(36,321)	(37,712)
Gross profit		**47,659**	**49,271**
Distribution and administrative expenses	6	(30,082)	(30,623)
Operating profit		**17,578**	**18,648**
Share of profit of joint ventures	17	154	990
Finance income		250	93
Finance costs		(3,594)	(4,003)
Net finance costs	8	**(3,344)**	**(3,910)**
Profit before tax		**14,387**	**15,728**
Income tax expense	11	(5,182)	747
Net profit		**9,205**	**16,475**
Result attributable to the owners of the Company		**9,205**	**16,475**
Weighted average number of shares	9	12,477,298	12,477,298
Earnings per share			
Basic earnings per share (EUR)	9	0.74	1.32
Diluted earnings per share (EUR)	9	0.74	1.32

The notes on page 93 to 131 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2020	2019
Net profit		9,205	16,475
Other comprehensive income - Items that will never be reclassified to profit or loss			
Remeasurement of net defined benefit liability/(asset)	10	(29)	(4)
Related tax	11	7	1
Equity accounted investees – share of other comprehensive income	17	(5)	127
		(27)	**124**
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences*		(40)	72
Equity accounted investees – share of other comprehensive income	17	(44)	38
Net change in hedging reserve	25	(81)	(360)
Related tax	11	20	90
		(145)	**(160)**
Other comprehensive income for the year, net of tax		**(172)**	**(36)**
Total comprehensive income for the year, net of tax		**9,033**	**16,439**
Total comprehensive income attributable to the owners of the Company		**9,033**	**16,439**

* Refer to note 3 of the company financial statements.

The notes on page 93 to 131 are an integral part of the consolidated 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 2019	1,248	129,695	–	(163)	(754)	11,790	38,840	11,498	192,154
Transfer result prior period	–	–	–	–	–	–	11,498	(11,498)	–
Total comprehensive income									
Profit (loss) for the year	–	–	–	–	–	–	–	9,205	9,205
Other comprehensive income	–	–	–	(84)	(61)	–	(27)	–	(172)
Total comprehensive income	**–**	**–**	**–**	**(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)	–
Balance as at 31 March 2020	**1,248**	**129,695**	**–**	**(247)**	**(815)**	**16,601**	**42,835**	**4,384**	**193,701**

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 2018	1,248	130,070	–	(273)	(484)	6,742	31,091	15,181	183,575
Transfer result prior period	–	–	–	–	–	–	15,181	(15,181)	–
Total comprehensive income									
Profit (loss) for the year	–	–	–	–	–	–	–	16,475	16,475
Other comprehensive income	–	–	–	110	(270)	–	124	–	(36)
Total comprehensive income	**–**	**–**	**–**	**110**	**(270)**	**–**	**124**	**16,475**	**16,439**
Dividend paid	–	–	–	–	–	–	(7,486)	–	(7,486)
Purchase own shares (ESPP)	–	–	106	–	–	–	–	–	106
Own shares delivered (ESPP)	–	–	(106)	–	–	–	–	–	(106)
Changes in estimates of costs related to the issuance of shares*	–	(375)	–	–	–	–	–	–	(375)
Transfer to legal reserves**	–	–	–	–	–	5,048	(70)	(4,977)	–
Balance as at 31 March 2019	**1,248**	**129,695**	**–**	**(163)**	**(754)**	**11,790**	**38,840**	**11,498**	**192,154**

* Amount recognized in changes in estimates refers to settlement with the tax authorities regarding tax deductibility of costs related to the issuance of shares.

** Transfer from Retained earnings to Other legal reserves comprises the transfer of undistributed profits from the jointly owned entity and from joint ventures.

The notes on page 93 to 131 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2020	2019
Assets			
Property, plant and equipment	15	10,308	10,371
Intangible assets	16	307,347	306,836
Investments in associates and joint ventures	17	7,316	7,590
Other investments	18	599	599
Non-current assets		**325,570**	**325,396**
Inventories	12	10,559	10,879
Trade and other receivables	13	24,921	23,328
Other investments, including derivatives	25	115	–
Cash and cash equivalents	14	33,108	21,221
Current assets		**68,703**	**55,429**
Total assets		**394,273**	**380,825**
Equity			
Share capital		1,248	1,248
Share premium		129,695	129,695
Treasury shares		–	–
Currency translation reserve		(247)	(163)
Hedging reserve		(815)	(754)
Other legal reserves		16,601	11,790
Retained earnings		42,835	38,840
Result for the year		4,384	11,498
Total equity	19	**193,701**	**192,154**
Liabilities			
Loans and borrowings	21	49,714	47,636
Other non-current financial liabilities	22	6,746	76,449
Employee benefits	10	434	334
Deferred tax liabilities	11	42,663	39,975
Total non-current liabilities		**99,557**	**164,394**
Loans and borrowings	21	11,925	7,551
Trade and other payables	23	17,497	15,661
Other current financial liabilities, including derivatives	24	71,593	1,065
Total current liabilities		**101,015**	**24,277**
Total liabilities		**200,572**	**188,671**
Total equity and liabilities		**394,273**	**380,825**

The notes on page 93 to 131 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2020	2019
Cash flows from operating activities			
Net profit		9,205	16,475
Adjustments for:			
• Depreciation and amortisation	6	1,632	1,428
• Net finance costs	8	3,344	3,910
• Share of profit of joint ventures, net of tax	17	(154)	(990)
• Income tax expense	11	5,182	(747)
• Provision for employee benefits	10	71	50
		19,280	**20,126**
Change in:			
• Inventories		320	(2,159)
• Trade and other receivables		(1,592)	(2,081)
• Trade and other payables		563	1,335
Net changes in working capital		**(709)**	**(2,905)**
Dividends from joint ventures	17	1,100	1,200
Interest received		335	70
Income tax paid		(2,242)	(4,447)
Net cash from operating activities		**17,764**	**14,044**
Cash flows from investing activities			
Acquisition of/additions to associates and joint ventures	17	(50)	(300)
Acquisition of property, plant and equipment	15	(1,387)	(1,928)
Acquisition of intangible assets	16	(596)	-
Net cash from (used in) investing activities		**(2,033)**	**(2,228)**
Cash flows from financing activities			
Proceeds from loans and borrowings	21	2,000	48,000
Payment of transaction costs related to loans and borrowings		-	(390)
Repayment of loans and borrowings	21	-	(48,428)
Cash dividend paid to shareholders	19	(7,486)	(7,486)
Payments made in lease contracts	24	(786)	(788)
Interest paid		(1,906)	(1,513)
Net cash from (used in) financing activities		**(8,178)**	**(10,605)**
Net increase/(decrease) in cash and cash equivalents		**7,553**	**1,211**
Cash and cash equivalents at 1 April		13,670	12,380
Effect of exchange rate fluctuations		(40)	79
Net cash and cash equivalents as at 31 March	14	**21,183**	**13,670**
Cash and cash equivalents (asset)		33,108	21,221
Less: bank overdrafts included in current loans and borrowings		(11,925)	(7,551)
Net cash and cash equivalents as at 31 March		**21,183**	**13,670**

The notes on page 93 to 131 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2020 AND 31 MARCH 2019

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 for the year ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interest in jointly controlled entities.

A summary of the main subsidiaries and jointly controlled entities is included in note 26.

The Company is primarily involved in managing the product development, bottling, distribution, sales and marketing of the brands Bols, Galliano, Vaccari, Damrak Gin, Passoã, Pisang Ambon, Bokma, Hartevelt, Coebergh and a large group of Dutch genevers 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 are not the dominant factor in deciding who controls the entity. Therefore, the Company concluded Passoã SAS is a jointly owned entity that the Company controls with no non-controlling interests.

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 EU and Part 9 of Book 2 of the Netherlands Civil Code.

These 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, which reflects their ongoing support and commitment, 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 27 May 2020.

(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 statement of financial position:

- derivative financial instruments are measured at fair value;
- interests in the joint ventures are accounted for using the equity method; and,
- the defined benefit obligation is recognised as 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 euros, which is the Company's functional currency. All financial information presented in euros has been rounded to the nearest thousand, unless otherwise indicated.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

(I) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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 iconic 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 assumes operational and financial control of Passoã SAS.

Passoã SAS is fully controlled by Lucas Bols, which is entitled to the jointly owned entities 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 has been granted some minority protection rights to prohibit fundamental changes in the activities of the jointly owned entity, namely to protect the interest of Rémy Cointreau Group. In the normal course of business, these rights will not affect the way Lucas Bols intends to run the operations and therefore Lucas Bols has operational and financial control over the Passoã SAS.

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 17 – 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;
- 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).
- 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 in note 25 – financial instruments.

(e) Changes in accounting policies

The Group has early adopted IFRS16 in financial year 2018/19. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements except for the new standards applied by the Group in the current year. IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment* became effective for annual periods beginning on or after 1 January 2019. The application of this new standard does not have a significant impact on our consolidated financial statements.

3. SIGNIFICANT 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 is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

Passoã SAS is fully controlled by the Company, 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.

(III) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in 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 the joint venture are accounted for using the equity method. These are recognised initially at cost and include 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 until the date on which significant influence or joint control ceases.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of joint ventures' in the statement of profit or loss.

(IV) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised 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 comprises predominantly 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) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense, including amortisation of deferred finance fees;
- the net gain or loss and early settlement of interest hedging instruments that are recognised in profit or loss.

(d) Foreign currency

(I) Foreign currencytransactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate on the transaction date.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currency are recorded on historical cost using the exchange rate at the date of the initial transaction. 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 euros 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.

(e) 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 (if any, excluding interest), 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.

(f) Employee share purchase plan

In 2015 the Group set up an employee share purchase plan. Under this plan, employees are entitled to buy shares of the Company from own payment two times a year following publication of the half-year and full-year results, whereas the first time occurred after publication of the full year 2014/15 results. The employees are entitled to buy the shares at a discount of 13.5% of the share price at that time. A three-year lock up period is applicable, in which the employees cannot sell their shares. No other vesting or performance conditions are applicable.
The plan qualifies as share-based arrangement (equity settled) under IFRS 2. No share-based payment costs are recognized in the profit and loss account as the fair value of the share-based payment is zero.

(g) Income tax

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 recognized. For subsequent transactions where the Initial Recognition Exemption has been applied, deferred taxes will be recognized when temporary differences arise;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can able to 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 the 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. The brands and brand portfolios have an indefinite useful life because the period during which it is expected that the brands contribute to net cash inflows is indefinite. Therefore, the brands are not amortised and are tested annually for impairment and whenever there is an

indication that the brands may be impaired. The brands are valued at cost less accumulated impairment losses when applicable.

(II) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses when applicable.

(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);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. 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 loan to a Joint venture included under other non-current financial 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 for 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

The measurement of financial liabilities depends on their classification, as described below:

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. This agreement can be executed not earlier than December 2020. If the agreement is executed, Lucas Bols will acquire the remaining shares for a purchase consideration of approximately EUR 71 million. Lucas Bols has secured funding for this payment, through a combination of existing financing facilities, the additional acquisition facilities as well as the expected cash generated from the business.

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.

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
(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 cash-generating units (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
In respect of an equity-accounted investee an impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount. 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. As a result, management believes there is no further credit risk provision required in excess of the normal individual and collective impairment, based on an aging analysis performed as of 31 March 2020.

(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 applies the short-term lease recognition exemption to its 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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below EUR 5 thousand). Lease payments on short-term leases and leases of low-value assets are recognised as 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 2020 and have not been applied in preparing these consolidated financial statements, including the amendments to IFRS 9, IAS 39 and IFRS 7 for IBOR reform. 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 brands are 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 represent the Group's brands which in general are sold on more than one continent, on which the Group achieves a relatively high margin and which have an on-premise character. The main global brands consist of the Bols Liqueurs range, Italian Liqueurs (Galliano and Vaccari), the white spirits portfolio (Bols Vodka, Bols Genever and Damrak Gin) and Passoã.

(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, the Strike brands, Regnier and La Fleurette.

The Group's management reviews internal management reports of each segment. Information regarding the results of each reportable segment is set out below.

Allocation to the brand segments takes place on specific brand contribution level. Items managed on a group basis (i.e. overheads, finance and tax items) are not allocated to the segments.
Only direct brand allocated assets and liabilities are allocated to the brand segments, all other assets and liabilities are managed on a group basis and not allocated to the segments.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	GLOBAL BRANDS		REGIONAL BRANDS	
	2020	2019	2020	2019
Revenue	64,545	66,428	19,435	20,555
Cost of sales	(25,292)	(26,190)	(11,028)	(11,522)
Gross profit	**39,253**	**40,238**	**8,407**	**9,033**
A&P and distribution expenses	(12,989)	(12,851)	(1,127)	(1,468)
Personnel and other expenses	–	–	–	–
Total result from operating activities	**26,264**	**27,387**	**7,280**	**7,565**
Share of profit of joint ventures	(91)	199	245	790
EBIT	**26,173**	**27,586**	**7,525**	**8,355**

AMOUNTS IN EUR '000 AS AT 31 MARCH	GLOBAL BRANDS		REGIONAL BRANDS	
	2020	2019	2020	2019
Intangible assets*	215,185	214,674	92,162	92,162
Inventories	8,718	9,226	1,841	1,653
Other assets	–	–	–	–
Total segment assets	**223,904**	**223,900**	**94,003**	**93,815**
Total segment liabilities	**–**	**–**	**–**	**–**

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	UNALLOCATED		TOTAL	
	2020	2019	2020	2019
Revenue	–	–	83,980	86,983
Cost of sales	–	–	(36,321)	(37,712)
Gross profit	**–**	**–**	**47,659**	**49,271**
A&P and distribution expenses	–	–	(14,116)	(14,319)
Personnel and other expenses	(15,966)	(16,304)	(15,966)	(16,304)
Total result from operating activities	**(15,966)**	**(16,304)**	**17,578**	**18,648**
Share of profit of joint ventures	–	–	154	990
EBIT	**(15,966)**	**(16,304)**	**17,732**	**19,638**

AMOUNTS IN EUR '000 AS AT 31 MARCH	UNALLOCATED		TOTAL	
	2020	2019	2020	2019
Intangible assets*	–	–	307,347	306,836
Inventories	–	–	10,559	10,879
Other assets	76,367	63,110	76,367	63,110
Total segment assets	**76,367**	**63,110**	**394,273**	**380,825**
Total segment liabilities	**(200,572)**	**(188,671)**	**(200,572)**	**(188,671)**

* The economic title to all intangible assets is held by the Dutch companies within the Group.

Geographical information

From a geographical perspective management has identified the following regions in which the business is managed:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	REVENUE BY REGION OF DESTINATION	
	2020	2019
Western Europe*	42,114	44,092
Asia Pacific	15,215	15,007
North America**	16,819	17,853
Emerging markets	9,832	10,031
Consolidated totals	**83,980**	**86,983**

* of which revenue attributed to the Netherlands: EUR 16,573 thousand (2019/20) and EUR 17,259 thousand (2018/19).

** of which revenue attributed to the USA: EUR 14,425 thousand (2019/20) and EUR 14,919 thousand (2018/19).

Regional brands are predominantly sold in Western Europe; furthermore, they are present also in Emerging Markets and Asia-Pacific. Global brands are sold in all regions and represent in each of the regions more than 60% of total revenue as of 31 March 2020.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	GROSS MARGIN BY REGION OF DESTINATION	
	2020	2019
Western Europe	22,404	23,552
Asia Pacific	10,841	10,642
North America	9,213	9,865
Emerging markets	5,202	5,213
Consolidated totals	**47,660**	**49,271**

6. DISTRIBUTION AND ADMINISTRATIVE EXPENSES

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2020	2019
Advertising and promotional expenses		(9,043)	(9,071)
Distribution expenses		(5,073)	(5,248)
Personnel expenses	7	(11,447)	(10,975)
Other administrative expenses		(2,887)	(3,901)
Amortisation	16	(85)	(109)
Depreciation	15	(1,547)	(1,319)
		(30,082)	**(30,623)**

7. PERSONNEL EXPENSES

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2020	2019
Wages and salaries	(8,837)	(8,771)
Fringe benefits (including social premiums)	(1,291)	(1,270)
Contributions to defined contribution plans	(252)	(125)
Expenses related to post-employment defined benefit plans	(279)	(256)
Temporary staff	(788)	(552)
	(11,447)	**(10,975)**

At 31 March 2020 the Group had 39 FTEs in The Netherlands (31 March 2019: 41 FTE) and 32 FTEs abroad (31 March 2019: 33 FTE).

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	2020	2019
Total interest income arising from financial assets measured at amortised cost	250	93
Finance income	**250**	**93**
Interest expenses on loans and borrowings	(1,310)	(1,451)
Interest expense on liability related to the Passoã call/put option	(1,182)	(1,162)
Interest expense on lease liablities	(136)	(167)
Other finance costs*	(967)	(1,223)
Finance costs	**(3,594)**	**(4,003)**
Net finance costs recognised in profit or loss	**(3,344)**	**(3,910)**

* Other finance costs in 2018/19 include one-off costs related to the accelerated amortisation of financing costs associated with the previous credit facility (EUR 409 thousand).

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2020 is based on the profit attributable to ordinary shareholders of the Company (net profit) of EUR 9,205 thousand (2018/19: EUR 16,475 thousand) and a weighted average number of ordinary shares - basic outstanding during the year ended 31 March 2020 of 12,477,298 (2018/19: 12,477,298). Basic earnings per share for the year amounted to EUR 0.74 (2018/19: EUR 1.32).

Diluted earnings per share

The calculation of diluted earnings per share for the period ended 31 March 2020 is based on the profit attributable to ordinary shareholders of the Company (net profit) of EUR 9,205 thousand (2018/19: EUR 16,475 thousand) 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 (2018/19: 12,477,298). Diluted earnings per share for the year amounted to EUR 0.74 (2018/19: EUR 1.32).

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. 52 employees participate in this defined benefit plan, whereas 29 of those employees also participate in the defined contribution plans, which is applicable for incomes above the threshold of the defined benefit plan. All pension schemes have been fully insured; therefore no risk of additional premiums is expected. As the plans are fully secured 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)	
	2020	2019	2020	2019	2020	2019
Balance at 1 April	3,792	3,493	(3,458)	(3,213)	334	280
Included in profit or loss						
Current service cost	279	256	–	–	279	256
Past service cost and (gain)	–	–	–	–	–	–
Interest cost/(income)	69	64	(70)	(65)	(1)	(1)
	348	**320**	**(70)**	**(65)**	**278**	**255**
Included in OCI						
Effect of changes in economic assumptions	382	(2)	–	–	382	(2)
Effect of changes in demographic assumptions	–	(58)	–	–	–	(58)
Effect of experience adjustments	(29)	22	–	–	(29)	22
Costs of asset management	–	–	17	16	17	16
Premium correction	–	–	(117)	(115)	(117)	(115)
Return on plan assets (excluding interest)	–	–	(224)	141	(224)	141
	353	**(38)**	**(324)**	**42**	**29**	**4**
Other						
Contributions paid by employee	44	43	(44)	(43)	–	–
Contributions paid by the employer	–	–	(235)	(231)	(235)	(231)
Benefits paid	(27)	(26)	27	26	–	–
Administration costs	–	–	28	26	28	26
	17	**17**	**(224)**	**(222)**	**(207)**	**(205)**
Balance at 31 March	**4,510**	**3,792**	**(4,076)**	**(3,458)**	**434**	**334**

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	2020	2019
Discount rate	1.55%	1.85%
Future salary growth	1.55%	1.50%
Future pension growth	0.00%	0.00%
Price inflation	1.70%	1.80%

Assumptions regarding future mortality are based on published statistics and mortality tables. For financial year 2019/20 table *Prognosetafel* AG 2018 is used (2018/19: *Prognosetafel* AG 2018).

The duration of the defined benefit obligation is 30.3 years (2018/19: 30.0 years).

The Group expects EUR 312 thousand in contributions to be paid to its defined benefit plan in the 2020/21 financial year (31 March 2019: EUR 235 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.
Note: an opposite movement would have an equal but opposite effect of the following amount:

Defined benefit obligation as at 31 March 2020

AMOUNTS IN EUR '000	INCREASE	DECREASE
Discount rate (+/- 1%)	(1,288)	1,416
Future salary growth (+/- 1%)	36	(36)
Future price inflation (+/- 1%)	24	(24)
Future pension growth (+/- 1%)	1,332	–

11. INCOME TAXES

Income tax recognised in profit or loss

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2020	2019
Current tax expense	(2,471)	(2,681)
Deferred tax expense		
Tax loss carried forward / (reduction of)	(1,131)	(1,474)
Origination and reversal of temporary differences	(333)	(339)
Adjustment for prior years (incl. tax credits carry forward)	56	(4)
Remeasurement DTA and DTL due to rate changes	(1,303)	5,245
	(2,711)	**3,428**
Tax expense	**(5,182)**	**747**

Tax expense on operations excluded the Group's share of tax expense of the Group's equity-accounted investees of EUR 207 thousand (2018/19: EUR 238 thousand), which has been included in 'share of profit of equity accounted investees'.

Included in 2019/20 income tax expense is a tax gain of EUR 0.1 million (2018/2019: 0.2 million) related to the application of the research & development tax incentive over this year.

Tax expenses in 2019/20 included a one-off loss of EUR 1.3 million, due to the negative impact on the Company's deferred tax liabilities of upcoming reductions in the Dutch tax rate, which slightly changed compared to last year. Tax expense in 2018/19 included a one-off profit of EUR 5.2 million, mainly due to the positive impact on the Company's deferred tax liabilities of upcoming reductions in the Dutch tax rate.

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	2020		2019	
	%	EUR 1,000	%	EUR 1,000
Profit before tax		14,387		15,728
Tax at the Company's domestic tax rate	25.0	(3,597)	25.0	(3,932)
Effect of tax rates in foreign jurisdictions	4.0	(577)	4.9	(766)
Non-deductible expenses	0.0	(7)	0.1	(10)
Effect of share of profits of equity-accounted investees	(1.1)	153	(1.6)	247
Changes in estimates related to prior years	(0.2)	25	1.5	(237)
R&D tax incentive	(0.7)	97	(1.0)	160
Other (including tax credits carry forward)	(0.2)	27	(0.3)	40
Remeasurement DTA and DTL due to rate changes	9.1	(1,303)	(33.3)	5,245
	36.0	**(5,182)**	**(4.8)**	**747**

Movement in deferred tax balances

RELATED TO 2019/20 AMOUNTS IN EUR '000	NET BALANCE AT 1 APRIL 2019	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSIFICATION/ OTHER	NET BALANCE AT 31 MARCH 2020	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	(25,074)	(1,772)	–	–	**(26,846)**	–	(26,846)
Acquisition related deferred 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	–	–	–	–	–	–	–
Tax assets (liabilities)	**(39,975)**	**(2,711)**	**27**	**–**	**(42,663)**	**2,367**	**(45,026)**

RELATED TO 2018/19 AMOUNTS IN EUR '000	NET BALANCE AT 1 APRIL 2018	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSIFICATION/ OTHER	NET BALANCE AT 31 MARCH 2019	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	(30,223)	5,149	–	–	**(25,074)**	–	(25,074)
Acquisition related deferred taxes	(18,155)	–	–	–	**(18,155)**	–	(18,155)
Derivative financial liability	(14)	–	14	–	–	–	–
Derivative financial asset	174	(45)	77	–	**206**	206	–
Employee benefits	78	(4)	1	–	**75**	75	–
Tax loss carry forward	5,020	(1,672)	–	(375)	**2,973**	2,973	–
Tax credits carry forward	–	–	–	–	–	–	–
Tax assets (liabilities)	**(43,120)**	**3,428**	**92**	**(375)**	**(39,975)**	**3,254**	**(43,229)**

On 31 March 2020 the total tax loss carry forward amount of EUR 8.4 million has been capitalised as deferred tax asset (31 March 2019: EUR 12.5 million). No tax credits carry forward have been recognized (31 March 2019: nil).
The deferred tax asset will be gradually realized in the course of the next two years.

12. INVENTORIES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Finished goods	9,686	10,658
Raw materials	873	221
	10,559	**10,879**

During 2019/20 inventories of EUR 71 thousand were written down to net realisable value (2018/19: EUR 188 thousand). The write-down is included in 'Cost of sales'.

13. TRADE AND OTHER RECEIVABLES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Trade receivables	20,275	19,746
Other receivables	1,188	1,119
Prepaid expenses and accrued income	3,240	2,183
Corporate income tax receivable	218	280
	24,921	**23,328**

The entire balance of trade and other receivables is classified as current. As at 31 March 2020 and 2019 there was no allowance for doubtful debts as there is an insignificant credit loss expected. The management estimates no significant increase in credit risk as a result of COVID-19 outbreak.

Receivables denominated in currencies other than the functional currency amounted to EUR 16,488 thousand at 31 March 2020 (31 March 2019: EUR 13,765 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	2020	2019
Bank balances	33,095	21,202
Cash balances	13	19
Cash and cash equivalents in the statement of financial position	**33,108**	**21,221**
Bank overdrafts	(11,925)	(7,551)
Cash and cash equivalents in the statement of cash flows	**21,183**	**13,670**

All cash and cash equivalents are available on demand, except for the Passoã SAS cash and cash equivalents. The cash of Passoã SAS of EUR 20,211 thousand at 31 March 2020 (31 March 2019: EUR 14,447 thousand) is by shareholders' agreement restricted to be used by Passoã SAS for its operations.

15. PROPERTY, PLANT AND EQUIPMENT

AMOUNTS IN EUR `000	RIGHT OF USE ASSETS	EQUIPMENT	FIXTURES AND FITTINGS	FURNITURE	TOTAL
Cost					
Balance at 1 April 2019	7,778	1,764	5,562	319	15,422
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
Balance at 31 March 2020	**7,892**	**2,166**	**3,941**	**108**	**14,106**
Accumulated depreciation					
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)
Balance at 31 March 2020	**(1,474)**	**(849)**	**(1,423)**	(53)	**(3,798)**
Carrying amounts					
At 1 April 2019	**7,051**	**646**	**2,613**	**61**	**10,371**
At 31 March 2020	**6,418**	**1,317**	**2,518**	**55**	**10,308**

AMOUNTS IN EUR `000	RIGHT OF USE ASSETS	EQUIPMENT	FIXTURES AND FITTINGS	FURNITURE	TOTAL
Cost					
Balance at 1 April 2018	–	1,323	4,346	292	5,961
Opening adjustment	7,749	(98)	(146)	–	7,505
Additions	–	539	1,362	27	1,928
Effect of movement in exchange rates	29	–	–	–	29
Balance at 31 March 2019	**7,778**	**1,764**	**5,562**	**319**	**15,423**
Accumulated depreciation					
Balance at 1 April 2018	–	(947)	(2,780)	(247)	(3,974)
Opening adjustment	–	98	146	–	244
Depreciation for the year	(723)	(269)	(315)	(12)	(1,319)
Disposals	–	–	–	–	–
Effect of movement in exchange rates	(4)	–	–	–	(4)
Balance at 31 March 2019	**(727)**	**(1,118)**	**(2,949)**	**(259)**	**(5,052)**
Carrying amounts					
At 1 April 2018	**–**	**376**	**1,566**	**45**	**1,987**
At 31 March 2019	**7,051**	**646**	**2,613**	**61**	**10,371**

In the carrying value of right-of-use assets, which mainly consists of buildings, an amount of EUR 74 thousand relates to office equipment (31 March 2019: nil) and EUR 14 thousand relates to lease cars (31 March 2019: 38 thousand). Included as part of Operating expenses, are short term lease expenses and low value lease expenses of EUR 75 thousand (31 March 2019: 75 thousand). Refer to note 24 for the lease liability.

Security

At 31 March 2020 properties with a carrying amount of EUR 3,890 thousand (31 March 2019: EUR 3,454 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 1 April 2018	286,716	20,202	–	306,918
Additions	–	–	–	–
Amortization	(82)	–	–	(82)
Balance at 31 March 2019	**286,634**	**20,202**	**–**	**306,836**
Additions	41	–	555	596
Amortization	(85)	–	–	(85)
Balance at 31 March 2020	**286,590**	**20,202**	**555**	**307,347**

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 is recognised as goodwill, which is subject to an annual impairment test.

AMOUNTS IN EUR '000	2020	2019
Balance at 1 April	20,202	20,202
Additions from acquisition	–	–
Balance at 31 March	**20,202**	**20,202**

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	2020	2019
Bols	102,138	102,097
Passoã	70,300	70,300
Galliano	39,076	39,076
Dutch brands	49,833	49,833
Other brands	25,243	25,328
	286,590	**286,634**

The majority of the 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 period 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. With the current uncertain situation, under the impact of COVID-19 crisis, the cash-flow approach is based on probability-weighted scenarios which the management believes to be more appropriate to reflect the current uncertainty than a single best estimate when estimating value in use.

The key assumptions used for the impairment test are as follows:

- Cash flows after the first five-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 four years, both recently approved by senior management and evaluated it in the light of historical performance and 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 and expected margin developments. Management factored in the expected impact of COVID-19 by using a weighted-average probability approach of three possible scenarios. These scenarios vary in the extent and the duration of the expected COVID-19 impact. 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, our assessment of the impact of COVID-19 on our business and the expected brand value-enhancing propositions in the markets. 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 CGU. The outcome of these individual sensitivity analyses is that no impairment was necessary for any of the CGUs (all other assumptions remained unchanged).
- The discount rate was determined based on external sources:

PERCENTAGE AS AT 31 MARCH	2020	2019
Discount rate	7.2	7.1
Pre-tax WACC	8.67 – 9.49	8.46 – 9.19
Terminal value growth rate	0.00 – 2.00	0.00 – 2.00

17. JOINT VENTURES

AMOUNTS IN EUR '000	2020	2019
Opening balance	7,590	7,363
Share in profit	154	990
Dividend received	(1,100)	(1,200)
Investments in joint ventures	50	300
Actuarial result through OCI	(5)	127
Adjustments from currency translation through OCI	(44)	38
Other adjustments	671	(29)
Balance as at 31 March	**7,316**	**7,590**

AMOUNTS IN EUR '000	2020	2019
Avandis (CV & BV) (33.3%)	5,557	5,478
Maxxium Nederland BV (50.0%)	673	599
BolsKyndal India Pvt Ltd (50.0%)	736	1,212
Other	350	300
Balance as at 31 March	**7,316**	**7,590**

Avandis is structured as a separate entity and the Group has a 33.33 percent interest in the net assets of Avandis together with two other partners who each hold 33.33 percent interest. 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 three partners jointly. Included in Other adjustments is an amount of EUR 457 thousand relating to the further integration of Cooymans Distillery International which will be charged through by Avandis.

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.

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.

For all three joint ventures the agreements between partners in decision making fully reflects the shared interest as mentioned.

As both Avandis and Maxxium Nederland B.V. are joint ventures which are significant to the Group, a summary of their respective financial information is set out below:

Avandis

The following is a summary of the financial information of Avandis (CV & BV combined), based on its financial statements prepared in accordance with IFRS and modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2020	2019
Revenue	43,964	55,812
Profit from continuing operations	238	22
Other comprehensive income	–	–
Total comprehensive income	**238**	**22**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Current assets	16,410	23,793
Non-current assets	27,562	22,800
Current liabilities	(15,241)	(15,719)
Non-current liabilities	(12,059)	(14,441)
Net assets (100%)	**16,672**	**16,433**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Group interest in net assets of investee at beginning of year	5,478	5,470
Share of total comprehensive income	79	8
Additions during the year	–	–
Group interest in net assets of investee at year-end	**5,557**	**5,478**
Elimination of unrealised profit on intercompany sales	–	–
Carrying amount of interest in investee at year-end	**5,557**	**5,478**

Maxxium Nederland B.V.

The following is a summary of the financial information for Maxxium Nederland B.V., based on its financial statements prepared in accordance with IFRS and modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2020	2019
Revenue	67,128	66,045
Profit from continuing operations	2,157	1,965
Other comprehensive income	(10)	301
Total comprehensive income	2,147	**2,266**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Current assets	20,180	18,874
Non-current assets	1,159	1,861
Current liabilities	(19,167)	(18,128)
Non-current liabilities	(555)	(1,058)
Net assets (100%)	**1,617**	**1,549**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Group interest in net assets of investee at beginning of year	600	719
Share of total comprehensive income	1,074	1,110
Dividends received during the year	(1,100)	(1,200)
Group's interest in net assets of investee at year-end	**574**	**629**
Elimination of unrealised profit on intercompany sales	99	(29)
Carrying amount of interest in investee at year-end	**673**	**600**

BolsKyndal India Pvt Ltd

The profit from continuing operations included in the Groups result is a loss of EUR 0.4 million (2018/19: EUR 0 million). The Company included an allowance for doubtful debt of EUR 420 thousand relating to the joint venture's outstanding receivables. This joint venture has not accounted for any other elements in comprehensive income.

18. OTHER INVESTMENTS

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Loan to Avandis C.V. joint venture	599	599
	599	**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 2020 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	2020	2019
	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	2020	2019
Balance at 1 April	12,477	12,477
Balance at 31 March	**12,477**	**12,477**

Treasury shares

In 2019/20 no own shares were purchased by the Group. In 2018/19 the Group purchased own shares under the Employee share purchase plan (see note 3 (f)). All purchased own shares have been delivered to employees.

Share premium

AMOUNTS IN EUR '000	2020	2019
Balance at 1 April	129,695	130,070
Changes in estimates of costs related to the issuance of shares	–	(375)
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(d)).

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(d)).

Other legal reserve

The other legal reserve comprises undistributed profits from joint ventures and the jointly owned entity.

Dividends on common shares

On 10 July 2019, the General Meeting of Shareholders approved the final dividend over financial year 2018/19 of EUR 0.25 per common share in addition to the interim dividend of EUR 0.35 per common share (EUR 7.6 million in the aggregate). The final dividend was paid on 17 July 2019.

The Management Board, with the approval of the Supervisory Board, have decided to refrain from proposing a final dividend to be paid in 2020 with respect to 2019/20 financial year in addition to the interim dividend of EUR 0.35 per common share already paid.

The net profit shall be allocated to retained earnings, subject to the approval of Supervisory Board.

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 and adjusted equity (see table below). For this purpose, net debt is defined as interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve.

Lucas Bols' strong cash generation and the availability of significant undrawn committed bank facilities provide for sufficient liquidity to manage this crisis. However, given the lack of visibility over the duration of the pandemic, and to further preserve the cash position, management will refrain from proposing a final dividend for the 2019/20 financial year and not pay an interim dividend in December 2020. Furthermore, the Management Board and Leadership Team have decided to waive their entitlement to any variable remuneration for the 2019/20 financial year and the first half of the 2020/21 financial year.

The Group's net debt and adjusted equity at 31 March was as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2020	2019
Long-term debt		50,000	48,000
Assumed liability following the Passoã call/put option	22	70,501	69,319
Interest-bearing debt		**120,501**	**117,319**
Less: cash and cash equivalents	14	(33,108)	(21,221)
Plus: bank overdrafts	14	11,925	7,551
Net debt		**99,318**	**103,649**
Total equity		193,701	192,154
Undo: hedging reserve		815	754
Equity adjusted for hedging reserve		**194,516**	**192,908**

21. LOANS AND BORROWINGS

Non-current liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Secured bank loans	49,714	47,636
	49,714	**47,636**

In the third quarter of the 2018/19 financial year, Lucas Bols entered into a new EUR 130 million syndicated credit facility agreement, replacing the existing agreement. This leverage-neutral transaction will improve the terms and conditions of Lucas Bols' financing structure through extended maturity, lower rates, and increased operational flexibility to support the expected development of the business.

The existing lender group of NIBC and Rabobank has been extended to three banks with the addition of ABN AMRO. The new arrangement consists of EUR 30 million term loan facilities, EUR 50 million revolving credit facilities and EUR 50 million acquisition facility for the funding for the envisaged Passoã transaction. The facilities have a maturity of five years. Increased operational flexibility is achieved through an increase of the flat leverage covenant from 3.0x Net debt / Adjusted EBITDA to 4.0x. There is no FX impact on the loans.

Current liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Bank overdrafts	11,925	7,551
	11,925	**7,551**

The Group is obliged to meet the covenants required by the senior credit facilities. These requirements relate to interest cover and maximum leverage ratios. Calculated based on the definitions used in the loan documentation, the actual leverage was 3.9 at 31 March 2020 (31 March 2019: 3.4) with a requirement of no more than 4.0. In case of an acquisition, the Group is entitled to apply an acquisition spike, which means the leverage covenant of 4.0 can be increased to 4.5 for two consecutive testing periods after an acquisition. The interest cover ratio was 6.3 at 31 March 2020 with a requirement of at least 3.0 (31 March 2019: 7.0). Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 25. There is no FX impact on the loans. The adoption of IFRS 16 in 2018/19 had no impact on the covenants definition.

In April 2020, the Group agreed temporary amendments to its financing arrangements with the banks to comply with the bank covenants throughout the COVID-19 crisis. The amendments (temporarily) determine that Net debt / EBITDA and Interest Cover ratios are no longer tested. Instead, covenants are tested on EBITDA and liquidity levels for the testing periods impacted by 2020/21 performance. EBITDA for the reporting period ending 30 September 2020 shall be at least EUR 6 million; and for the reporting period ending 31 March 2021 shall be at least EUR 2 million. Liquidity level shall be at least EUR 10 million (as of 30 September 2020 and 31 March 2021 respectively). As of 30 September 2021 the leverage ratio is tested against the requirement of 4.50:1 and EBITDA shall be calculated by reference to the amount of EBITDA as of 30 September 2021, annualised on a straight line basis.

In anticipation of the Passoã transaction it was additionally agreed that covenant testing as from 2020/21 will include the Passoã financials.

Movement schedule

AMOUNTS IN EUR '000	TERM LOAN	REVOLVING CREDIT FACILITY	TOTAL BANK SECURED LOANS (FACE VALUE)	UNAMORTIZED FINANCE FEES	CARRYING AMOUNT	VENDOR LOAN	TOTAL REPAYMENT
As at 31 March 2019	30,000	18,000	48,000	(364)	47,636	–	
Amortization	–	–	–	78	78	–	
Addition	–	–	–	–	–	–	
Proceeds	–	2,000	2,000	–	2,000	–	
Repayments	–	–	–	–	–	–	–
As at 31 March 2020	**30,000**	**20,000**	**50,000**	**(286)**	**49,714**	–	–

AMOUNTS IN EUR '000	TERM LOAN	REVOLVING CREDIT FACILITY	TOTAL BANK SECURED LOANS (FACE VALUE)	UNAMORTIZED FINANCE FEES	CARRYING AMOUNT	VENDOR LOAN	TOTAL REPAYMENT
As at 31 March 2018	12,000	36,400	48,400	(515)	47,885	27	
Amortization	–	–	–	541	541	–	
Addition	–	–	–	(390)	(390)	–	
Proceeds	30,000	18,000	48,000	–	48,000	–	
Repayments	(12,000)	(36,400)	(48,400)	–	(48,400)	(27)	**(48,427)**
As at 31 March 2019	**30,000**	**18,000**	**48,000**	**(364)**	**47,636**	–	**(48,427)**

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.		2020	2020	2020	2019	2019
Secured bank loan – Term loan	EUR	Euribor + 2.15 %	2023	–	30,000	29,828	30,000	11,845
Secured bank loan – Rollover Facility	EUR	Euribor + 2.15 %	2023	30,000	20,000	19,886	18,000	36,040
Total interest-bearing liabilities				**30,000**	**50,000**	**49,714**	**48,000**	**47,885**

* In addition, the Group had a revolving credit facility of EUR 10 million in place, which is mainly used for guarantees. As at 31 March 2020 a total of approximately EUR 2.0 million (31 March 2019: EUR 2.0 million) was used for guarantees, leaving an extra amount of EUR 8.0 million of the facility unused at 31 March 2020 (31 March 2019: 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 2020	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 – Rollover Facility	EUR	2023	20,000	–	–	(20,000)	–
Total interest-bearing liabilities			**50,000**	–	–	**(50,000)**	–

Floating rates were hedged for a substantial part by means of interest-rate swap agreements. The bank loans are secured for approximately EUR 104 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	2020	2019
Fair value of derivatives	870	576
Assumed liability following the Passoã call/put option	–	69,319
Lease liabilities	5,876	6,554
	6,746	**76,449**

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. Upon incorporation of Passoã SAS, the jointly owned entity based in France, Lucas Bols and Rémy Cointreau Group signed a call/put option agreement, which can be executed not earlier than December 2020. Per 31 March 2020 the assumed liability is included in note 24 Other current financial liabilities and derivative financial instruments. Information about the call/put option is included in note 3.

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Opening balance	7,190	7,778
Additions	95	33
Accretion of interest	136	167
Payments	(786)	(788)
	6,635	**7,190**
Current portion of lease liabilities (Note 24)	759	636
Non-current portion of lease liabilities	5,876	6,554

Included in Finance expenses is an amount of EUR 136 thousand (2018/2019: 167 thousand) related to interest expenses on lease liabilities; refer to note 8. Maturity analysis of lease liabilities is included in note 25.
The lease asset is included in note 15.

23. TRADE AND OTHER PAYABLES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Trade payables	10,642	9,013
Other payables	372	224
Accrued expenses	6,582	6,424
Corporate income tax payable	(99)	–
	17,497	**15,661**

At 31 March 2020 trade payables denominated in currencies other than the functional currency totalled EUR 3,944 thousand (31 March 2019: EUR 6,758 thousand).

24. OTHER CURRENT FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Assumed liability following the Passoã call/put option	70.501	–
Lease liabilities	759	636
Fair value of derivatives	333	429
	71.593	**1.065**

Derivative financial instruments recognized in Other current financial liabilities of in total EUR 333 thousand (31 March 2019: EUR 429 thousand) consist of hedged foreign exchange contracts and interest rate swaps, both valued at 31 March 2020. 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, Lucas Bols and Rémy Cointreau Group signed a call/put option agreement, which can be executed not earlier than December 2020. 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.

The movement in the lease liability is as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Opening balance	7,190	7,778
Additions	95	33
Accretion of interest	136	167
Payments	(786)	(788)
	6,635	**7,190**
Current portion of lease liabilities (Note 24)	759	636
Non-current portion of lease liabilities	5,876	6,554

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 AS AT 31 MARCH 2020	NOTE	FAIR VALUE HEDGING INSTRUMENTS	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2
Financial assets measured at fair value							
Forward exchange contracts used for hedging		115	–	–	**115**	–	115
		115	**–**	**–**	**115**	**–**	**115**
Financial assets not measured at fair value							
Loan to joint venture 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**
Financial liabilities measured at fair value							
Interest rate swaps used for hedging		(1,139)	–	–	**(1,139)**	–	(1,139)
Forward exchange contracts used for hedging		(62)	–	–	**(62)**	–	(62)
		(1,201)	**–**	**–**	**(1,201)**	**–**	**(1,201)**

AMOUNTS IN EUR '000 AS AT 31 MARCH 2020	NOTE	FAIR VALUE HEDGING INSTRUMENTS	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2
Financial liabilities not measured at fair value							
Secured bank loans	21	–	–	(49,714)	**(49,714)**	–	(49,714)
Assumed liability Passoã call/put option	22	–	–	–	**–**	–	–
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)
		–	**–**	**(85,771)**	**(85,771)**	**–**	**(85,771)**

AMOUNTS IN EUR '000 AS AT 31 MARCH 2019	NOTE	FAIR VALUE HEDGING INSTRUMENTS	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2
Financial assets measured at fair value							
Forward exchange contracts used for hedging		0	–	–	**0**	–	0
		0	**–**	**–**	**0**	**–**	**0**
Financial assets not measured at fair value							
Loan to joint venture Avandis CV	18	–	599	–	**599**	–	599
Trade and other receivables	13	–	23,328	–	**23,328**	–	23,328
Cash and cash equivalents	14	–	21,221	–	**21,221**	–	21,221
		–	**45,148**	**–**	**45,148**	**–**	**45,148**
Financial liabilities measured at fair value							
Interest rate swaps used for hedging		(917)	–	–	**(917)**	–	(917)
Forward exchange contracts used for hedging		(88)	–	–	**(88)**	–	(88)
		(1,005)	**–**	**–**	**(1,005)**	**–**	**(1,005)**
Financial liabilities not measured at fair value							
Secured bank loans	21	–	–	(47,636)	**(47,636)**	–	(47,636)
Assumed liability Passoã call/put option	22	–	–	(69,319)	**(69,319)**	–	(69,319)
Lease liabilities (non-current)	22	–	–	(6,554)	**(6,554)**	–	(6,554)
Lease liabilities (current)	24	–	–	(636)	**(636)**	–	(636)
Bank overdrafts	14	–	–	(7,551)	**(7,551)**	–	(7,551)
Trade and other payables	23	–	–	(15,661)	**(15,661)**	–	(15,661)
		–	**–**	**(147,357)**	**(147,357)**	**–**	**(147,357)**

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, loan provided and cash and cash equivalents. Other financial liabilities include bank loans, short-term financial liabilities, trade and other payables, 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;
- market risk.

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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. The carrying amount of financial assets of EUR 115 thousand represents the maximum credit exposure.

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 Group's customers have been transacting with the Group for several years, and no significant impairment loss has been recognised against these customers.

The Group closely monitors the economic environment in the Eurozone and is taking actions to limit its exposure to customers in countries experiencing particular economic volatility.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. Otherwise the Group does not require collateral in respect of trade receivables.

At year-end, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	CARRYING AMOUNT 2020	CARRYING AMOUNT 2019
Western Europe	5,713	6,433
Asia-Pacific	5,525	5,426
North America	4,931	4,841
Emerging markets	4,106	3,046
	20,275	**19,746**

At year-end, the aging of trade receivables is as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
Not past due	15,095	16,073
1 – 30 days past due	3,030	2,244
31 – 90 days past due	1,056	635
90 days and more past due	1,094	794
	20,275	**19,746**

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 2020.

No significant impairment loss on trade and other receivables was recognised in 2019/20 (2018/19: nil).

The Group does not hold collateral as security.

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 21,183 thousand as at 31 March 2020 (31 March 2019: EUR 13,670 thousand). The cash and cash equivalents are held with bank and financial institution counterparties which are rated at least A, 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.

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.
In addition, the Group maintains the following line of credit: a revolving credit facility of EUR 10 million which is used mainly for guarantees. One guarantee has been issued in relation to the investment of the Company in the joint venture in India (EUR 1.9 million) and one guarantee has been issued for our lessor (EUR 0.1 million). The group also secured an acquisition facility of EUR 50 million for the planned acquisition of Passoã in December 2020.

For financial guarantees issued by the Company, there is no expected default and therefore the financial guarantees 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 31 MARCH 2020			CONTRACTUAL CASH FLOWS			
	CARRYING AMOUNT	TOTAL	LESS THAN 1 YEAR	1 - 2 YEARS	2 - 4 YEARS	MORE THAN 4 YEARS
Derivative financial liabilities						
Interest rate swap contracts	(1,139)	**(433)**	(113)	(167)	(153)	–
Forward exchange contracts	(62)	**(62)**	(62)	–	–	–
Non-derivative financial liabilities						
Secured bank loans	(49,714)	**(50,000)**	–	–	(50,000)	–
Interest related to secured bank loans	–	**(3,634)**	(999)	(999)	(1,636)	–
Assumed liability Passoã 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)	–	–	–
	(86,972)	**(162,281)**	**(102,656)**	**(1,911)**	**(53,138)**	**(4,577)**

AMOUNTS IN EUR '000 31 MARCH 2019			CONTRACTUAL CASH FLOWS			
	CARRYING AMOUNT	TOTAL	LESS THAN 1 YEAR	1 - 2 YEARS	2 - 4 YEARS	MORE THAN 4 YEARS
Derivative financial liabilities						
Interest rate swap contracts	(917)	**(629)**	(197)	(112)	(320)	–
Forward exchange contracts	(88)	**(88)**	(88)	–	–	–
Non-derivative financial liabilities						
Secured bank loans	(47,636)	**(48,000)**	–	–	–	(48,000)
Interest related to secured bank loans	–	**(4,091)**	(882)	(882)	(1,764)	(563)
Assumed liability Passoã call/put option	(69,319)	**(71,300)**	–	(71,300)	–	–
Lease liabilities	(7,189)	**(8,138)**	(772)	(742)	(1,462)	(5,162)
Bank overdrafts	(7,551)	**(7,551)**	(7,551)	–	–	–
Trade payables	(15,661)	**(15,661)**	(15,661)	–	–	–
	(148,362)	**(155,459)**	**(25,151)**	**(73,037)**	**(3,547)**	**(53,725)**

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.

Lucas Bols has secured funding for the assumed debt, through a combination of existing financing facilities, the additional acquisition facilities as well as the expected cash generated from the business.

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 and AUD.

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	2020	2019
EUR	8,390	9,602
USD	6,899	5,539
JPY	3,218	3,548
AUD	1,047	1,361
Other currencies	5,367	3,278
	24,921	**23,328**

Trade and other payables

AMOUNTS IN EUR '000 AS AT 31 MARCH	2020	2019
EUR	13,553	11,133
USD	2,695	3,110
JPY	250	246
AUD	14	(6)
Other currencies	985	1,178
	17,497	**15,661**

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	
	2020	2019	2020	2019
USD	1.1113	1.1579	1.0956	1.1235
JPY	120.77	128.40	118.90	124.45
AUD	1.6320	1.5874	1.7967	1.5821

Sensitivity analysis

A strengthening of the JPY, USD and AUD against the euro at 31 March 2020 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.

AMOUNTS IN EUR '000	PROFIT OR LOSS, NET OF TAX IMPACT
31 March 2020	
JPY (1% movement)	53
USD (1% movement)	53
AUD (1% movement)	24
31 March 2019	
JPY (1% movement)	50
USD (1% movement)	55
AUD (1% movement)	32

Interest rate risk

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	
		2020	2019
Lucas Bols Amsterdam B.V.*	Amsterdam, Netherlands	**100%**	100%
DELB B.V.*	Amsterdam, Netherlands	**100%**	100%
Galliano B.V.*	Amsterdam, Netherlands	**100%**	100%
Vaccari B.V.*	Amsterdam, Netherlands	**100%**	100%
Pisang Ambon B.V.*	Amsterdam, Netherlands	**100%**	100%
Bokma Distillateurs B.V.*	Amsterdam, Netherlands	**100%**	100%
Beleggingsmaatschappij Honthorst II B.V.	Amsterdam, Netherlands	**100%**	100%
Pijlsteeg B.V.*	Amsterdam, Netherlands	**100%**	100%
Lucas Bols USA Inc.	Wilmington, U.S.A.	**100%**	100%
Passoã SAS**	Paris, France	**7%**	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

In the event Lucas Bols does not exercise the call option related to Passoã, Rémy Cointreau Group has the right to execute the put option and consequently enforce the transaction for pre-agreed considerations.

Nuvo

In December 2017, Lucas Bols and London Group entered into strategic partnership for liqueur brand Nuvo. As part of the strategic 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 amounting to USD 0.5 million and shall pay London Group yearly royalties. The agreement also includes a put and call option structure that enables Lucas Bols to acquire the brand in full in the mid-term.

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 agreements entered into with Remy Cointreau S.A. regarding the Passoã jointly owned entity also contain a change of control clause. If a party obtains 50.01% or more of the shares in the company's capital, Lucas Bols will be obliged to issue Remy Cointreau a security in the form of a bank guarantee or an escrow deposit for an amount equal to the exercise price of the call/put option.

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 compensations, as well as the pension obligations as referred to in Section 2:383(b) of the Netherlands Civil Code, which in 2019/20 were charged to the Company and Group companies are as follows:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	HUUB L.M.P. VAN DOORNE		JOOST K. DE VRIES		TOTAL MANAGEMENT BOARD	
	2020	2019	2020	2019	2020	2019
Compensation of the Management Board						
Salary	479	470	326	320	805	790
Variable remuneration	–	94	–	64	–	158
Pension	–	–	33	31	33	31
Other	95	95	21	24	116	119
Total	**574**	**659**	**380**	**439**	**954**	**1.098**

The total compensation of the Management Board in 2019/20 amounted to EUR 954 thousand (2018/19: EUR 1,098 thousand).

Huub L.M.P. van Doorne has no separate pension agreement with the Company. Joost K. de Vries has a defined contribution pension agreement.

The Management Board of the Company controls 6.96% of the voting shares of the Company.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2020	2019
Compensation of the Supervisory Board		
Derk C. Doijer	45	45
Ralph Wisbrun	40	38
Marina M. Wyatt	35	35
Alexandra Oldroyd	35	35
René Hooft Graafland*	26	–
Total	**181**	**153**

* René Hooft Graafland has been appointed as a member of the Supervisory Board at the general meeting of shareholders of July 2019.

Other related party transactions

AMOUNTS IN EUR '000 AS AT 31 MARCH	TRANSACTION VALUES FOR THE YEAR ENDED		BALANCE OUTSTANDING AS AT	
	2020	2019	2020	2019
Sale of goods and services				
Joint ventures	12,767	14,005	955	660
Purchase of goods, services and brands				
Joint ventures	(20,601)	(21,701)	(1,543)	(1,985)
Others				
Joint ventures dividends received	1,100	1,200	–	–
Joint ventures loan and related interest	24	24	599	599

All transactions and outstanding balances with these related parties are priced on an arm's length basis and 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 investment in the joint venture in India a guarantee has been issued for an amount of EUR 1.7 million (INR 132 million).

For financial guarantees issued by the Company, there is no expected default and therefore the financial guarantees are not recognised.

29. SUBSEQUENT EVENTS

The impact of the COVID-19 outbreak 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. As at the date of this Annual Report, the pandemic is still ongoing. The trend of the pandemic, however, is more positive than in the last quarter of fiscal year 2019/20. In the Netherlands, in its surrounding countries and even globally, the imposed lockdown restrictions are slowly, but surely being relaxed allowing bars and restaurants to reopen. While the pandemic has a negative impact on the financial performance of the Company, this upward trend will most likely lead to recovered demand for Lucas Bols' products.

Lucas Bols' strong cash generation and the availability of significant undrawn committed bank facilities provide for sufficient liquidity to manage this crisis. However, given the lack of visibility over the duration of the pandemic, and to further preserve the cash position, management will refrain from proposing a final dividend for the 2019/20 financial year and not pay an interim dividend in December 2020. Furthermore, the Management Board and Leadership Team have decided to waive their entitlement to any variable remuneration for the 2019/20 financial year and the first half of the 2020/21 financial year.

In addition, to comply with bank covenants and to ensure sufficient flexibility and headroom to continue business operations throughout the COVID-19 crisis, a number of amendments were agreed with the lender group of banks in April 2020. For more information on these amendments we refer to note 21 of the consolidated financial statements.

COMPANY FINANCIAL STATEMENTS 2019/20

COMPANY BALANCE SHEET OF LUCAS BOLS N.V.

Before profit appropriation

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2020	2019
Assets			
Investments in subsidiaries	3	139,852	138,305
Deferred tax assets	4	2,670	2,670
Total non-current assets		**142,522**	**140,975**
Receivables from group companies	5	51,179	51,179
Cash and cash equivalents		–	–
Total current assets		**51,179**	**51,179**
Total assets		**193,701**	**192,154**
Equity			
Share capital		1,248	1,248
Share premium		129,695	129,695
Treasury shares		–	–
Currency translation reserve		(247)	(163)
Hedging reserve		(815)	(754)
Other legal reserves		16,601	11,790
Retained earnings		42,835	38,840
Result for the year		4,384	11,498
Total equity	6	**193,701**	**192,154**
Liabilities			
Other non-current liabilities		–	–
Total non-current liabilities		**–**	**–**
Trade and other payables		–	–
Total current liabilities		**–**	**–**
Total liabilities		**–**	**–**
Total equity and liabilities		**193,701**	**192,154**

The notes on pages 134 to 136 are an integral part of the Company financial statements.

COMPANY PROFIT AND LOSS ACCOUNT OF LUCAS BOLS N.V.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2020	2019
Revenue*		1,135	1,251
Cost of sales		–	–
Gross profit		**1,135**	**1,251**
Distribution and administrative expenses*		(1,135)	(1,251)
Operating profit		**–**	**–**
Share of profit of participating interests, after income tax	3	9,205	16,475
Finance income		–	–
Finance costs		–	–
Net finance costs		**–**	**–**
Profit before tax		**9,205**	**16,475**
Income tax expense		–	–
Other profit after income tax		–	–
Net profit		**9,205**	**16,475**

* The amounts represent the compensation of the management board and supervisory board members, recharged to Lucas Bols Amsterdam B.V.

The notes on pages 134 to 136 are an integral part of the Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2020 AND 2019

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 accounting standards 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

Participating interests (subsidiaries and joint ventures) 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	2020	2019
Balance at 1 April	138,305	129,351
Dividend paid to shareholders	(7,486)	(7,486)
Effective portion of changes in fair value of cash flow hedges, net of tax	(61)	(270)
Currency translation of foreign interests	(84)	111
Actuarial gains / (losses) through equity	(27)	124
Profit of participating interests	9,205	16,475
Balance at 31 March	**139,852**	**138,305**

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 on fiscal 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 has any significant impairment risk been identified.

6. EQUITY

For a specification of shareholders' equity, see note 19 of the consolidated financial statements. The retained earnings at 31 March 20120 amount to EUR 42.8 million (31 March 2019: EUR 38.8 million). The legal reserves limit the distribution of retained earnings by EUR 16.6 million (31 March 2019: EUR 11.8 million). In the Company financial statements, the net profit of Passoã has been allocated to other legal reserves.

On 10 July 2019, the General Meeting of Shareholders approved the final dividend over financial year 2018/19 of EUR 0.25 per common share in addition to the interim dividend of EUR 0.35 per common share (EUR 7.6 million in the aggregate). The final dividend was paid on 17 July 2019.

The Management Board, with the approval of the Supervisory Board, have decided to refrain from proposing a final dividend to be paid in 2020 with respect to 2019/20 financial year in addition to the interim dividend of EUR 0.35 per common share already paid.

The net profit shall be allocated to retained earnings, subject to the approval of Supervisory Board.

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 FOR THE YEAR ENDED 31 MARCH	ERNST & YOUNG ACCOUNTANTS LLP		OTHER EY FIRMS		TOTAL	
	2020	2019	2020	2019	2020	2019
Fees for audit of financial statements and other services						
Audit of financial statements	225	205	27	67	252	272
Other non-audit services	8	–	–	–	8	–
Total	**233**	**205**	**27**	**67**	**260**	**272**

Audit fees of Ernst & Young Accountants LLP amount to EUR 225 thousand (2018/19: EUR 205 thousand) for Lucas Bols N.V. and the fees for non-audit services of Ernst & Young Accountants LLP amount to EUR 8 thousand.

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

The impact of the COVID-19 outbreak 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. As at the date of this Annual Report, the pandemic is still ongoing. The trend of the pandemic, however, is more positive than in the last quarter of fiscal year 2019/20. In the Netherlands, in its surrounding countries and even globally, the imposed lockdown restrictions are slowly, but surely being relaxed allowing bars and restaurants to reopen. While the pandemic has a negative impact on the financial performance of the Company, this upward trend will most likely lead to recovered demand for Lucas Bols' products.

Amsterdam, 27 May 2020

Management Board
Huub L.M.P. van Doorne (CEO)
Joost K. de Vries (CFO)

Supervisory Board
Derk C. Doijer (Chairman)
Marina M. Wyatt
Alexandra L. Oldroyd
Ralph Wisbrun
D. René Hooft Graafland

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

This annual report includes the following non-GAAP financial measures:

Earnings before interest, taxes, or EBIT

EBIT is net income before net financial expense and income taxes. Thus, EBIT is defined as operating profit (EUR 17,578 thousand) plus share of profit of joint ventures (EUR 154 thousand). Profit of joint ventures is included in EBIT, as Lucas Bols' management believes that joint ventures are an integral part of Lucas Bols operations.

Earnings before interest, taxes, depreciation and amortization, or EBITDA

EBITDA (EUR 19,364 thousand) is net incom before net financial expense and income taxes. However, EBITDA does exclude impairments. EBITDA allows investors to analyse the profitability between companies and industries by eliminating the effects of financing (i.e., net financial expense) and capital investments (i.e., depreciation and amortization (EUR 1,632 thousand)).

Free operating cash flow

Free operating cash flow (EUR 15,731 thousand) is net operating cash flows (EUR 17,764 thousand) from operations minus net capital expenditures (-/- EUR 2,033 thousand). Lucas Bols' management believes this measure is useful because it provides insight into the cash flow available to, among other things, reduce debt and pay dividends.

Net debt

Net debt is the net off (i) the sum of loans, finance lease liabilities, cumulative preferred financing shares and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, and short-term deposits and similar instruments, all as per the definitions in the financing agreements. In management's view, because cash, cash equivalents, and short-term deposits and similar instruments can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Lucas Bols' leverage. Net debt may include certain cash items that are not readily available for repaying debt.

Net sales, gross profit, D&A and EBIT at constant currency

Net sales, gross profit, D&A and EBIT at constant currency exclude the impact of using different currency exchange rates to translate the financial information of Lucas Bols' cash flows in non-euro currencies. Lucas Bols' management believes this measure provides a better insight into the operating performance of Lucas Bols.

Organic change percentages for net sales, gross profit, D&A and EBIT

Organic change percentages are calculated at constant currencies, excluding one-off items and the impact of transactions.

For an overview of Non-GAAP measures, please refer to the Five-year overview on page 139.

FIVE-YEAR OVERVIEW

IN € MILLION UNLESS OTHERWISE STATED FOR THE YEAR ENDED 31 MARCH	2020	2019	2019	2018	2017	2016
		POST-IFRS 15/16*	PRE-IFRS 15/16			
Results						
Revenue	84.0	87.0	92.5	92.2	80.5	72.6
Gross profit	47.7	49.3	54.7	57.1	48.4	42.7
Gross margin	56.7%	56.6%	59.2%	62.0%	60.1%	58.8%
EBIT [1]	17.7	19.6	19.6	23.6	18.2	17.6
EBIT margin	21.1%	22.6%	21.2%	25.6%	22.7%	24.2%
Normalised EBIT [2]	18.6	20.8	20.8	23.6	18.2	17.6
Normalised net result [3]	11.3	12.8	12.9	14.7	12.3	11.7
Net result	9.2	16.5	16.6	20.4	15.1	11.7
Cash flow						
Operating free cash flow	15.7	11.8	11.0	18.7	17.5	16.7
Cash conversion ratio [4]	82.3%	58.9%	57.1%	81.0%	106.2%	97.3%
Balance sheet						
Working capital [5]	18.3	18.8	18.8	14.4	12.7	13.0
Total equity	193.7	192.2	192.2	183.6	170.8	161.8
Net debt [6]	49.0	48.8	48.8	46.8	50.7	51.0
Net debt/EBITDA ratio	3.9	3.4	3.4	2.8	2.8	2.8
Shares						
# of shares issued at 31 March	12,477,298	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	12,477,298
Normalised net earnings per share	0.90	1.02	1.03	1.18	0.98	0.94
Net earnings per share	0.74	1.32	1.33	1.64	1.21	0.94
Total dividend per share	0.35	0.60	0.60	0.60	0.57	0.54
Employees						
Number of FTEs	71	74	74	73	70	60

1 EBIT is defined as operating profit plus share of joint ventures.

2 Normalised EBIT is EBIT excluding one-off items (one-off restructuring costs of € 0.5 million (net) at Avandis and one-off costs of € 0.4 million at Indian JV Bols Kyndal in 2019/20 and one-off restructuring costs of € 0.6 million (net) at Avandis and one-off advisory costs of € 0.6 million in 2018/19).

3 Normalised net profit is net profit excluding one-off items (i.e. a one-off tax loss of € 1.2 million, one-off restructuring costs of € 0.5 million (net) at Avandis and one-off costs of € 0.4 million at Indian JV Bols Kyndal in 2019/20, one-off tax benefit of € 5.3 million, one-off advisory costs and finance costs totalling € 1.0 million and one-off restructuring costs of € 0.6 million (net) at Avandis in 2018/19, a one-off tax benefit of € 5.6 million in 2017/18 and tax benefit of € 3.2 million, one-off transaction and advisory costs of € 2.0 million and one-off gain of € 1.4 million related to the acquisition of Distillery Cooymans by Avandis in 2016/17).

4 Cash conversion ratio defined as Operating free cash flow / (operating profit + depreciation); Operating FCF defined as net cash from operating activities minus CAPEX.

5 Working capital defined as 'investories + accounts receivable trade – accounts payable trade'.

6 Net debt is calculated as per the financing agreements (excluding impact of Passoã).

* As of 2018/19 the new IFRS 15 and 16 standards have been implemented.

This overview contains certain non-GAAP financial measures and ratios, such as EBIT, operating free cash flow and net debt, which are not recognized measures of financial performance under IFRS. These non-GAAP measures are further discussed at page 138 of this report.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and supervisory board of Lucas Bols N.V.

Report on the audit of the financial statements 2019/20 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 March 2020 of Lucas Bols N.V. based in Amsterdam. The financial statements include the consolidated financial statements and the 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 2020, 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 2020 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 2020
- The following statements for the year ended 31 March 2020: the consolidated statement of profit and loss, the consolidated statements of 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 2020
- The company profit and loss account for the year ended 31 March 2020
- 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. 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 is a global cocktail and spirits player in the bartending community with a heritage dating back to 1575 in Amsterdam. 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.

Materiality

Materiality	€ 720,000 (2018/19: € 875,000)
Benchmark applied	5 % of profit before tax
Explanation	Based on our professional judgement we consider earnings-based measures as the most appropriate basis to determine materiality.

We have also taken misstatements into account 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 € 36,000 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.

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. Furthermore, as Lucas Bols N.V. is a company, operating in multiple jurisdictions, we considered the risk of bribery and corruption.

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 1d to the financial statements. We have also used data analysis to identify and address high-risk journal entries.

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, reading minutes, inspection of internal 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 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

In order to identify and assess the risks of going concern and to conclude on the on the appropriateness of management's use of the going concern basis of accounting, 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.

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. Group entities are considered significant either because of their individual financial significance or because they are likely to include significant risks of material misstatement due to their specific nature or circumstances. 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 on 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 ourselves at the entities in the Netherlands, France and United States of America. We used the work of other EY auditors when auditing Passoa S.A.S. and the non-consolidated joint ventures Avandis B.V., Avandis C.V. and the work of non-EY auditor when auditing Maxxium Nederland B.V. In total these procedures cover 99% of the Group's total assets and 97% of net revenues.

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, actuaries and income taxes.

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 management
- 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.

Last year's key audit matter on valuation of deferred tax assets is not included as key audit matter for this year as we considered that it did not represent a significant risk of a material misstatement due to error or fraud, there is less significant judgement or subjectivity involved than in previous years. Given the impact of the COVID-19 pandemic that occurred during the financial year we included this event as key audit matter for this year's audit.

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
COVID-19 pandemic 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. Lucas Bols N.V. is confronted with the uncertainty, that is disclosed in the report of the Management board in the key risk factors section and in the notes to the financial statements with reference to note 29 regarding subsequent events 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 (note 16); modifications or remeasurements of leases (notes 15 and 22); liquidity forecasts in loans and borrowings (note 21) and the measurement of fair value (note 25).	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 in the risk column, with assumptions and estimation uncertainty or fair value measurement that have a significant risk of resulting in a material adjustment and on the possible impact on the going concern assumption for the company as a whole. We audited and challenged management'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. We performed specific audit procedures and were assisted by our internal 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 and we analyzed events subsequent to 31 March 2020 to determine whether any adjusting events require adjusting amounts recognized in the financial statements. Our audit approach and the impact of the COVID-19 pandemic related to the valuation of intangible assets and on revenue recognition is discussed in the next key audit matters. Finally, we evaluated the overall view of the financial statements, including the disclosures, related to the impact of the COVID-19 pandemic.	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.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
Valuation of Intangible assets (brands and related goodwill) As at 31 March 2020 brands and related goodwill amount to € 307 million or 78% of the balance sheet total. As disclosed in note 3.j and 16, brands and related goodwill are not amortized, since management assumes an indefinite useful life of their brands and therefore are annually tested for impairment. Management performs their annual impairment test at the cash generating unit level which include individually larger brands and buckets of smaller brands. Management uses assumptions in respect of future market growth 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. The impairment test was important for our audit as the related asset amounts are significant and the impairment test itself requires judgment. The impairment test includes assumptions that are affected by future market conditions.	We focused on the non-current assets with an indefinite useful live related to the brands and related goodwill. 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 for the valuation, evaluating and testing key assumptions used in the valuation including projected future income and earnings, performing sensitivity analyses, and testing the allocation of the assets, liabilities, revenues and expenses to each of the segments. We also assessed the forecasting quality by comparing forecasts as included in tests prepared in prior years to the actuals. We evaluated whether the impairment methodology applied by Lucas Bols N.V. is in line with the requirements per IAS 36, Impairment of Assets. The increased uncertainty in the forecasted cash-flows due to COVID-19 are an important input for the assessment of the recoverability. To assess the potential impact of COVID-19, Lucas Bols applied a cash flow approach that was based on probability weighted scenarios. As part of our audit procedures we evaluated the probability of the scenarios and performed shadow calculation. Finally, we performed independent calculations to validate the sensitivity analysis as referred to in Note 16 of the consolidated financial statements and assessed the disclosure requirements.	We noted that the assumptions relating to the impairment models fell within acceptable ranges. We concur with management's conclusion that no impairment of Intangible assets with indefinite useful lives and related goodwill is required as at 31 March 2020.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
Revenue recognition 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 3b and Note 5. 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. This item was significant to our audit because the recognition process requires proper cut-off of sales transactions.	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.	Based on the procedures performed, we did not identify any evidence of material misstatement in the revenue recognized in the year ended 31 March 2020 in accordance with EU-IFRS.

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:

- The company report
- Report of the management board
- Governance report, including the Report of the Supervisory Board and the Remuneration Report
- Other information 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 Section 2:135b 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.

Management 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 and the remuneration report in accordance with Section 2:135b 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 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 management and the supervisory board for the financial statements

Management 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, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management 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. Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

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, 27 May 2020

Ernst & Young Accountants LLP

Signed by F.J. Blenderman

Address
Lucas Bols N.V.
Paulus Potterstraat 14
1071 CZ Amsterdam, The Netherlands
T: +31 (0)20 5708575