ANNUAL REPORT 2020/21

LUCAS BOLS

1575

INDEX
ANNUAL REPORT

THE COMPANY*

STRATEGY AND VALUE CREATION*

MANAGEMENT BOARD REPORT*

GOVERNANCE

FINANCIAL STATEMENTS

OTHER INFORMATION

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 (not including the US). Lucas Bols is also the world's largest player in the genever segment and its portfolio includes the number one passion fruit liqueur 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 more than 445 years of history as inspiration for developing our brands, maintaining our innovation leadership and becoming the undisputed bartending authority.

1575

OUR HERITAGE

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

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.

2020-21

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

SHARING TASTES **EXPERIENCE** NEW FLAVOURS

FINANCIAL HIGHLIGHTS

Revenue
(in € mln)

57.3

2019/20: 84.0

Gross margin
(in % of revenue)

52.5

2019/20: 56.7

Normalised operating profit*
(in € mln)

8.6

2019/20: 17.6

Free operating cash flow*
(in € mln)

11.4

2019/20: 15.8

Normalised net profit*
(in € mln)

3.3

2019/20: 11.3

Dividend per share
(in €)

-

2019/20: 0.35

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

SHARING MOMENTS **EXPERIENCE** THE UNUSUAL

BRAND HIGHLIGHTS

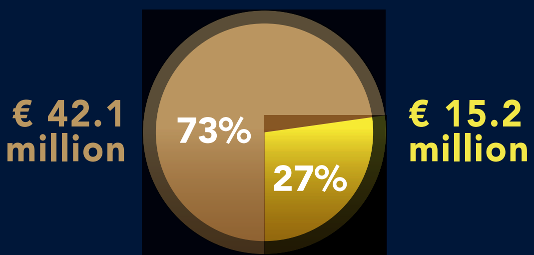
1575

Oldest distilled spirits brand in the world

446

years of craftsmanship & cocktail history

Revenue split 2020/21



Global brands Regional brands

+110

Sold in more than 110 countries around the world

SHARING CRAFTSMANSHIP **EXPERIENCE** QUALITY

MARKET POSITION

LIQUEURS

#1

World's No.1 liqueurs range *

* Not including the US

GENEVER

#1

World's No.1 genever

DAMRAK

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

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

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

"Furthermore, the travel restrictions also meant we could not physically meet our distribution partners abroad," CFO Frank Cocx added. "That is quite a change for a commercial company doing business worldwide. The strong relationships with our distribution partners allowed us to stay well connected to our markets still. Our partners have truly been our ears and eyes in the local markets, enabling us to act swiftly. Evenly important: we have been very conscious about managing this crisis in the short run whilst simultaneously continuing focus on further building our future. Despite all extraordinary efforts necessary to navigate this crisis – which is not over yet – we managed to stay innovative and even launched a number of exciting new products – right on trend."

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

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

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

> "I am confident we will emerge from this crisis as a stronger company"
>
> **HUUB VAN DOORNE, CEO**

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

FRANK COCX, CFO

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

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

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

WHAT WERE THE BIGGEST CHALLENGES?

"In a situation like this, you have to connect many dots that sometimes feel like the opposite ends of the pole at the same time," Huub van Doorne noted. "Day-to-day crisis management is an absolute must, but it is of great importance not to lose sight of your mid- and long-term plans and to seize opportunities as they come. It really was the need for strict cost control whilst maintaining an entrepreneurial spirit that defined the success of the Lucas Bols team. Despite our people working remotely, there was full commitment and engagement of the whole team. We know we asked a lot of our people. The flexibility and dedication shown by our people and business partners was really tremendous, something I am very proud of."

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

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

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

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

"The lockdowns also affected our House of Bols and Bols Bartending Academy, forcing us to engage with the bartender community and consumers differently," Huub van Doorne said. "We successfully offered our bartenders online cocktail training sessions and workshops, sparking inspiration and creativity on both sides. But it is equally important to engage with consumers directly. We accelerated our digital efforts in this regard, resulting in much more social media brand presence and awareness and enhanced consumer activation."

WHAT NEW PRODUCTS WERE LAUNCHED?

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

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

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

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

FRANK, HOW WAS YOUR FIRST YEAR AT LUCAS BOLS?

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

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

WHAT WILL BE THE FOCUS IN 2021/22?

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

KEY FIGURES

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

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

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

SHAREHOLDER INFORMATION

SHARE LISTING

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

THE LUCAS BOLS SHARE

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

SHARE CAPITAL

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

MAJOR SHAREHOLDERS

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

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

DIVIDEND POLICY

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

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

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

FINANCIAL CALENDAR

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

PREVENTION OF INSIDER TRADING

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

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

INVESTOR RELATIONS

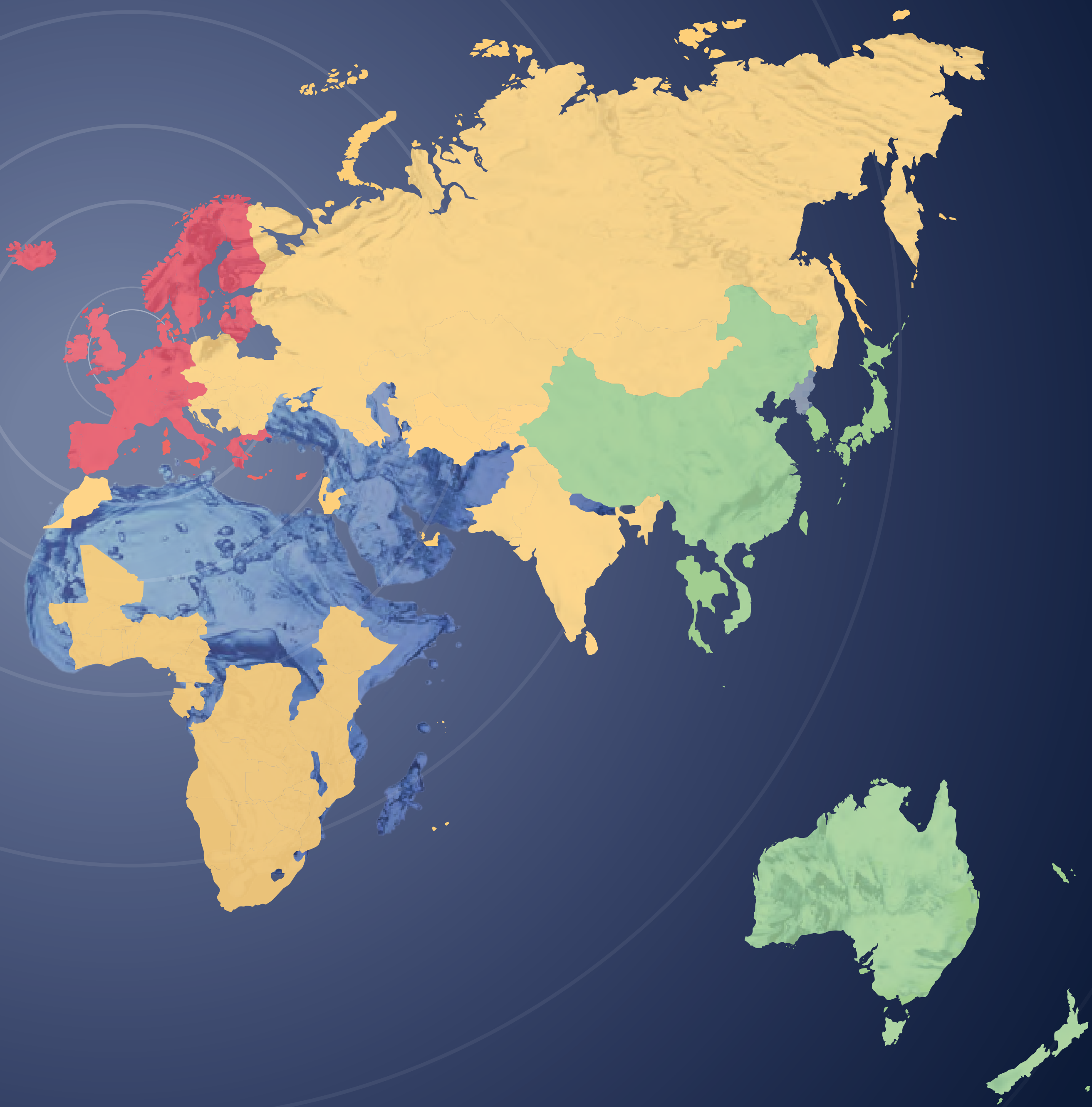
Lucas Bols attaches great importance to maintaining an active dialogue with its shareholders. The aim is to give existing and potential shareholders, analysts and the financial press a broader insight into the company and the sector we operate in. We do this by providing relevant financial and other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

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

LUCAS BOLS BRANDS
GLOBAL PRESENCE

GLOBAL
REVENUE SPLIT

53.7%	●	WESTERN EUROPE
18.6%	●	ASIA-PACIFIC
18.2%	●	NORTH AMERICA
9.6%	●	EMERGING MARKETS




1575
PASSOA
DAMRAK
GIN
GALLIANO
VACCARI
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 (not including the US). Bols Genever, hailed the Original Spirit of Amsterdam, was first created in 1664 and leads the genever category worldwide. Passoã is the number one passion fruit liqueur worldwide.

BOLS

Bols is the world's oldest distilled spirits brand. In 1575 the Bols family began distilling liqueurs in the heart of Amsterdam, adding genever in 1664 and Bols Vodka in the 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. Bols engages with the international bartender community to create new drinks and experiences for their customers and Bols inspires consumers to make and drink cocktails at home with its wide variety of products and flavours.

The World's First Cocktail Brand

BOLS LIQUEURS

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

BOLS GENEVER

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

BOLS VODKA

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

PASSOÃ

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

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

The Passion Drink

PASSOÃ FRESH

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

PASSOÃ PORN STAR MARTINI

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

DAMRAK

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

NUVO

Nuvo Sparkling Liqueur defines luxury and is the ultimate accessory when celebrating life with friends and family. Crafted with ultra-premium French vodka, a touch of delicate sparkling white wine and infused with a proprietary blend of fruit nectars, Nuvo is as delicious 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 mostly sold in the US and in selected markets in Latin America and Europe.

The Best DAM Gin

L'esprit de Paris

GALLIANO

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

Spirito Italiano

VACCARI

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

From the family to the world


BOLS
BOKMA
HOPPE
KENKES
FLORYN
LEGNER
Z.O.GENEVER

LUCAS BOLS
REGIONAL BRANDS

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

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

DUTCH GENEVER PORTFOLIO

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

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

BOLS GENEVER

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

BOKMA GENEVER

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

Bols komt met een Biertje!

Vierkant achter Bokma

REGIONAL LIQUEURS & VALUE BRANDS

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

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

PISANG AMBON

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

Let's go Bananas

HENKES

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

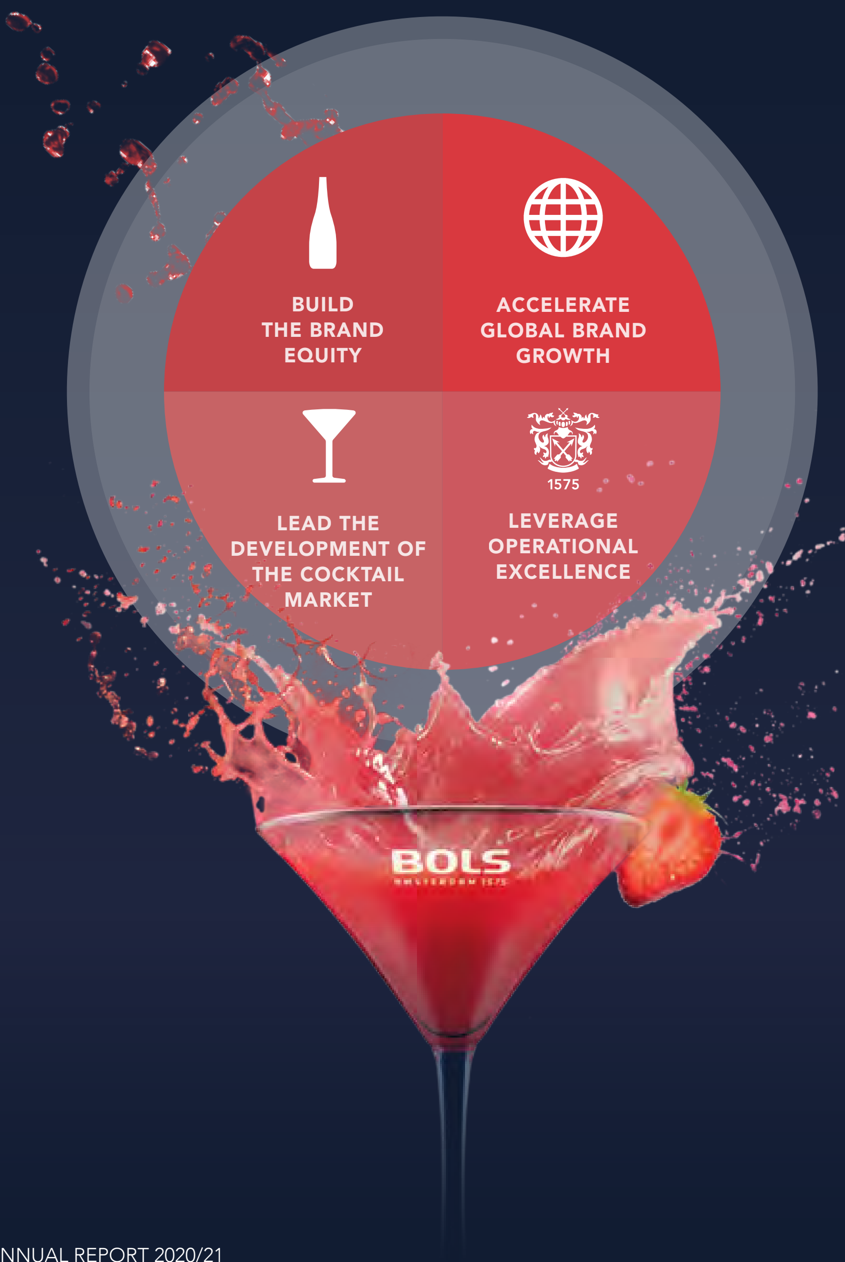
When it's time for tradition, it's time for Henkes

STRATEGY AND VALUE CREATION

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

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

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



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

BUILD THE BRAND EQUITY

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

ACCELERATE GLOBAL BRAND GROWTH

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

LEAD THE DEVELOPMENT OF THE COCKTAIL MARKET

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

LEVERAGE OPERATIONAL EXCELLENCE

1575

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

VALUE CREATION MODEL

Creating great cocktail experiences around the world

INPUT

Brand / Intellectual capital

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

Human capital

Employees / skills / entrepreneurship

Relationship capital

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

Natural capital

Best raw materials

Financial capital

Equity / debt

OUTPUT

Brand value

Brand awareness / relevance / loyalty / innovation

Employee engagement

Employee motivation / satisfaction / brand ambassadors

The #1 cocktail brand

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

Superior quality products

Great drinks and cocktails

Financial performance

Profitable growth / dividend

CREATING VALUE

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

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

CRAFTSMANSHIP

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

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

Innovation and high quality

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

BRAND BUILDING

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

Education & inspiration

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

LONG-TERM PARTNERSHIPS

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

Blending and bottling partners

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

Distribution partners

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

STAKEHOLDER DIALOGUE

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

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

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

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

STAKEHOLDER MATRIX

	Relevance to Lucas Bols	Relevance to stakeholders / most important expectations	Intended result of dialogue	Means of communication
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	Buy and enjoy our product responsibly. More and more define and / or accelerate the trends that are relevant to us	High-quality products and cocktail inspiration to enjoy at special moments	Loyal consumers who are part of our community	Campaigns and brand activation programmes online and offline; messaging on the packaging
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
Retailers and wholesalers	Make our products available to and promote them with consumers and outlets	Provide their customers with high quality products at a fair price	Product positioning in line with brand strategies	Marketing, business contacts mainly through distributors, social media
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

MORE
WATER–
LEMON
TONGUE
TWISTING.

LESS
ALCOHOL.

Bols Amsterdam 1575

THE *ORIGINAL*
SPIRIT OF
AMSTERDAM

WATERMELON SPRITZ

COMPOSITION OF THE MANAGEMENT BOARD

HUUB VAN DOORNE
CHIEF EXECUTIVE OFFICER

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

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

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

FRANK COCX
CHIEF FINANCIAL OFFICER

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

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

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

REPORT OF THE MANAGEMENT BOARD

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

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

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

BUSINESS REVIEW

Supply chain

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

Commercial initiatives

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

BRANDS

Global brands

The Bols brand

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

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

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

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

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

Traffic to Bols.com increased significantly following a clear targeting of consumers making cocktails at home. Our e-commerce initiatives are paying off, as reflected in a strong rise in orders on our Bols web shop. Online sales grew rapidly with revenue in the second half of the year almost doubling compared to the first half year.

Damrak Gin

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

Passoã

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

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

Amsterdam
DAMRAK®
VIRGIN
0.0

introducing
DAMRAK
0,0%

same Damrak
YOU CHOOSE

Amsterdam
DAMRAK®
GIN

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

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

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

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

Regional brands

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

Pisang Ambon
The overall performance of the Pisang Ambon brand was positive in 2020/21 despite the pandemic, driven by a retail boost in Belgium and France leading to increased in-home consumption. At the beginning of 2021 Pisang Ambon was relaunched, including an improved recipe with natural banana flavour and an upgrade in packaging design. The new positioning, including a new drinks strategy, was communicated to the markets.

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

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

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

REGIONS

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


THE ORIGINAL
GALLIANO
HOT SHOT
ONE PART GALLIANO
ONE PART COFFEE
ONE PART CREAM
GALLIANO
LIVORNO 1896
SPIRITO ITALIANO
LIVORNO 1896
GALLIANO
VANILLA
AUTHENTIC RECIPE
DEVELOPED AND DISTILLED IN ITALY
alc. 30% vol. e 500ml
SPIRITO ITALIANO
LIVORNO 1896

Asia-Pacific

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

North America

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

Emerging Markets

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

OTHER

Avandis

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

Pallini distribution agreement

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

Passoã transaction completed

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

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

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

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

FINANCIAL REVIEW

Revenue

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

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

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

Gross profit

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

Operating profit

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

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

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

Share of profit of joint ventures

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

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

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

* Excluding one-off items as explained below.

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

EBIT

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

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

Net finance costs

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

Income tax expenses

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

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

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

Net profit / (loss)

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

Net earnings per share

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

One-off items

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

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

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

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

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

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

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

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

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

OUTLOOK

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

The CSR focus areas for Lucas Bols are:

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

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

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

SUSTAINABLE DEVELOPMENT GOALS

How Lucas Bols contributes

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

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

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

- Reduce our environmental footprint from year to year, in cooperation with our partners in the supply chain
- Reduce waste and energy consumption at our Avandis joint venture
- Reduce CO_2 emissions at our logistics provider Nedcargo
- Reduced footprint of the Lucas Bols headquarters (including implementation of LED-lighting and a paperless office)

RESPONSIBLE DRINKING

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

Drink less but better

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

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

Promote non-alcoholic and low-alcohol drinks

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

In 2020 we expanded our Damrak Gin brand with a non-alcoholic alternative. Damrak Virgin 0.0 was first launched in the Netherlands and the US. This non-alcoholic spirit provides a tasteful gin cocktail alternative for anyone, anytime.

STIVA

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

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

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

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

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

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

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

SUSTAINABLE SUPPLY CHAIN

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

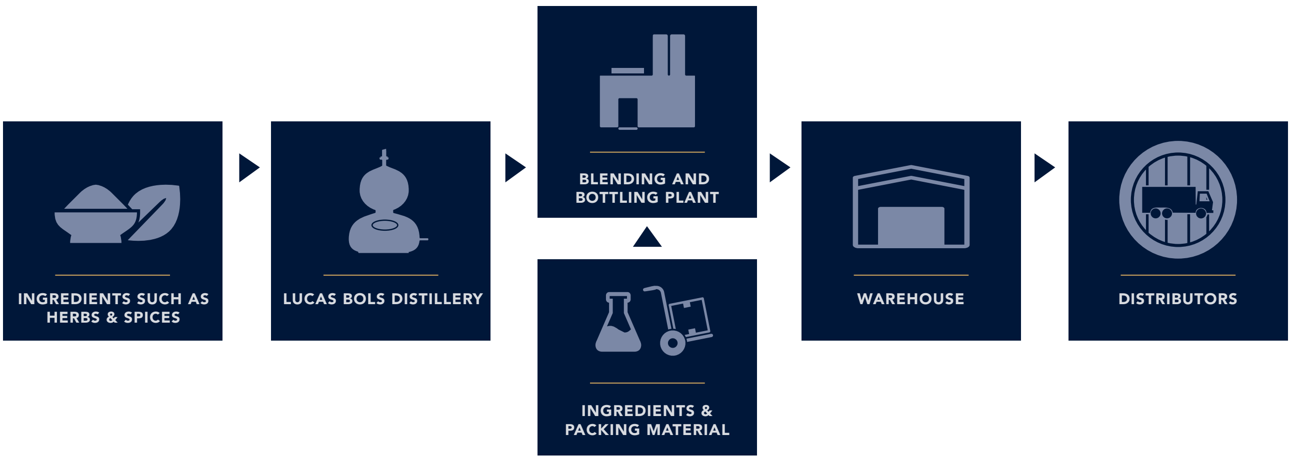
Suppliers of ingredients and packaging materials
We monitor our suppliers' annual progress in terms of sustainability and environmental impact. In our supply chain Avandis is responsible for all sourcing and buying of product related raw materials, while purchasing group Columbus is our buyer of supporting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

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

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

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

LUCAS BOLS SUPPLY CHAIN FROM RAW MATERIAL SUPPLIERS TO DISTRIBUTORS



Avandis production site

Production of hand sanitiser in anticipation of hospital shortages

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

Environmental impact and compliancy

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

Health and safety

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

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

Warehousing and transport

Environmental impact

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

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

Health and safety

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

Lucas Bols head office

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

BEING A GOOD EMPLOYER

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

COVID-19

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

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

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

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

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

Our values

We believe that our values and working principles contribute to a culture that is focused on long-term value creation. These values and principles form the essence of our code of conduct which outlines the way in which we advocate responsible alcohol consumption and encourage socially responsible communication on this. Respect for human rights is also embedded in the code of conduct. Discrimination, sexual harassment or other intimidation, aggressiveness, violence and bullying are unacceptable and will not be tolerated. Lucas Bols strives to deal with all of its customers, suppliers and business partners in a straightforward and above-board manner and in strict compliance with any and all legal requirements.

Lucas Bols 'Way of Working'

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

Our Way of Working is guided by the following principles:

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

Personal development and training

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

The Lucas Bols values

- CLIENT & CONSUMER DRIVEN
- TEAMWORK & TRUST
- ENTREPRENEURSHIP
- EXCELLENCE IN EXECUTION

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

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

Diversity and inclusion

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

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

People in numbers

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

Employee Share Participation Plan

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

LUCAS BOLS IN SOCIETY

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


Bols Genever Amsterdam est. 1575
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 and effective operations, so the Management Board promotes a transparent, company-wide approach to risk management and internal controls. This approach is focused on finding the right balance between maximising business opportunities and managing the risks involved. The Management Board considers this to be one of its most important tasks.

RISK MANAGEMENT APPROACH AND APPETITE

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

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

RISK MANAGEMENT FRAMEWORK

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

Risk oversight

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

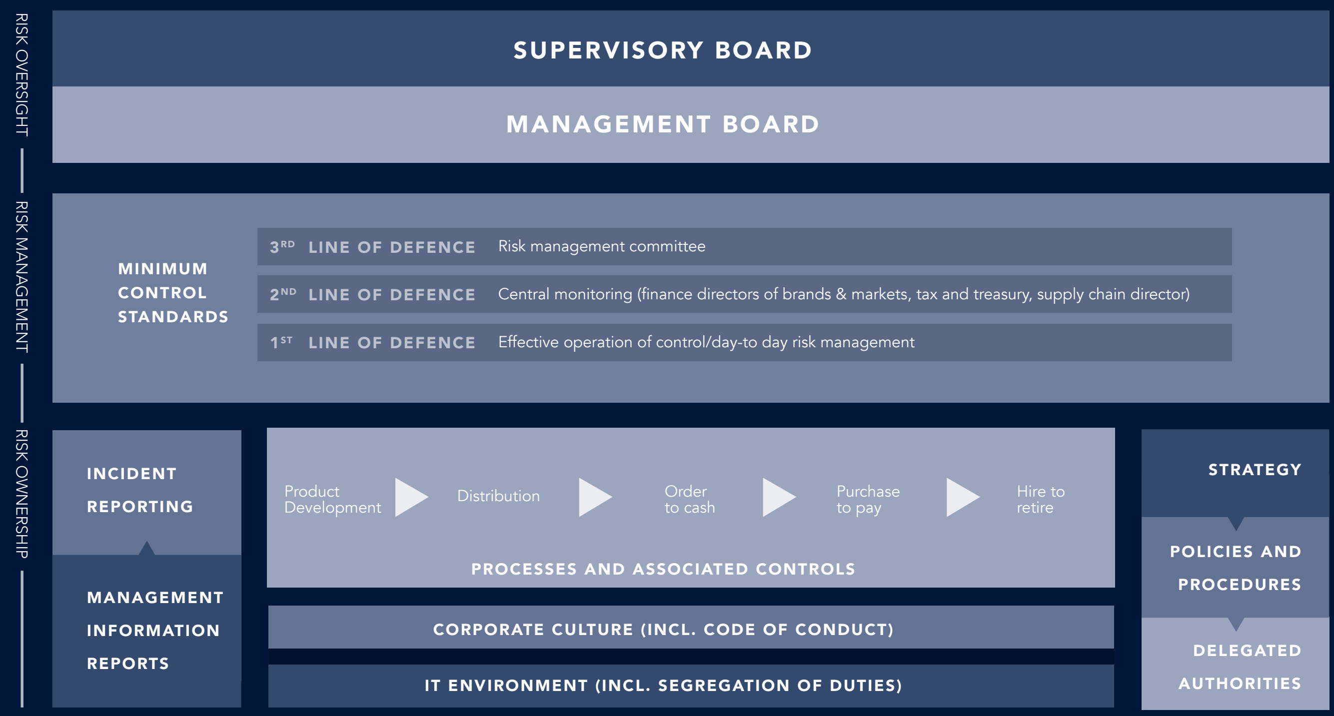
Risk management

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

Risk ownership

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

RISK MANAGEMENT FRAMEWORK



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

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

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

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

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

Corporate culture and code of conduct

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

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

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

Brand protection, product development and quality control

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

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

Developments in risk management and control systems in 2020/21

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

Implementation of Oracle ERP system

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

IT and cybersecurity

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

Focus for 2021/2022

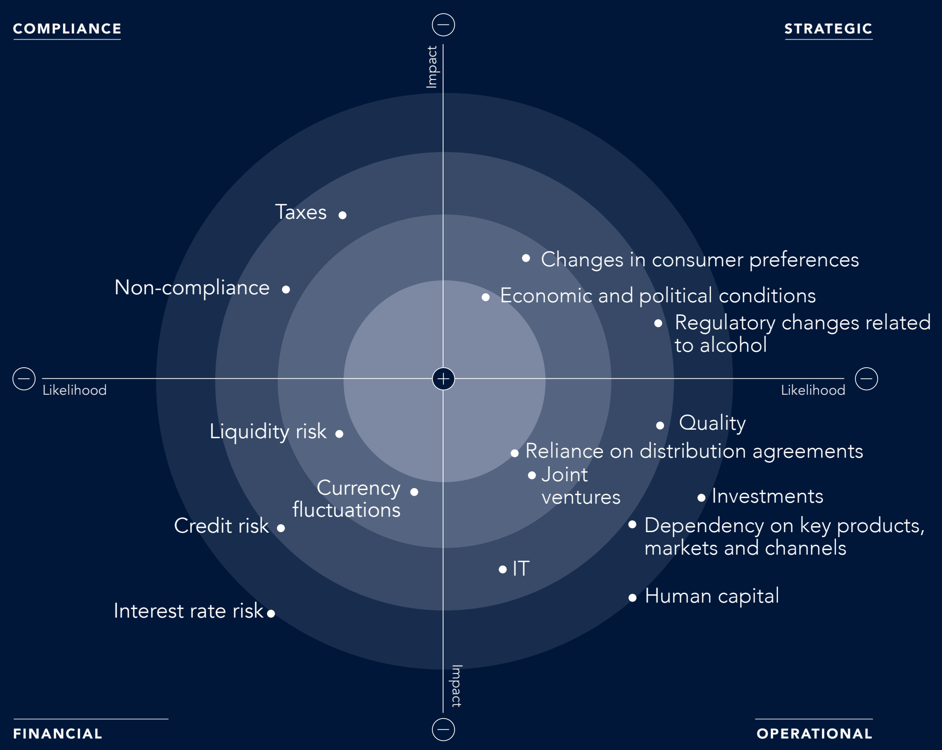
We have identified a number of focus areas for the 2021/22 financial year. Partnerships with third parties (for example with regard to production, logistics and distribution) play a prominent role in Lucas Bols' asset light business model. In 2021/22 we plan to update and strengthen our contingency and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

KEY RISK FACTORS

Risks and uncertainties in 2020/21

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

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



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

COVID-19

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

Overall, results for the 2020/21 financial year were significantly down as a result of the pandemic, mainly because the on-trade channels (in which over half of our business was generated before the start of the pandemic) were closed in many of our markets for most of the financial year. The situation remains highly volatile and uncertain. The world is experiencing new outbreaks and variants of the virus, and these – along with increasing economic turmoil – are expected to continue to impact many of Lucas Bols' markets in the near future. Lucas Bols is monitoring developments closely and will continue to take swift action to deal with these uncertainties.

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

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

Financing risk

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

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

Dependency on key offerings and channels

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

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

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

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

Supply chain and raw materials

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

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

Joint ventures

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

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

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

Reliance on distribution agreements

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

Taxes

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

Impact and likelihood of risks in 2020/21

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

Key risk overview

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

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

STRATEGIC

Risk appetite – moderate

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

RISK	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 it. The company is subject to extensive regulations regarding advertising, promotions and access to its products. These regulations or any changes therein could limit our business activities, increase costs and decrease demand for our products.	Lucas Bols supports a responsible approach to alcohol and considers this a core element of its strategy to grow a sustainable, long-term business. We advocate responsible consumption and encourage socially responsible communication as part of our CSR strategy. In our home country of the Netherlands Lucas Bols is actively involved in various relevant industry bodies including on the board of STIVA, the foundation that actively promotes and controls responsible marketing and consumption of alcoholic products. Furthermore, Lucas Bols has introduced various low and non-alcoholic products.
Economic and political conditions Lucas Bols' global business is inherently subject to commercial, political and financial risks. The company's operations also take it to emerging markets, where such risks (including economic and regulatory risks) are more present. Geopolitical issues and trade and import restrictions may also have negative consequences for our business. Lucas Bols' results are dependent on general economic conditions and are therefore exposed to the risk of economic deterioration, both globally and in the markets in which we operate.	Lucas Bols aims to diversify its activities in terms of product categories as well as geographically. Lucas Bols sells over twenty-five brands in more than 110 countries in four regions. In addition, Lucas Bols' financial performance is sound with strong operating margins and cash generation, both of which can act as a cushion in case of an economic downturn.
Dependency on key products, markets and channels A few key products and markets provide a significant portion of the company's revenue and contribution. Lucas Bols' performance is highly reliant on the on-trade channel. Specific and/or local factors and developments can directly affect the performance of these key products, markets and channels, and potentially have a material adverse impact on the company's business, results of operations, financial condition and prospects.	Lucas Bols diversifies its business across product offerings, markets and channels. More specifically, we are increasing our presence in the off-trade channel, for example by focusing more on retail and direct-to-consumer channels such as online sales.

RISK	MITIGATION
Changes in consumer preferences Demand for the company's spirits products can be significantly adversely affected by changes in customer and consumer preferences, especially given our focused portfolio.	Lucas Bols' close ties both with its distributors and the bartending community means that the company is proactively alerted to changes in consumer preferences at an early stage. The innovative nature of the company enables Lucas Bols to respond swiftly to any such changes with new flavours and product offerings.

OPERATIONAL

Risk appetite – low

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

RISK	MITIGATION
Quality Inconsistent quality or contamination of the company's products or similar products in the same categories as Lucas Bols products can harm the integrity of, or customer support for, the Lucas Bols brands and adversely affect the sales of those brands.	The recipes in which the ingredients and procedures are defined are fully controlled and protected by Lucas Bols. The company only partners with certified bottlers and suppliers, and the same generally applies to our joint venture partners. The company samples and tests all its products thoroughly, and sound quality control policies, procedures and processes (both preventative and detective) are in place and subject to constant monitoring. This includes audits at co-packers.
Joint ventures The financial performance of joint ventures (over which Lucas Bols does not have full control) can affect the financial performance of Lucas Bols, either directly or indirectly.	Managing and monitoring joint ventures and other partnerships is at the heart of the company's business model. These collaborations are closely monitored and governed, for example through direct board involvement (focusing on achieving long-term objectives) and involvement in day-to-day operations.
Reliance on distribution agreements Lucas Bols is reliant on the performance of its distribution partners. Lucas Bols' operations can be adversely affected by the poor performance of its distributors or by its own inability to enter into or maintain distribution agreements on favourable terms or at all.	The company applies very strict criteria for selecting distribution partners. Each distributor and agreement is subject to frequent evaluation (at least annually) by the commercial team. If improvement areas are identified action will be taken within the contractual terms agreed.

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

FINANCIAL

Risk appetite – low

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

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

RISK	MITIGATION
Financing risk There is a risk that the company will encounter difficulties meeting the commitments associated with its financing facilities. This can result in liquidity risks and/or not being able to settle financial liabilities by paying in cash or by settling by means of other financial assets.	The company's approach to managing liquidity through its treasury process is aimed at ensuring, to the maximum extent possible, that it will meet its financing facility obligations and have sufficient liquidity to settle its financial liabilities when they are due, without incurring unacceptable losses or damaging the company's reputation. Management invests a great deal of its time managing relationships with banks and other capital market parties and stakeholders.
Interest rate risk Changes in interest rates affect the company's results and cash flow.	Lucas Bols applies a policy under which at least 80% of its medium-term interest rates are fixed rates. Interest rate swaps are entered into to hedge fluctuations in cash flows attributable to interest rate movements.
Credit risk Credit risk pertains to liquid assets, derivative instruments and bank balances. In addition, Lucas Bols works with distributors globally, negotiating payment terms as part of the overall agreement. This implies that we are exposed to customer credit risks, including those relating to outstanding receivables and agreed transactions.	The company operates a credit policy and monitors its exposure to credit risk on an ongoing basis. Furthermore, Lucas Bols has a treasury policy in place and only engages with banks with high credit ratings. Credit checks are performed when negotiations with distributors take place.

COMPLIANCE

Risk appetite – low

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

RISK	MITIGATION
Non-compliance Lucas Bols' production and distribution as well as its business and the industry in general are subject to significant government regulations. Moreover, Lucas Bols is a publicly listed company and is therefore subject to additional laws and regulations. Failure to comply with relevant regulations (or any changes therein) can result in business interruptions, for example on the supply side, increased costs and potentially legal action.	Lucas Bols closely monitors the legal developments in every market in which it is active. Legal compliance is embedded in its risk and control systems. The company also makes use of external legal counsel. Furthermore, Lucas Bols is an agile organisation that can easily adapt products, packaging, etc. to remain compliant with all regulations.
Taxes Increases in taxes, particularly excise tax rates, can have an adverse effect on demand for – and the financial contribution of – the company's products.	Significant excise tax increases in a market tend to have a negative impact for a period of 12 months, after which the business often stabilises and recovers. The consequences of tax changes and resulting changes in buying behaviour are constantly monitored in close cooperation with our distributors. Our market positioning is adjusted if and when necessary.

IN CONTROL STATEMENT

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

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

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

Amsterdam, 26 May 2021

Management Board
Huub van Doorne & Frank Cocx

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE DECLARATION

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

GENERAL

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

LONG-TERM VALUE CREATION AND CULTURE

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

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

SHARES – VOTING RIGHTS

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

GENERAL MEETING

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

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

Further details can be found in the articles of association, which are published on the corporate website www.lucasbols.com.

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

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

MANAGEMENT BOARD

Responsibilities

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

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

Appointment and dismissal

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

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

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

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

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

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

In compliance with the Code, the service agreements of the Management Board members contain a provision relating to severance arrangements to compensate for the loss of income resulting from a non-voluntary termination of the service agreement, up to a maximum equal to one time the fixed gross annual base salary of the Management Board member. In line with applicable legislation and good governance, the service agreements of the members of the Management Board include a clawback clause, that allows for a test of reasonableness and do not include a 'change of control' clause.

SUPERVISORY BOARD

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

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

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

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

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

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

Appointment and dismissal

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

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

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

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

DIVERSITY

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

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

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

CONFLICT OF INTEREST

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

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

AUDITOR

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

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

AMENDMENT OF THE ARTICLES OF ASSOCIATION

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

STATEMENT IN LIGHT OF ARTICLE 10 OF THE EUROPEAN TAKEOVER DIRECTIVE

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

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

CLOSING STATEMENT

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

COMPOSITION OF THE SUPERVISORY BOARD

RENÉ HOOFT GRAAFLAND

CHAIR

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

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

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

RALPH WISBRUN

VICE-CHAIR

MR. R. (RALPH) WISBRUN
1957, Dutch nationality

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

Other positions
Senior Advisor of Wunderman Thompson Amsterdam and WPP Nederland

MARINA WYATT
MEMBER

MRS. M.M. (MARINA) WYATT
1964, British nationality

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

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

ALEXANDRA OLDROYD
MEMBER

MRS. A.L. (ALEXANDRA) OLDROYD
1967, British nationality

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

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

REPORT OF THE SUPERVISORY BOARD

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

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

COMPOSITION OF THE SUPERVISORY BOARD

On 31 March 2021 the Supervisory Board of Lucas Bols consisted of four members: René Hooft Graafland (chair), Ralph Wisbrun (vice-chair), Marina Wyatt and Alex Oldroyd. Derk Doijer stepped down from the Supervisory Board after the Annual General Meeting on 9 July 2020 after serving the company as chair of the Supervisory Board for many years, both in the public setting since 2015 and before. Also on behalf of my colleagues, the Management Board, all employees and other stakeholders in the company, I would like to once again express my gratitude for Mr. Doijer's valuable contribution to the development of the company for so many years.

At the same meeting the re-election of Mrs. Oldroyd was approved by the shareholders. The re-election of Mr. Wisbrun will be proposed to shareholders at the Annual General Meeting scheduled to take place on 8 July 2021.

The composition of the Supervisory Board is in line with the Supervisory Board profile as drawn up by the Supervisory Board and published on the Lucas Bols corporate website. Currently the gender ratio of the Supervisory Board is balanced at 50%-50%. However, Lucas Bols feels that gender is only one aspect of diversity. Future members of the Supervisory Board will continue to be selected based not only on their expertise and independence but also on their background and the other diversity aspects described in the Supervisory Board profile. For more information on diversity please refer to the Corporate Governance Section.

The Supervisory Board confirms that all its members are independent as defined in best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code. No member of the Supervisory Board holds more than five directorships at Dutch 'large companies', in accordance with section 2:142a of the Dutch Civil Code.

Currently consisting of four members, the Supervisory Board is adhering to the decision to not appoint separate committees among its members at this time. The Supervisory Board as a whole carries out the duties of an audit committee and other committees. Discussions regarding remuneration are chaired by Mr. Wisbrun and meetings related to financial reporting and audit-related matters are chaired by Mrs. Wyatt who has extensive financial and accounting experience.

EVALUATION

The Supervisory Board reviewed and discussed its own functioning during the 2020/21 financial year. The assessment included reviews of the composition of the Supervisory Board, the Supervisory Board's profile including its competence and expertise, the effectiveness of the meetings of the Supervisory Board, the lessons learned from this year's experiences, the adequacy of the information supplied to the Supervisory Board and the training of the Supervisory Board. This assessment is conducted through questionnaires filled in by the individual members of both Boards.

Furthermore the composition, functioning and succession planning of the Management Board and the performance of its individual members were assessed through the collection of input from each of the individual Supervisory Board members. This input was discussed in a meeting of the Supervisory Board without the Management Board present and subsequently discussed with both Management Board members individually.

The overall conclusions of the assessments were positive. The points of improvement are discussed and acted upon and follow up is monitored in next year's assessment. As point of improvement from this year's assessment, the Supervisory Board expressed the desire to spend more time discussing longer term strategic issues, which didn't happen enough given the more short-term focus during the meetings as a consequence of the pandemic. The follow-up points of the assessment in the 2019/20 financial year were adequately addressed.

MEETINGS AND ATTENDANCE IN 2020/21

The Supervisory Board held six ordinary meetings during the year under review. All members were present at every meeting. The Management Board was present at every meeting, with the exception of the meeting at which the Supervisory Board discussed and decided on the performance appraisal of the individual Management Board members. Mr. Cocx joined all meetings from April 2020 ahead of his appointment as statutory director and CFO at the Annual General Meeting on 9 July 2020. Also, members of the company's Leadership Team were present at a number of Supervisory Board meetings.

All but one of the meetings were partly held in person from the company's office in Amsterdam. As a result of the COVID-19 pandemic the UK-based Supervisory Board members Mrs. Oldroyd and Mrs. Wyatt attended all meetings virtually. In between the meetings Mr. Hooft Graafland, as chair of the Supervisory Board, maintained contact with the Management Board on an intensified regular basis given the impact of the pandemic on the company, while Mrs. Wyatt was in regular contact with the CFO to discuss the financial statements and audit-related matters.

The impact of the pandemic (including the continued lockdowns) on the company's performance and financial position was the main topic of most meetings. The measures taken in response (including cost control measures, strict working capital management and the amended covenant agreements with the banks) were also discussed in detail. The Supervisory Board continues to communicate with the Management Board about the implications of COVID-19 on an ongoing basis.

Furthermore, the completion of the acquisition of Passoã SAS and the increase in Lucas Bols' shareholding in Avandis (the company's blending and bottling joint venture) were amongst the topics discussed at Supervisory Board meetings during the year under review. Recurring topics included market, brand and distribution developments in the various markets in which Lucas Bols operates as well as the performance of Avandis and Bols-Kyndal (the company's joint venture in India).

The Supervisory Board also discussed the company's strategy and long-term value creation with the Management Board, including the execution and progress achieved. In these discussions the Supervisory Board challenged the Management Board on its strategic

agenda and milestone planning, touching on the extent to which both have been affected by the COVID-19 pandemic.

The Supervisory Board was also kept informed of developments within Lucas Bols' risk management framework and risk environment, especially in light of the pandemic and the Oracle ERP implementation. Actions taken to mitigate risks and strengthen the company's internal control framework were presented and discussed.

During the 2020/21 financial year the external auditor virtually attended a Supervisory Board meeting on two occasions. At the meeting in May 2020 the auditor presented its independent auditor's report and long-form auditor's report along with the findings of its audit of the 2019/20 financial statements. The key audit matters for the audit of the 2020/21 financial statements, the procedures and findings with regard to the 2020/21 interim financial information and the procedures and findings with respect to IT (including the Oracle ERP implementation) were subsequently presented by the external auditor during the Supervisory Board meeting in November 2020.

REPORT OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

In view of the pandemic the Annual General Meeting of Shareholders on 9 July 2020 was held virtually. In order to keep shareholders, employees and other stakeholders safe the company decided, in accordance with the Dutch Temporary COVID-19 Justice and Security Act (a.k.a. the 'Emergency Act'), that the AGM would only be accessible to shareholders via a live video-webcast. Shareholders were given the opportunity to submit questions prior to the meeting. The answers were published on the company's website prior to the meeting and addressed during the meeting.

Furthermore, the Management Board gave an account of the general state of affairs at Lucas Bols and of the company's financial performance in the 2019/20 financial year. The meeting adopted the 2019/20 financial statements. The members of the Management Board were discharged from liability for their management and the members of the Supervisory Board for their supervision thereof.

The meeting appointed Mr. Cocx as a member of the Management Board for a four-year term and re-appointed Mrs. Oldroyd as member of the Supervisory Board for a four-year term. The meeting authorised the Management Board to issue ordinary shares, limited to 10% of the total number of outstanding shares for a period of 18 months, and an additional 10% in connection with mergers and acquisitions, as well as to repurchase ordinary shares limited to 10% of the total number of shares outstanding. Ernst & Young Accountants LLP (EY), the auditor of the 2019/20 financial statements, gave a presentation on the audit and auditor's report. Pursuant to the revised European Union Shareholder Rights Directive, the implementation of the remuneration policy was discussed with and put to the meeting for advice by vote.

INTERNAL AUDIT FUNCTION

Based on the evaluation by the Management Board of Lucas Bols' internal control system and the discussions of the Supervisory Board with the Management Board, it is the opinion of the Supervisory Board that internal control elements are effectively integrated within the company's operations, also taking into account the size of the company and its relatively simple and centralised structure. Furthermore, Lucas Bols performs periodical audits at its distributors, focusing mainly on A&P spending and how this is accounted for.

In accordance with best practice provision 1.3.6 of the Dutch Corporate Governance Code and based on these observations it is the opinion of the Supervisory Board that there is currently no reason to recommend the installation of a dedicated internal audit function. The Supervisory Board reviews this decision annually.

2020/21 FINANCIAL STATEMENTS AND DIVIDEND

The Supervisory Board has reviewed and discussed the 2020/21 annual report. The 2020/21 financial statements as prepared by the Management Board have been audited by EY, whose auditor's report is included in this annual report, and were extensively discussed by the Supervisory Board and the external auditor in the presence of the Management Board in May 2021.

The Supervisory Board believes the 2020/21 financial statements of Lucas Bols meet all requirements for correctness and transparency. All members of the Supervisory Board and the Management Board have signed the 2020/21 financial statements pursuant to the statutory obligations under article 2:101 (2) of the Dutch Civil Code.

The Management Board will present the financial statements for 2020/21 and its report at the Annual General Meeting of Shareholders on 8 July 2021. The Supervisory Board recommends that the Annual General Meeting of Shareholders adopt the 2020/21 financial statements and discharge the Management Board and the Supervisory Board from liability for their management and supervision in the year under review. Given the current circumstances the Supervisory Board endorses the Management Board's proposal to refrain from paying out a dividend for the 2020/21 financial year.

The members of the Supervisory Board would like to thank the Lucas Bols shareholders and business partners for their continued commitment to our company, especially in these unprecedented times in which most of our markets continue to be in lockdown. In particular, we wish to thank all our employees and the Management Board for their unwavering commitment and hard work in these extremely challenging times. We furthermore highly appreciate management's decision to waive their variable pay for the 2020/21 financial year. We look forward to an easing of the COVID-19 restrictions and subsequent reopening of all our markets globally.

Amsterdam, 26 May 2021

On behalf of the Supervisory Board

René Hooft Graafland, Chair

REMUNERATION REPORT

The remuneration policy of Lucas Bols is drawn up in accordance with the current Dutch Corporate Governance Code and the revised Shareholders Rights Directive of the European Parliament and the European Council (2017/828/EU). It was adopted at the Annual General Meeting of Shareholders of 10 July 2019. Pursuant to the Shareholders Rights Directive, the implementation of the remuneration policy in the 2019/20 financial year was discussed with and put to the Annual General meeting of Shareholders on 9 July 2020 for advice by vote. The implementation was supported by 98.4% of the votes cast by the shareholders.

REMUNERATION POLICY

The remuneration policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package. This package focuses on sustainable results and is aligned with the company's long-term strategy. The qualitative KPI's for the variable remuneration are linked to the long-term strategy aimed at building brand equity, accelerating the global brand growth, leading the development of the cocktail market and optimising the company's operational leverage with a sustainable approach.

Within the scope of the remuneration policy as adopted by the General Meeting of Lucas Bols, the remuneration and other terms of employment of the Management Board are determined by the Supervisory Board.

The remuneration of the members of the Management Board consists of the following components:

- fixed annual base remuneration;
- variable annual remuneration in cash;
- allowance for pension and other benefits.

The remuneration policy does not provide for incentives by way of remuneration in shares in the capital of Lucas Bols. The members of the Management Board are, however, allowed to participate in the company's Employee Share Participation Plan, the specifics of which are described on page 54 of the Annual Report.

Benchmark group

The remuneration of the Management Board members is set around the median of remuneration levels paid within relevant markets and a peer group of comparable companies. The total reference group consists of 16 companies. The group consists of a group of Dutch listed companies similar to the company in size (market cap, FTE, revenue) but does not include companies in the financial, real estate and pharmaceutical industries. Furthermore, Dutch companies operating in the branded consumer goods sector or retail industry that slightly fall outside the scope guideline were added to the reference group. Finally, a number of direct competitors from within the industry were added.

Positioning within the company

In setting the remuneration levels for the Management Board, the Supervisory Board also considers the level of remuneration within the company for positions below the Management Board. The Supervisory Board also takes the pay ratio into account which provides a reflection of the total average compensation of all employees of the company globally relative to the total average remuneration package of the Management Board members. The internal pay ratio is a factor in the determination of changes in the remuneration level of the Management Board, whereby the changes in the remuneration level of the Management Board should be in line with the average salary adjustment throughout the company.

Fixed annual base remuneration

The members of the Management Board receive a fixed annual base remuneration. Any adjustment is subject to the approval of the Supervisory Board and should be in line with the principles of the remuneration policy.

Variable annual remuneration in cash

The objective of the variable annual remuneration in cash is to ensure that the Management Board members stay focused on realising their short-term operational objectives, leading to long-term value creation. The maximum annual variable remuneration amounts to 50% of the gross annual base salary. An annual variable remuneration amount will be paid-out when predefined criteria are realised (the threshold performance level), while maximum variable remuneration may be paid out in case of outperformance of the predefined criteria. If realised performance is below a threshold performance level, no variable remuneration will be paid out. The threshold performance percentages, which are the same for both board members, vary per performance criteria.

Annual performance criteria are set by the Supervisory Board at the start of the relevant financial year. These performance criteria consist of quantitative KPIs (50-70% of total possible pay-out) that are the same for each member of the Management Board and can also include qualitative criteria (30-50% of total possible pay-out). These qualitative criteria may be related to the company's and/or individual's performance as a member of the Management Board.

The quantitative performance criteria relate for example to revenue, EBIT and net profit growth, a result of the company's strategy of building brand equity and accelerating the growth of the global brands. The qualitative criteria contribute to the company's long-term strategy objectives and relate to the long-term objective of the company to realise sustainable operational leverage.

Pension and other benefits

The members of the Management Board are entitled to an allowance in the form of a gross amount or a percentage of their base salary for the purpose of contributing to a company pension scheme or arranging their pension in any other way. The members of the Management Board are furthermore entitled to customary other benefits, such as an expense allowance (including for the use of a private or lease car) and the reimbursement of costs.

Reasonableness test and clawback clause

In line with Dutch law, the variable remuneration may be reduced or (partly) recovered if certain circumstances apply. For any variable remuneration component awarded to a member of the Management Board in a previous financial year which would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value downwards or upwards (reasonableness test). In addition, the Supervisory Board has the authority under Dutch law, to recover from a member of the Management Board any variable remuneration awarded on the basis of incorrect financial or other data (clawback clause).

Severance pay

In line with the Dutch Civil Code, the service agreement with the Management Board contains severance provisions which provide for compensation for the loss of income resulting from a non-voluntary termination of employment. The amount of such compensation is equal to the maximum gross amount of the fixed annual base salary of the Management Board member, provided the cause for termination is not deemed to be an urgent reason within the meaning of article 7:787 of the Dutch Civil Code.

Agreements and appointment term Members of the Management Board are appointed for a period of four years and may be reappointed for consecutive periods of four years. The members of the Management Board may have a service or employment agreement with the company. The service and employment agreements are entered into for an indefinite period of time, with a notice period. The agreements with the Management Board do not contain a change of control clause. Furthermore, the company does not grant any personal loans or advances to or guarantees on behalf of the members of the Management Board.

Deviation from remuneration policy Deviation from the various components of the remuneration policy is at the discretion of the Supervisory Board in the event of extraordinary circumstances in which case deviation is necessary to serve the company's long-term interests, sustainability or vitality. The Supervisory Board will inform the General Meeting of any decision to deviate from the remuneration policy by substantiating the extraordinary circumstances that have led to such decision.

REMUNERATION OF THE MANAGEMENT BOARD IN 2020/21

In the financial year ending 31 March 2021, Mr. van Doorne and Mr. de Vries (until his departure) served Lucas Bols via a service agreement with a management company controlled by Mr. van Doorne and Mr. de Vries respectively. Mr. Cocx served the company via a management agreement.
The terms of these agreements were determined by the Supervisory Board and based on the remuneration policy approved by the Annual General Meeting of Shareholders held on 10 July 2019, as set out before. The remuneration costs for the Management Board members in 2020/21 are as follows:

REMUNERATION OF THE MANAGEMENT BOARD IN 2020/21

COMPENSATION (IN € '000)	H.L.M.P. VAN DOORNE	F.J. COCX [1]	J.K. DE VRIES [2]	TOTAL
Salary	482	290	55	**827**
Variable remuneration	–	–	–	**–**
Pension	–	29	6	**35**
Other[3]	95	20	23	**138**
Total	**577**	**339**	**84**	**1,000**

[1] 1 April 2020 – 31 March 2021.
[2] 1 April 2020 – 31 May 2020.
[3] Other benefits for Mr. de Vries and Mr. Cocx include a.o. insurances and the use of a car. For Mr. van Doorne the other benefits include an expense allowance to cover all cost incurred by the management BV (a.o. costs for insurances, taxes, car, contributions to a pension scheme).

Fixed base remuneration

For the 2020/21 financial year, the fixed base remuneration of Mr. van Doorne remained unchanged. Mr. Cocx assumed his services for the company on 1 April 2020 and his fixed base remuneration amounts to € 290,000 on a yearly basis. Mr. Joost de Vries stayed on as CFO until 1 June 2020. He received no severance pay in relation to the termination of his service contract with the company on his initiative.

Annual variable remuneration

Given the current situation relating to COVID-19, the Management Board, in consultation with the Supervisory Board, has decided, as they also did in the 2019/20 financial year, to waive any entitlement to the annual variable remuneration for the 2020/21 financial year.

Pay ratio

The Corporate Governance Code requires Lucas Bols to report on the pay ratio within the Company. The pay ratio used by Lucas Bols reflects the average total compensation of all Lucas Bols employees globally, excluding the CEO and CFO (€ 129,351 in 2020/21) (€ 134,134 in 2019/20) relative to the total average remuneration package (fixed and variable) of both the CEO and CFO (as included in this report). This resulted in a pay ratio for the CEO of 4.5 (4.3 for 2019/20) and for the CFO of 2.6 (2.8 for 2019/20).

Shareholding

Both members of the Management Board directly or indirectly hold shares in the capital of the company, which provides for further alignment of the Management Board interests with the long-term strategy of the company.

Remuneration of Management Board in 2021/22

For 2021/22 no changes are foreseen in the base remuneration of the Management Board.

REMUNERATION AND COMPANY PERFORMANCE IN LAST FIVE FINANCIAL YEARS					
REMUNERATION MANAGEMENT BOARD (IN €)	2016/2017	2017/2018	2018/2019[1]	2019/2020[1]	2020/2021[1]
Total remuneration CEO	754,000	710,000	659,000	574,000	577,000
Total remuneration CFO[2]	504,000	469,000	439,000	380,000	339,000
LUCAS BOLS PERFORMANCE (ALL IN € MILLION)[3]	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
EBIT	18.2	23.6	19.6	17.7	0.2
Normalised net profit	15.1	14.7	12.8	11.3	3.3
Free operating cash flow	17.5	18.7	11.8	15.8	11.4
PAY RATIO***	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Pay ratio CEO	6.4	5.9	5.3	4.3	4.5
Pay ratio CFO[2]	4.3	3.9	3.5	2.8	2.6
Average total remuneration of Lucas Bols employees[4]	117,649	120,334	123,940	134,134	129,351

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

2 For comparison purposes total remuneration CFO only includes the full year remuneration of Mr. Cocx in 2020/2021.

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

4 The average total remuneration of employees is based on the IFRS personnel costs as included in the annual accounts to allow for external comparison. Historical numbers and pay ratios have therefore been adjusted slightly.

REMUNERATION OF THE SUPERVISORY BOARD

The Annual General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. On 7 September 2017 the General Meeting approved a proposal by the Supervisory Board to apply annual fixed fee levels for the individual Supervisory Board members in line with the Supervisory Board remuneration levels payable at comparable companies. The remuneration of the Supervisory Board is not dependent on Lucas Bols' results.

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

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

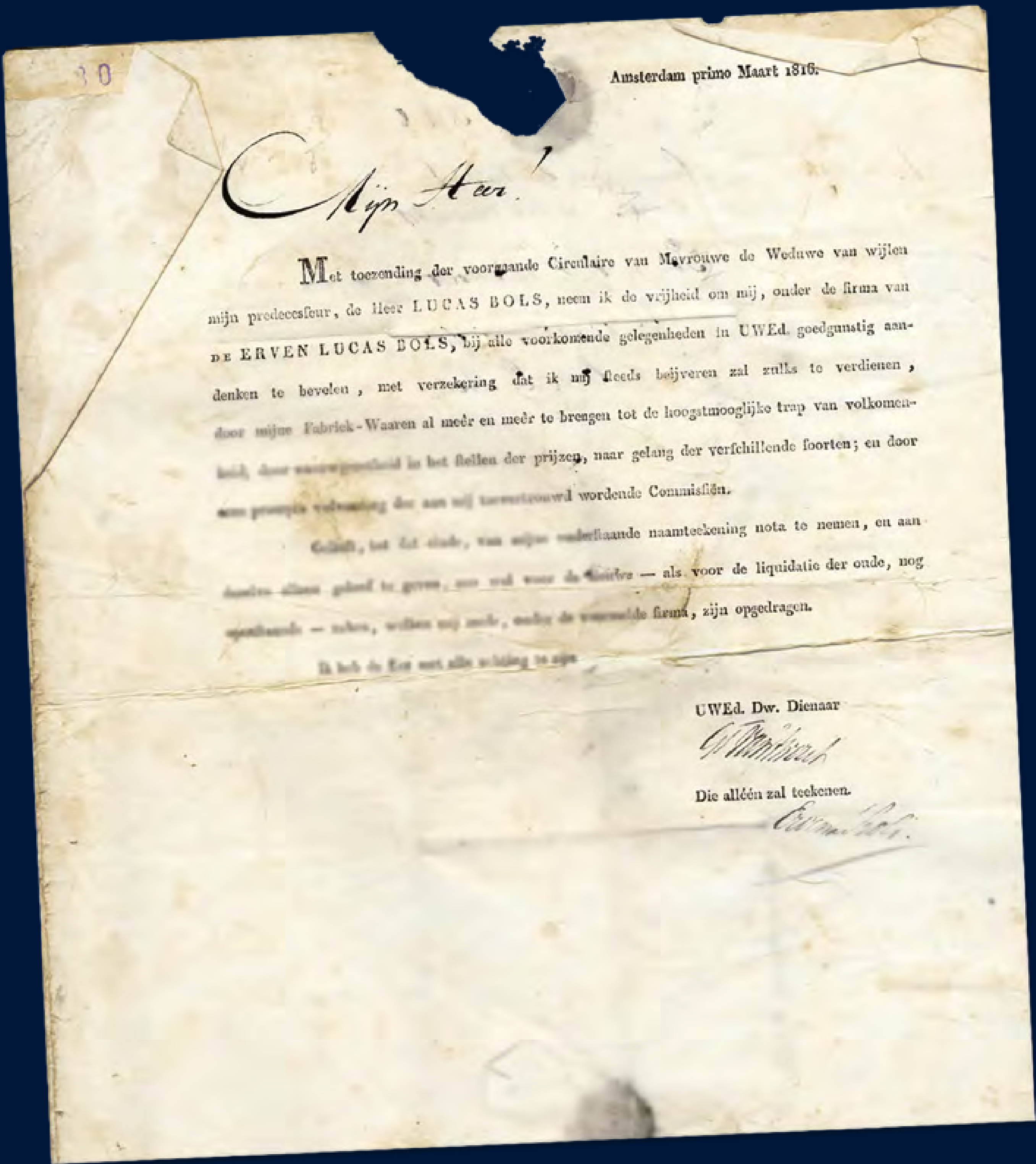
REMUNERATION SUPERVISORY BOARD IN LAST FIVE FINANCIAL YEARS					
(IN €)	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Mr. D.C. Doijer[1]	40,000	43,000	45,000	45,000	11,250
Mrs. M.M. Wyatt	30,000	32,000	35,000	35,000	35,000
Mrs. A.L. Oldroyd		32,000	35,000	35,000	35,000
Mr. R. Wisbrun		32,000	38,000	40,000	40,000
Mr. D.R. Hooft Graafland[2]				26,250	42,500

1 Mr. Doijer stepped down after the AGM on 9 July 2020.

2 Mr. Hooft Graafland succeeded Mr. Doijer as chair on 9 July 2020.

Remuneration of Supervisory Board in 2020/21

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



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 [illegible] der aan mij toevertrouwd wordende Commissiën.

Gelieft, tot dat einde, van mijne onderstaande naamteekening nota te nemen, en aan [illegible] — als voor de liquidatie der oude, nog openstaande — zaken, welken mij mede, onder de voormelde firma, zijn opgedragen.

Ik heb de Eer met alle achting te zijn

UWEd. Dw. Dienaar

Die alléén zal teekenen.

INDEX
FINANCIAL STATEMENTS 2020/21

CONSOLIDATED FINANCIAL STATEMENTS 2020/21

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2021	2020
Revenue	5	57,313	83,980
Cost of sales	5	(27,207)	(36,321)
Gross profit		**30,106**	**47,659**
Distribution and administrative expenses	6	(30,452)	(30,082)
Operating profit/(loss)		**(346)**	**17,578**
Share of profit of joint ventures	17	507	154
Finance income		188	250
Finance costs		(3,637)	(3,594)
Net finance costs	8	**(3,449)**	**(3,344)**
Profit/(loss) before tax		**(3,288)**	**14,387**
Income tax expense	11	(5,270)	(5,182)
Net profit/(loss)		**(8,558)**	**9,205**
Result attributable to the owners of the Company		**(8,558)**	**9,205**
Weighted average number of shares	9	12,477,298	12,477,298
Earnings per share			
Basic earnings per share (EUR)	9	(0.69)	0.74
Diluted earnings per share (EUR)	9	(0.69)	0.74

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2021	2020
Net profit/(loss)		**(8,558)**	**9,205**
Other comprehensive income – Items that will never be reclassified to profit or loss			
Remeasurement of net defined benefit liability/(asset)	10	(3)	(29)
Related tax	11	1	7
Equity accounted investees – share of other comprehensive income	17	(174)	(5)
		(176)	**(27)**
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences*		10	(40)
Equity accounted investees – share of other comprehensive income	17	–	(44)
Net change in hedging reserve	25	(233)	(81)
Related tax	11	58	20
		(165)	**(145)**
Other comprehensive income for the year, net of tax		**(341)**	**(172)**
Total comprehensive income for the year, net of tax		**(8,899)**	**9,033**
Total comprehensive income attributable to the owners of the Company		**(8,899)**	**9,033**

* Refer to note 3 of the company financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN EUR '000	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	CURRENCY TRANS-LATION RESERVE	HEDGING RESERVE	OTHER LEGAL RESERVES	RETAINED EARNINGS	RESULT FOR THE YEAR	TOTAL EQUITY
Balance as at 1 April 2020	1,248	129,695	–	(247)	(815)	16,601	42,835	4,384	193,701
Transfer result prior period	–	–	–	–	–	–	4,384	(4,384)	–
Total comprehensive income									
Profit (loss) for the year	–	–	–	–	–	–	–	(8,558)	(8,558)
Other comprehensive income	–	–	–	10	(175)	–	(176)	–	(341)
Total comprehensive income	**–**	**–**	**–**	**10**	**(175)**	**–**	**(176)**	**(8,558)**	**(8,899)**
Dividend paid	–	–	–	–	–	–	–	–	–
Purchase own shares (ESPP)	–	–	90	–	–	–	–	–	90
Own shares delivered (ESPP)	–	–	(90)	–	–	–	–	–	(90)
Transfer from legal reserves	–	–	–	–	–	(8,971)	8,971	–	–
Balance as at 31 March 2021	**1,248**	**129,695**	**–**	**(237)**	**(990)**	**7,630**	**56,014**	**(8,558)**	**184,802**

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**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2021	2020
Assets			
Property, plant and equipment	15	9,786	10,308
Intangible assets	16	298,213	307,347
Investments in equity-accounted investees	17	9,024	7,316
Other investments	18	831	599
Non-current assets		**317,854**	**325,570**
Inventories	12	13,295	10,559
Trade and other receivables	13	16,341	24,920
Other investments including derivatives	25	47	115
Cash and cash equivalents	14	18,827	33,108
Current assets		**48,510**	**68,702**
Total assets		**366,364**	**394,273**
Equity			
Share capital		1,248	1,248
Share premium		129,695	129,695
Treasury shares		–	–
Currency translation reserve		(237)	(247)
Hedging reserve		(990)	(815)
Other legal reserves		7,630	16,601
Retained earnings		56,014	42,835
Result for the year		(8,558)	4,384
Total equity	19	**184,802**	**193,701**
Liabilities			
Loans and borrowings	21	95,292	49,714
Other non-current financial liabilities	22	6,142	6,746
Employee benefits	10	505	434
Deferred tax liabilities	11	45,908	42,663
Total non-current liabilities		**147,847**	**99,557**
Loans and borrowings	21	15,703	11,925
Trade and other payables	23	16,457	17,497
Other current financial liabilities including derivatives	24	1,555	71,593
Total current liabilities		**33,715**	**101,015**
Total liabilities		**181,562**	**200,572**
Total equity and liabilities		**366,364**	**394,273**

CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2021	2020
Cash flows from operating activities			
Net profit/(loss)		**(8,558)**	**9,205**
Adjustments for:			
• Depreciation, amortisation and impairment	6	10,828	1,632
• Net finance costs	8	3,449	3,344
• Share of profit of joint ventures	17	(507)	(154)
• Income tax expense	11	5,270	5,182
• Provision for employee benefits	10	68	71
		10,550	**19,280**
Change in:			
• Inventories		(2,736)	320
• Trade and other receivables		8,578	(1,592)
• Trade and other payables		(3,397)	563
Net changes in working capital		**2,445**	**(709)**
Dividends from joint ventures	17	900	1,100
Interest received		188	335
Income tax paid		(2,002)	(2,242)
Net cash from operating activities		**12,081**	**17,764**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		(71,300)	–
Acquisition of/additions to associates and joint ventures	17	(850)	(50)
Acquisition of property, plant and equipment	15	(705)	(1,387)
Acquisition of intangible assets	16	–	(596)
Net cash from (used in) investing activities		**(72,855)**	**(2,033)**
Cash flows from financing activities			
Proceeds from loans and borrowings	21	62,000	2,000
Payment of transaction costs related to loans and borrowings		–	–
Repayment of loans and borrowings	21	(14,000)	–
Cash dividend paid to shareholders	19	–	(7,486)
Payments made in lease contracts	22	(832)	(786)
Interest paid		(2,028)	(1,906)
Net cash from (used in) financing activities		**45,140**	**(8,178)**
Net increase/(decrease) in cash and cash equivalents		**(15,634)**	**7,553**
Cash and cash equivalents at 1 April		21,183	13,670
Effect of exchange rate fluctuations		75	(40)
Net cash and cash equivalents as at 31 March	14	**5,624**	**21,183**
Cash and cash equivalents (asset)		18,827	33,108
Less: bank overdrafts included in current loans and borrowings		(13,203)	(11,925)
Net cash and cash equivalents as at 31 March		**5,624**	**21,183**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Lucas Bols N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Paulus Potterstraat 14 in Amsterdam. The consolidated financial statements of the Company comprise the Company, its subsidiaries (together referred to as 'the Group') and the Group's interest in jointly controlled entities. A list of subsidiaries is included in note 26.

The Company is primarily involved in managing the product development, bottling, distribution, sales and marketing of the brands Bols, Passoã, Galliano, Vaccari, Damrak, Pisang Ambon, Bokma, Hartevelt, Coebergh and a large portfolio of Dutch jenevers and liqueurs.

The Company was incorporated on 27 February 2006. On 11 April 2006 the Company acquired, through its subsidiary Lucas Bols Amsterdam B.V., 100% of the global Bols brand as well as the shares of Galliano B.V., Pisang Ambon B.V., and Bokma Distillateurs B.V. Through its subsidiary Lucas Bols Amsterdam B.V., the Company acquired 100% of the shares of Lucas Bols USA Inc. on 21 May 2008 and 100% of the shares of Pijlsteeg B.V. on 3 September 2013, respectively. On 1 December 2016, Lucas Bols Amsterdam B.V. acquired a 7% interest in Passoã SAS, over which it has, following shareholders agreements, full operational and financial control. Based on the contractual terms between the shareholders, the Company assessed that the voting rights in the Passoã SAS were not the dominant factor in deciding who controls the entity. Therefore, the Company concluded Passoã SAS was a jointly owned entity that the Company controls with no non-controlling interests from 1 December 2016 onwards. On 2 December 2020 Lucas Bols Amsterdam B.V. executed the call/put option and acquired the remaining shares of Passoã SAS from Rémy Cointreau Group.

As from 4 February 2015 the shares of the Company have been listed on Euronext Amsterdam.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements have been prepared on the going concern assumption. Although the COVID-19 crisis has an impact on the Company, Lucas Bols' management is confident that its strong cash generation and the availability of significant undrawn committed bank facilities combined with the temporary amendments to its financing arrangements with the banks provide for sufficient liquidity to manage the crisis.

The consolidated financial statements were authorised for issue by all members of the Management Board and the Supervisory Board on 26 May 2021 and will be submitted for adoption to the Annual General Meeting of Shareholders on 8 July 2021.

(b) Basis of measurement

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

- Derivative financial instruments are measured at fair value;
- Interests in joint ventures are accounted for using the equity method; and
- The defined benefit obligation is recognised at the present value of the defined benefit obligation less the fair value of the plan assets and is as explained in note 3(e).

(c) Functional and presentation currency

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

(d) Impact of COVID-19 on the consolidated financial statements

The impact of the COVID-19 pandemic on public life and industry globally is also affecting the demand for Lucas Bols' products. With stringent restrictions imposed by countries globally, including – amongst others – the closing of bars and restaurants an important sales market for the Company is affected. The reported net loss for the year ended 31 March 2021 was EUR 8,558 thousand (2019/20: EUR 9,205 thousand profit). The impact from lower volume, a different shipment mix and an impairment on intangible assets, was partially offset through continued cost control measures and government subsidies.

The Company assessed the impact of COVID-19 on its financial estimates and judgements during its financial reporting process as well on its liquidity position. The impact of COVID-19 on financial estimates and judgements is mainly reflected in the impairment of intangible assets. Notes containing the most significant estimates and judgements are referred to in note 2(e).

(e) Use of estimates and judgements

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

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

(I) Estimates and judgements

The below matters contain the most significant estimates and judgements.

Consolidation of Passoã

On 1 December 2016 Lucas Bols and Rémy Cointreau Group formed Passoã SAS, a jointly owned entity based in France, to operate and further develop the global activities of the Passoã brand. At that date Lucas Bols acquired 7% interest in Passoã SAS and started performing the day-to-day management of the jointly owned entity and running the Passoã brand in the ordinary course of business. Lucas Bols assumed operational and financial control of Passoã SAS.

Passoã SAS is fully controlled by Lucas Bols, which is entitled to the jointly owned entity's economic benefits based on contractual arrangements between the shareholders. As a result, the Company consolidates its jointly owned entity and attributes no interest to the non-controlling interests.

Rémy Cointreau Group was granted certain minority protection rights to prohibit fundamental changes in the activities of the jointly-owned entity to protect the interest of Rémy Cointreau Group. In the normal course of business, these rights would not affect the way Lucas Bols intends to run the operations and therefore Lucas Bols had operational and financial control over the Passoã SAS.

On 2 December 2020 Lucas Bols executed the call/put option and acquired the remaining shares of Passoã SAS from Rémy Cointreau Group.

In addition to *Consolidation of Passoã*, information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following note:

- Note 18: classification of joint arrangements.

(II) Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment are included in the following notes:

- Note 10: measurement of defined benefit obligations: key actuarial assumptions;
- Note 11: recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
- Note 16: impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.

(III) Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included note 25 – financial instruments.

(f) Changes in accounting policies

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

No new standards and amendments to existing standards, effective in 2020/2021, had a significant impact on the Group's consolidated financial statements.

3. GENERAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (see also Note 2(e)).

(a) Basis of consolidation

(I) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment or when a trigger is identified. Any gain on a bargain purchase is recognised immediately in profit or loss. Transaction costs are recognised in profit or loss when incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree;
- less the net recognised amount of the identifiable assets acquired and liabilities assumed.

(II) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has power over the investee, is exposed or has the rights to variable returns from its involvement with that entity and has the ability to affect those returns through its power over the entity. Control is generally obtained by ownership of more than 50% of the voting rights.

To validate this presumption, and in case the Group has less than 50% of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- The contractual arrangement(s) with the other holders of voting rights of that entity;
- Any rights arising from other contractual arrangements; and
- The Group's potential voting rights.

Passoã SAS is fully controlled by the Group, which is entitled to the jointly owned entity economic benefits based on contractual arrangements between the shareholders. As a result, the Company consolidates it as a subsidiary and attributes no interest to the non-controlling interests.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value if control is lost.

(III) Interests in equity-accounted investees

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

A joint venture is an arrangement under which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. Such interest are initially recognised at cost (including transaction costs). Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees.

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

(IV) Transactions eliminated on consolidation

On consolidation, intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

Revenue predominantly comprises the sale of goods. In addition, a non-significant amount of revenue relates to royalty income and services rendered.

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(c) Foreign currency

(I) Foreign currency transactions

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

Receivables, payables and other monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates on balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency that are measured at cost are translated into the functional currency at the exchange rate at transaction date. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(II) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at the exchange rates on the transaction date.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in the translation reserve.

If a foreign operation is disposed of in its entirety or in part such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. If the Group disposes of only part of a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Employee benefits

(I) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under any short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(II) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(III) Defined benefit plans

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised immediately in OCI.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

If the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(IV) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

(e) Employee share purchase plan

In 2015 the Group set up an employee share purchase plan (ESPP). Under the ESPP, employees are entitled to buy shares of the Company with their own funds twice a year (i.e. following publication of the half-year and full-year results) for a yearly maximum of 33.33% of their gross base salary. Eligible employees are entitled to buy at a discount of 13.5% of the share price at that time. A three-year lock up period is applicable, during which the employees cannot sell the shares bought under the ESPP. No other vesting or performance conditions are applicable.

The ESPP qualifies as share-based arrangement (equity settled) under IFRS 2. No share-based payment costs are recognised in profit and loss as the fair value of the share-based payment is zero.

(f) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Pending a final decision from the government an uncertainty exists and actual grants may differ from amounts recognised.

(g) Income tax

The income tax expense comprises current and deferred tax. It is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

(I) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are only offset if certain criteria are met.

(II) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. In accordance with the Initial Recognition Exemption (IRE) of IAS12 a part of the deferred tax asset is not recognised. For subsequent transactions where the Initial Recognition Exemption has been applied, deferred taxes will be recognised when temporary differences arise;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted, or substantively enacted, at the reporting date.

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

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. These uncertain tax provisions are presented either as current tax receivable/payable or as part of deferred tax in the balance sheet as appropriate.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(I) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(II) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(III) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

The estimated useful life is as follows:

• Fixtures and leasehold improvements	10 years
• Furniture	10 years
• Equipment	5 years
• Computers	3 years

The depreciation methods, residual value and useful life are reviewed annually and adjusted if appropriate.

(j) Intangible assets

(I) Brands

Brands acquired are capitalised as part of a brand portfolio in case the portfolio meets the definition of an intangible asset and the recognition criteria are satisfied. Brands and brand portfolios can have either an indefinite life or a finite life. The brands and brand portfolios have an indefinite useful life when the period during which it is expected that the brands contribute to net cash inflows is indefinite. These brands are not amortised but tested for impairment annually and whenever there is an indication that the brands may be impaired. The brand and brand portfolio with an indefinite life are measured at cost less accumulated impairment losses when applicable. The brands and brand portfolios with a finite life are measured at cost and amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

(II) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses when applicable. Goodwill represents the difference between the fair value of the net assets acquired and the transaction price of the acquisition and is measured at cost less accumulated impairment losses. Goodwill is allocated to individual or groups of cash-generating units units (CGUs) for the purpose of impairment testing and is tested annually for impairment. Negative goodwill is recognised directly in profit or loss. An impairment loss in respect of goodwill can not be reversed.

(III) Other intangible assets

Other intangible assets with a finite life are measured at cost and amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

(k) Financial instruments

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (b) Revenue from contracts with customers.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and a loan to a joint venture included under other investments (non-current assets).

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss at initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures in regard to which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Upon incorporation of Passoã SAS, the jointly owned entity based in France, Lucas Bols and Rémy Cointreau Group signed a call/put option agreement. The call/put option related to Passoã, i.e. option over the shares held by the non-controlling interest, is classified as a financial liability fair-valued initially and subsequently measured at amortised cost, with the interest costs being recognised in the profit or loss.

On 2 December 2020 Lucas Bols executed the call/put option and acquired the remaining shares in Passoã SAS from Rémy Cointreau Group.

Derivative financial instruments and hedge accounting

The Group continues to apply the existing hedge accounting requirements under IAS 39.

Derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss as incurred.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

(l) Impairment

(I) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and other non-financial assets with an indefinite life are tested annually for impairment or when a triggering event is identified.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Equity-accounted investees

At each reporting date, the Group determines whether there is objective evidence that the investment in the equity-accounted investee is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investee and its carrying value. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(II) Non-derivative financial assets

Non-derivative financial instruments comprise trade and other receivables and cash and cash equivalents. The Group has no significant concentrations of credit risk. The concentration of credit risk with respect to receivables is limited, as the Group's customer base and vendor base are large and unrelated. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate is calculated based on delinquency status and actual historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. As a result, management believes there is no further credit risk provision required in excess of the normal individual and collective impairment, based on amongst others an aging analysis performed as of 31 March 2021.

(m) Leases

(I) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

- Buildings 2 to 20 years
- Motor vehicles and other equipment 3 to 5 years

Right-of-use assets are subject to impairment.

(II) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(III) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Several new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements, including the *Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*. These new standards, amendments and interpretations are not expected to have a material impact on our consolidated financial statements.

5. OPERATING SEGMENTS

The products that the Group sells can be divided into two reportable segments. This segmentation is also the structure in which the brand portfolio is managed within the Group, as they require different marketing and sales strategies. Within the Group separate financial information is available internally and used by the main operational decision-makers, based on the resources allocated.

Brand information

The Group identifies global and regional brands:

(I) Global brands

The global brands comprise the Group's brands which – in general – (i) are sold on more than one continent, (ii) generate a relatively high gross margin and (iii) have an on-premise character. The global brands consist of the Bols Liqueurs range, Passoã, Nuvo, Italian Liqueurs (Galliano and Vaccari) and the white spirits portfolio (Bols Vodka, Bols Genever and Damrak).

(II) Regional brands

The regional brands represent the Group's brands which – in general – are sold on one continent and predominantly have an off-premise character.

The main regional brands are the Group's jenever/vieux portfolio, Pisang Ambon, Coebergh, Strike, Regnier, La Fleurette, Henkes and Bootz. Management reviews internal management reports of each segment. Information regarding the results of each reportable segment is set out below.

Only items that are directly attributable to a segment are reported as segment results, assets and liabilities. Items managed on a group basis (i.e. overheads, finance and tax items) are not allocated to the segments and presented under 'unallocated' accordingly.

The impairment of EUR 8,911 thousand relates to the Dutch Brands CGU, which mainly consists of brands that are part of the Regional brands segment.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	GLOBAL BRANDS		REGIONAL BRANDS	
	2021	2020	2021	2020
Revenue	42,066	64,545	15,247	19,435
Cost of sales	(18,968)	(25,292)	(8,239)	(11,028)
Gross profit	**23,098**	**39,253**	**7,008**	**8,407**
A&P and distribution expenses	(8,317)	(12,989)	(880)	(1,127)
Personnel and other expenses	–	–	(8,911)	–
Total result from operating activities	**14,781**	**26,264**	**(2,783)**	**7,280**
Share of profit of joint ventures	257	(91)	250	245
EBIT	**15,038**	**26,173**	**(2,533)**	**7,525**

AMOUNTS IN EUR '000 AS AT 31 MARCH	GLOBAL BRANDS		REGIONAL BRANDS	
	2021	2020	2021	2020
Intangible assets	214,962	215,185	83,251	92,162
Inventories	11,636	8,718	1,659	1,841
Other assets	–	–	–	–
Total segment assets	**226,598**	**223,904**	**84,910**	**94,003**
Total segment liabilities	–	–	–	–

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	UNALLOCATED		TOTAL	
	2021	2020	2021	2020
Revenue	–	–	57,313	83,980
Cost of sales	–	–	(27,207)	(36,320)
Gross profit	–	–	**30,106**	**47,660**
A&P and distribution expenses	–	–	(9,197)	(14,116)
Personnel and other expenses	(12,344)	(15,966)	(21,255)	(15,966)
Total result from operating activities	**(12,344)**	**(15,966)**	**(346)**	**17,578**
Share of profit of joint ventures	–	–	507	154
EBIT	**(12,344)**	**(15,966)**	**161**	**17,732**

AMOUNTS IN EUR '000 AS AT 31 MARCH	UNALLOCATED		TOTAL	
	2021	2020	2021	2020
Intangible assets	–	–	298,213	307,347
Inventories	–	–	13,295	10,559
Other assets	54,856	76,367	54,856	76,367
Total segment assets	**54,856**	**76,367**	**366,364**	**394,273**
Total segment liabilities	**(181,562)**	**(200,572)**	**(181,562)**	**(200,572)**

Geographical information

From a geographical perspective management has identified the following regions in which the business is – to a certain extent – managed separately:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	REVENUE BY REGION OF DESTINATION	
	2021	2020
Western Europe*	30,750	42,114
Asia Pacific**	10,641	15,215
North America***	10,416	16,819
Emerging markets	5,506	9,832
Consolidated totals	**57,313**	**83,980**

* of which revenue attributed to the Netherlands: EUR 11,702 thousand (2020/21) and EUR 16,573 thousand (2019/20).

** of which revenue attributed to Australia: EUR 5,787 thousand (2020/21) and EUR 3,069 thousand (2019/20).

*** of which revenue attributed to the USA: EUR 8,288 thousand (2020/21) and EUR 14,245 thousand (2019/20).

Global brands are sold in all regions and represent in all regions but Emerging Markets more than 64% of total revenue as of 31 March 2021 (31 March 2020: 60%).

Regional brands are predominantly sold in Western Europe, with a certain presence in Emerging Markets and Asia-Pacific.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	GROSS MARGIN BY REGION OF DESTINATION	
	2021	2020
Western Europe	14,670	22,404
Asia Pacific	7,511	10,841
North America	4,965	9,213
Emerging markets	2,960	5,202
Consolidated totals	**30,106**	**47,660**

6. DISTRIBUTION AND ADMINISTRATIVE EXPENSES

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2021	2020
Advertising and promotional expenses		(4,454)	(9,043)
Distribution expenses		(4,743)	(5,073)
Personnel expenses	7	(7,671)	(11,447)
Other administrative expenses		(2,756)	(2,887)
Amortisation	16	(223)	(85)
Impairment	16	(8,911)	–
Depreciation	15	(1,694)	(1,547)
		(30,452)	**(30,082)**

7. PERSONNEL EXPENSES

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Wages and salaries	(5,633)	(8,837)
Fringe benefits (including social premiums)	(1,320)	(1,291)
Contributions to defined contribution plans	(156)	(252)
Expenses related to post-employment defined benefit plans	(312)	(279)
Temporary staff	(250)	(788)
	(7,671)	**(11,447)**

At 31 March 2021 the Group had 38 FTEs in the Netherlands (31 March 2020: 44 FTEs) and 24 FTEs abroad (31 March 2020: 27 FTEs).

Personnel expenses include 1,762 thousand of income from government support in the Netherlands and the USA, for which the Group has applied during the financial year ended 31 March 2021.

For the disclosure on key management personnel remuneration reference is made to note 28.

8. NET FINANCE COSTS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Total interest income arising from financial assets measured at amortised cost	188	250
Finance income	**188**	**250**
Interest expenses on loans and borrowings	(1,991)	(1,310)
Interest expense on liability related to the Passoã call/put option	(799)	(1,182)
Interest expense on lease liablities	(131)	(136)
Other finance costs	(716)	(967)
Finance costs	**(3,637)**	**(3,594)**
Net finance costs recognised in profit or loss	**(3,449)**	**(3,344)**

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2021 is based on the net loss attributable to ordinary shareholders of the Company of EUR 8,558 thousand (2019/20: EUR 9,205 thousand net profit) and a weighted average number of ordinary shares – basic outstanding during the year ended 31 March 2021 of 12,477,298 (2019/20: 12,477,298). Basic earnings per share for the year amounted to EUR 0.69 negative (2019/20: EUR 0.74 positive).

Diluted earnings per share

The calculation of diluted earnings per share for the period ended 31 March 2021 is based on the net loss attributable to ordinary shareholders of the Company of EUR 8,558 thousand (2019/20: EUR 9,205 thousand net profit) and a weighted average number of ordinary shares – basic outstanding after adjustment for the effects of all potentially dilutive ordinary shares of 12,477,298 (2019/20: 12,477,298). Diluted earnings per share for the year amounted to EUR 0.69 negative (2019/20: EUR 0.74 positive).

10. EMPLOYEE BENEFITS

The Group has two pension schemes in place for its members of staff. One of them qualifies as defined benefit plan, whereas it is an average pay pension scheme. 40 employees participate in this defined benefit plan. 21 of those employees also participate in the defined contribution plan, which is applicable for remuneration exceeding threshold of the defined benefit plan. All pension schemes are fully insured, and consequently no risk of additional premiums to be paid is expected. The Group has no influence on the plan assets.

Movement in net defined benefit (asset) liability

AMOUNTS IN EUR '000	DEFINED BENEFIT OBLIGATION		FAIR VALUE OF PLAN ASSETS		NET DEFINED BENEFIT LIABILITY (ASSET)	
	2021	2020	2021	2020	2021	2020
Balance at 1 April	4,510	3,792	(4,076)	(3,458)	434	334
Included in profit or loss						
Current service cost	312	279	–	–	312	279
Past service cost and (gain)	–	–	–	–	–	–
Interest cost/(income)	69	69	(70)	(70)	(1)	(1)
	381	**348**	**(70)**	**(70)**	**311**	**278**
Included in OCI						
Effect of changes in economic assumptions	826	382	–	–	826	382
Effect of changes in demographic assumptions	(116)	–	–	–	(116)	–
Effect of experience adjustments	(95)	(29)	–	–	(95)	(29)
Costs of asset management	–	–	20	17	20	17
Premium correction	–	–	(185)	(117)	(185)	(117)
Return on plan assets (excluding interest)	–	–	(447)	(224)	(447)	(224)
	615	**353**	**(612)**	**(324)**	**3**	**29**
Other						
Contributions paid by employee	46	44	(46)	(44)	–	–
Contributions paid by the employer	–	–	(276)	(235)	(276)	(235)
Benefits paid	(28)	(27)	28	27	–	–
Administration costs	–	–	33	28	33	28
	18	**17**	**(261)**	**(224)**	**(243)**	**(207)**
Balance at 31 March	**5,524**	**4,510**	**(5,019)**	**(4,076)**	**505**	**434**

Plan assets

Plan assets comprise qualifying insurance policies.

Defined benefit obligation

Actuarial assumptions

At the reporting date the principal actuarial assumptions (expressed as weighted averages) were as follows:

AS AT 31 MARCH	2021	2020
Discount rate	1.00%	1.55%
Future salary growth	1.50%	1.55%
Future pension growth	0.00%	0.00%
Price inflation	1.50%	1.70%

Assumptions regarding future mortality are based on published statistics and mortality tables. For financial year 2020/21 table Prognosetafel AG 2020 is used (2019/20: Prognosetafel AG 2018).

The duration of the defined benefit obligation is 30.5 years (2019/20: 30.3 years).

The Group expects EUR 342 thousand in contributions to be paid to its defined benefit plan in the 2021/22 financial year (31 March 2020: EUR 312 thousand).

Sensitivity analysis

Reasonably possible changes to one of the relevant actuarial assumptions at the reporting date, while holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Defined benefit obligation as at 31 March 2021

AMOUNTS IN EUR '000	INCREASE	DECREASE
Discount rate (+/- 1%)	(1,596)	1,748
Future salary growth (+/- 1%)	32	(40)
Future price inflation (+/- 1%)	32	(36)
Future pension growth (+ 1%)	124	–

11. INCOME TAXES

Income tax recognised in profit or loss

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Current tax expense	(1,966)	(2,471)
Deferred tax expense		
Tax loss and tax credit carry forward/(reduction of)	825	(1,131)
Origination and reversal of temporary differences	(192)	(333)
Adjustment for prior years (incl. tax credits carry forward)	–	56
Remeasurement DTA and DTL due to rate changes	(3,937)	(1,303)
	(3,304)	**(2,711)**
Income tax expense	**(5,270)**	**(5,182)**

Income tax expense excludes the Group's share of tax expense of the Group's equity-accounted investees of EUR 57 thousand (2019/20: EUR 207 thousand), which has been included in 'share of profit of joint ventures'.

Included in 2020/21 income tax expense is a tax gain of EUR 16 thousand (2019/20: EUR 97 thousand) related to the application of the research & development tax incentive over this year.

The 2020/21 income tax expense include a one-off loss of EUR 3.9 million, due to the negative impact resulting from the cancellation of reductions in the Dutch corporate income tax rate on the Company's deferred tax liabilities. The 2019/20 income tax expense included a one-off loss of EUR 1.3 million, mainly due to the negative impact resulting from the reductions of the Dutch corporate income tax rate, which changed from 20.5% to 21.7%, on the companies deferred tax liabilities.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

Reconciliation of effective tax rate

FOR THE YEAR ENDED 31 MARCH	2021		2020	
	%	EUR 1,000	%	EUR 1,000
Profit/(loss) before tax		(3,288)		14,387
Tax at the Company's domestic tax rate	25.0	822	25.0	(3,597)
Effect of tax rates in foreign jurisdictions	(8.0)	(262)	4.0	(577)
Non-deductible expenses	(69.5)	(2,284)	–	(7)
Effect of share of profits of equity-accounted investees	15.2	501	(1.1)	153
Changes in estimates related to prior years	(3.8)	(126)	(0.2)	25
R&D tax incentive	0.5	16	(0.7)	97
Other (incl. tax credits carry forward)	–	–	(0.2)	27
Remeasurement DTA and DTL due to rate changes	(119.7)	(3,937)	9.1	(1,303)
	(160.3)	**(5,270)**	**36.0**	**(5,182)**

Non-deductible expenses include the impairment of EUR 8,911 thousand, amongst others.

Movement in deferred tax balances

RELATED TO 2020/21 AMOUNTS IN EUR '000	NET BALANCE AT 1 APRIL 2020	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSI-FICATION/ OTHER	NET BALANCE AT 31 MARCH 2021	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	(26,846)	(4,275)	–	–	**(31,121)**	–	(31,121)
Acquisition related deferred taxes	(18,155)	–	–	–	**(18,155)**	–	(18,155)
Derivative financial liability	(25)	–	17	–	**(8)**	–	(8)
Derivative financial asset	261	40	41	–	**342**	342	–
Employee benefits	102	15	1	–	**118**	118	–
Tax loss carry forward	2,000	351	–	–	**2,351**	2,351	–
Tax credits carry forward	–	565	–	–	565	565	–
Tax assets (liabilities)	**(42,663)**	**(3,304)**	**59**	**–**	**(45,908)**	**3,376**	**(49,284)**

RELATED TO 2019/20 AMOUNTS IN EUR '000	NET BALANCE AT 1 APRIL 2019	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSI-FICATION/ 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**	**(4)**	**(42,663)**	**2,363**	**(45,026)**

On 31 March 2021 the total tax loss carry forward amount of EUR 9.5 million has been capitalised as deferred tax asset (31 March 2020: EUR 8.4 million). Tax credits carry forward of EUR 2.3 million have been recognised and will not expire (31 March 2020: nil). The deferred tax asset is expected to be gradually realised in the course of the next two years.

Uncertain tax positions

Because the Company operates in a number of countries, its income is subject to taxation in differing jurisdictions and at differing tax rates. The authorities in the Dutch tax jurisdiction have reviewed the Company's tax 2016/17 and 2017/18 tax returns and have raised a question about the tax deductibility of the interest expense related to the Passoã call/put option.

The Company's legal counsel advised that it is not probable, but only possible, that the Dutch tax authorities' question will result in an amended tax payment. Accordingly, no provision (or any other form of liability) is accounted for in these financial statements.

12. INVENTORIES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Finished goods	12,852	9,686
Raw materials	443	873
	13,295	**10,559**

During 2020/21 inventories of EUR 39 thousand were written down to net realisable value (2019/20: EUR 71 thousand). The write-down is included in 'Cost of sales'.

13. TRADE AND OTHER RECEIVABLES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Trade receivables	12,743	20,275
Prepaid expenses and accrued income	2,051	3,240
Corporate income tax receivable	–	218
Other receivables	1,547	1,188
	16,341	**24,921**

The entire balance of trade and other receivables is classified as current. As at 31 March 2021 and 2020 there was no allowance for doubtful debts as there is an insignificant credit loss expected. The Company did not experience a significant increase in credit risk as a result of COVID-19.

Trade and other receivables denominated in currencies other than the functional currency amounted to EUR 8,575 thousand at 31 March 2021 (31 March 2020: EUR 16,488 thousand).

Information about the Group's exposure to credit and currency risks as well as impairment losses for trade and other receivables is included in note 25.

14. CASH AND CASH EQUIVALENTS

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Bank balances	18,817	33,095
Cash balances	10	13
Cash and cash equivalents in the statement of financial position	**18,827**	**33,108**
Bank overdrafts	(13,203)	(11,925)
Cash and cash equivalents in the statement of cash flows	**5,624**	**21,183**

All cash and cash equivalents are available on demand.

15. PROPERTY, PLANT AND EQUIPMENT

AMOUNTS IN EUR '000	RIGHT-OF-USE ASSETS	EQUIPMENT	FIXTURES AND FITTINGS	FURNITURE	TOTAL
Cost					
Balance at 1 April 2020	7,892	2,166	3,941	108	14,107
Additions	195	680	47	8	930
Lease modification	270	–	–	–	270
Disposals	(169)	(3)	(5)	–	(177)
Reclassification	–	–	(62)	67	5
Effect of movement in exchange rates	(49)	–	–	–	(49)
Balance at 31 March 2021	**8,139**	**2,843**	**3,921**	**183**	**15,086**
Accumulated depreciation					
Balance at 1 April 2020	(1,474)	(849)	(1,423)	(53)	(3,799)
Depreciation for the year	(754)	(493)	(429)	(18)	(1,694)
Disposals	169	3	5	–	177
Reclassification	–	45	(5)	(45)	(5)
Effect of movement in exchange rates	21	–	–	–	21
Balance at 31 March 2021	**(2,038)**	**(1,294)**	**(1,852)**	**(116)**	**(5,300)**
Carrying amounts					
At 1 April 2020	**6,418**	**1,317**	**2,518**	**55**	**10,308**
At 31 March 2021	**6,101**	**1,549**	**2,069**	**67**	**9,786**

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	15,423
Additions	95	1,030	350	7	1,482
Disposals	–	(632)	(1,966)	(218)	(2,816)
Reclassification	–	4	(5)	–	(1)
Effect of movement in exchange rates	19	–	–	–	19
Balance at 31 March 2020	**7,892**	**2,166**	**3,941**	**108**	**14,107**
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)**	**(3,799)**
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**

The carrying value of right-of-use assets mainly consists of buildings and includes an amount of EUR 58 thousand relating to office equipment (31 March 2020: EUR 74 thousand) and EUR 59 thousand relating to lease cars (31 March 2020: EUR 14 thousand). Short-term lease expenses and low-value lease expenses of EUR 64 thousand (31 March 2020: EUR 75 thousand) are included in Other administrative expenses. Refer to note 24 for further details on the lease liability.

Security

At 31 March 2021 properties with a carrying amount of EUR 3,685 thousand (31 March 2020: EUR 3,890 thousand) were subject to a registered debenture that serves as security for bank loans (see note 21).

16. INTANGIBLE ASSETS

AMOUNTS IN EUR '000	BRANDS	GOODWILL	OTHER	TOTAL
Balance at 31 March 2019	286,634	20,202	–	306,836
Additions	41	–	555	596
Amortisation	(85)	–	–	(85)
Balance at 31 March 2020	**286,590**	**20,202**	**555**	**307,347**
Additions	–	–	–	–
Impairment	(8,911)	–	–	(8,911)
Amortisation	(39)	–	(184)	(223)
Balance at 31 March 2021	**277,640**	**20,202**	**371**	**298,213**

Goodwill

Goodwill was recognised as a result of the acquisition of Pijlsteeg B.V. in September 2013 and of Passoã in December 2016. The difference between the purchase price and the fair value was recognised as goodwill, which is subject to an annual impairment test.

AMOUNTS IN EUR '000	2021	2020
Balance at 1 April	20,202	20,202
Additions from acquisition	–	–
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	2021	2020
Bols	102,138	102,138
Passoã	70,300	70,300
Galliano	39,076	39,076
Dutch brands	40,922	49,833
Other brands	25,204	25,243
	277,640	**286,590**

All capitalised brands are regarded as having an indefinite useful economic life and are therefore not amortised. Such brands are protected by trademarks, which are renewable indefinitely in all the major markets in which they are sold. The Company is not aware of any legal, regulatory or contractual provisions that limit the useful life of these brands. The nature of the premium drinks industry is that obsolescence is not a common issue, with indefinite brand lives being commonplace.

The recoverable amount of the CGUs was determined based on a value in use analysis and estimated using discounted cash flows as per the end of the financial year. When estimating the recoverable amount based on the value in use, the forecasted cash flows reflect management's best estimate of the economic conditions that will exist over the remaining useful life of the asset.

Key assumptions applied to the impairment test are as follows:

- Cash flows after the first four-year period are extrapolated using an average terminal value growth rate of 1.50 percent. The growth rates are in line with long-term expected growth rates in the markets in which the Group operates, partly driven by demographic developments and expected inflation rates.
- Cash flow projections are based on net contribution margin level of coming financial year's budget and the mid-term business plan for the next three years, both recently approved by senior management and evaluated it in the light of historical performance and – if and where applicable – amended for the expected impact of COVID-19. Cash flow forecasts take into account expected revenue growth based on actual experience, an analysis of volume growth and expected market share developments as well as expected pricing and margin developments. The revenue and volume growth rates and margins used to estimate future performance are based on past performance, our experience of growth rates and margins achievable in the Company's main markets and the expected brand value-enhancing propositions in the markets.
- The discount rate was determined based on external sources:

PERCENTAGE AS AT 31 MARCH	2021	2020
Discount rate	6.7	7.2
Pre-tax WACC	8.29 – 9.31	8.67 – 9.49
Terminal value growth rate	0.00 – 2.00	0.00 – 2.00

During the year, an impairment loss of EUR 8.9 million was recorded in relation to the CGU Dutch brands, with a carrying amount of EUR 40.9 million (after impairment losses) at 31 March 2021 (31 March 2020: EUR 49.8 million).

The drivers of the impairment were mainly the impact of the COVID-19 pandemic in the markets where these brands are sold, changes in the competitive market environment in the Benelux for jenever/vieux and the continuous decline in consumer consumption of these brands.

Given the Dutch Brands CGU was impaired during the year under review, an adverse change in one or more assumptions applied in calculating the recoverable amount would directly cause the (impaired) carrying amount to exceed the recoverable amount. The key assumptions used for the impairment test of this CGU are: terminal growth rate of 0%, a discount rate of 6.7% and flat net contribution margin.

In addition, management performed a sensitivity analysis on (i) a revenue decrease of 5%, (ii) a discount rate increase of 1% or (iii) if applicable, a terminal growth rate of 0% for each other CGU. The outcome of these individual sensitivity analyses is that no impairment was necessary for any of the other CGUs (all other assumptions remained unchanged).

17. EQUITY-ACCOUNTED INVESTEES

AMOUNTS IN EUR '000	2021	2020
Opening balance	7,316	7,590
Share in profit	507	154
Dividend received	(900)	(1,100)
Additions to joint ventures	2,376	–
Investments (divestments) in joint ventures	(50)	50
Actuarial result through OCI	(174)	(5)
Adjustments from currency translation through OCI	–	(44)
Other adjustments*	(51)	671
Balance as at 31 March	**9,024**	**7,316**

* Included in Other adjustments in prior for the year ended 31 March 2020 is an amount of EUR 457 thousand relating to the further integration of Cooymans Distillery International which was charged through by Avandis to the Company for its respective share in those costs.

AMOUNTS IN EUR '000	2021	2020
Avandis (CV & BV) (33.3%)	8,138	5,557
Maxxium Nederland BV (50.0%)	586	673
BolsKyndal India Pvt. Ltd. (50.0%)	–	736
Other	300	350
Balance as at 31 March	**9,024**	**7,316**

Avandis

Avandis is structured as a separate entity and the Group has a 50 percent interest in the net assets of Avandis. The Group has classified its interest in Avandis as a joint venture. The Avandis joint venture has been contracted for blending and bottling services. Avandis C.V. is a cost joint venture and budgets on a breakeven result, whereas Avandis B.V. is the owner of the Cooymans Distillery International, which is exploited by the two partners jointly.

During the year, in order to bring shareholding more in line with relative share in production volumes, the Group increased its interest in Avandis from 33.33% to 50.00%. The consideration transferred (EUR 850 thousand) was lower than the fair value of the net assets acquired. Consequently, a gain on the bargain purchase of EUR 1,721 thousand was recognized in Share of profit of joint ventures.

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Revenue	40,902	43,964
Profit from continuing operations	(28)	238
Other comprehensive income	–	–
Total comprehensive income	**(28)**	**238**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Current assets	16,495	16,410
Non-current assets	28,625	27,562
Current liabilities	(14,427)	(15,241)
Non-current liabilities	(14,416)	(12,059)
Net assets (100%)	**16,277**	**16,672**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Group interest in net assets of investee at beginning of year	5,557	5,478
Share of total comprehensive income	(1,516)	79
Contributions and changes during the year (including gain from bargain purchase price)	4,097	–
Group interest in net assets of investee at year-end	**8,138**	**5,557**
Elimination of unrealised profit on intercompany sales	–	–
Carrying amount of interest in investee at year-end	**8,138**	**5,557**

Maxxium Nederland B.V.

Maxxium Nederland B.V. is structured as a separate entity and the Group has a 50.0 percent interest in the net assets of Maxxium Nederland B.V. The Group has classified its interest in Maxxium Nederland B.V. as a joint venture. The principal activity of Maxxium Nederland B.V. is the distribution of distilled products.

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Revenue	66,178	67,128
Profit from continuing operations	2,077	2,157
Other comprehensive income	(347)	(10)
Total comprehensive income	**1,730**	**2,147**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Current assets	18,045	20,180
Non-current assets	1,035	1,159
Current liabilities	(16,686)	(19,167)
Non-current liabilities	(892)	(555)
Net assets (100%)	**1,502**	**1,617**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Group interest in net assets of investee at beginning of year	673	600
Share of total comprehensive income	865	1,074
Dividends received during the year	(900)	(1,100)
Group's interest in net assets of investee at year-end	**638**	**574**
Elimination of unrealised profit on intercompany sales	(52)	99
Carrying amount of interest in investee at year-end	**586**	**673**

BolsKyndal India Pvt. Ltd.

BolsKyndal India Pvt. Ltd. is structured as a separate entity and the Group has a 50.0 percent interest in the net assets of BolsKyndal India Pvt. Ltd. The Group has classified its interest in BolsKyndal India Pvt. Ltd. as a joint venture. The principal activity of BolsKyndal India Pvt. Ltd. is the blending, bottling and distribution of distilled products.

In 2020/21 the Group impaired the carrying value of the joint venture by EUR 736 thousand, reflecting the worsened adverse economic, political and market circumstances in India.

In 2019/20 the Group included an allowance for doubtful debt of EUR 420 thousand relating to the joint venture's outstanding receivables.

18. OTHER INVESTMENTS

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Loan to Avandis C.V. joint venture	599	599
Other related party loans	232	–
	831	**599**

The loan, with an undefined duration, relates to the payment conditions as agreed with Avandis C.V. The loan bears an interest of 4.0% per annum.

Information about the Group's exposure to credit and market risks and fair value measurement is included in note 25.

19. CAPITAL AND RESERVES

At 31 March 2021 the authorised share capital comprised 21.0 million ordinary shares of EUR 0.10 each.
A total of 12.48 million of these shares was issued and fully paid at the balance sheet date.

AMOUNTS IN EUR '000	2021	2020
	ORDINARY SHARES	ORDINARY SHARES
In issue at 1 April	1,248	1,248
In issue at 31 March – fully paid	**1,248**	**1,248**
Authorised – par value in EUR	**0.10**	**0.10**

Ordinary shares

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share in the General Meeting of Shareholders of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

NUMBER OF SHARES IN THOUSANDS	2021	2020
Balance at 1 April	12,477	12,477
Balance at 31 March	**12,477**	**12,477**

Treasury shares

In 2020/21 and 2019/20 the Group purchased own shares under the Employee Share Purchase Plan (see note 3(e)). All purchased own shares have been delivered to employees.

Share premium

AMOUNTS IN EUR '000	2021	2020
Balance at 1 April	129,695	129,695
Changes in estimates of costs related to the issuance of shares	–	–
Balance at 31 March	**129,695**	**129,695**

Nature and purpose of legal reserves

Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation (see note 3(c)).

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value, net of tax, of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (see note 3(c)).

Other legal reserve
Prior to the acquisition of the remaining shares of Passoã SAS the net profit of Passoã SAS was allocated to other legal reserves as the Company was not allowed to freely distribute these profits under the shareholders' agreement with Rémy Cointreau Group. On 2 December 2020 the Company executed the call/put option and acquired the remaining shares of Passoã SAS from Rémy Cointreau Group becoming the sole shareholder of Passoã SAS. French legislation requires the Company to form a legal reserve, amounting to of 10% of the Company's investment in Passoã SAS, for an amount of EUR 7.6 million (31 March 2020: EUR 16.6 million). EUR 9.0 million is reallocated to retained earnings.

Dividends on common shares
The Management Board, with the approval of the Supervisory Board, has decided to refrain from proposing dividend to be paid in 2021 with respect to the 2020/21 financial year.

The net loss shall be allocated to retained earnings, subject to the approval of Supervisory Board and the Annual General Meeting of Shareholders.

20. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders, also taking into account economic conditions and the requirements of the financial covenants. The Group monitors capital using net debt, amongst others.

- Net debt is the net of (i) the sum of bank loans drawn (at face value), the assumed liability regarding the Passoã call/put option and bank overdrafts and (ii) cash and cash equivalents.

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

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2021	2020
Bank loans drawn (at face value)		98,000	50,000
Assumed liability following the Passoã call/put option	24	–	70,501
Interest-bearing debt		**98,000**	**120,501**
Less: cash and cash equivalents	14	(18,827)	(33,108)
Plus: bank overdrafts	14	13,203	11,925
Net debt		**92,376**	**99,318**

Lucas Bols' strong cash generation and the availability of significant undrawn committed bank facilities provide for sufficient liquidity to manage the COVID-19 crisis. The Management Board will refrain from proposing a dividend for the 2020/21 financial year, however, given the impact of (and lack of visibility over the duration of) COVID-19 and to preserve the liquidity position.

In addition, the Management Board has decided to waive its entitlement to any variable remuneration for the 2020/21 financial year.

21. LOANS AND BORROWINGS

Non-current liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Secured bank loans	95,292	49,714
	95,292	**49,714**

The facility arrangement in place consists of EUR 30 million term loan facilities, EUR 40 million revolving credit facilities and EUR 50 million acquisition facility for the funding of Passoã transaction. The facilities have a maturity of five years. There is no FX impact on the loans.

The Group is obliged to meet the covenants required by the senior credit facilities.

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

COVID-19 impacts both the Group's profitability (e.g. EBITDA) and the magnitude by which the Group can reduce net debt. Consequently, the Group agreed temporary amendments to the facility agreement with the lender group to facilitate further execution of the growth strategy whilst complying with covenants (also throughout the COVID-19 crisis).

- In April 2020, when the COVID-19 crisis had just started and expectations were that it would have a severe but short-term only impact, the Group (amongst others) agreed that the interest cover ratio covenant and the leverage ratio covenant would not be tested per 30 September 2020 and 31 March 2021. The following alternative covenants were agreed on instead:
  - A minimum liquidity level covenant, set at EUR 10.0 million (including Passoã net debt); and
  - An EBITDA 'floor' covenant, set at EUR 6.0 million and EUR 2.0 million for the 30 September 2020 and 31 March 2021 testing periods, respectively, both measured on a last twelve months ('LTM' or 'rolling') basis and including EBITDA attributable to Passoã.

  Based on the definitions in the facility agreement and the amendments thereto, the actual liquidity level per 31 March 2021 was EUR 27.6 million, whilst EBITDA (per the definition in the facility agreement) for the year ended on that date was EUR 11.1 million.
- In April 2021, when the impact (magnitude and duration) of the unanticipated additional COVID-19 waves became clearer, the Group agreed extended amendments with the lender group.
  - In regard to the testing periods ended 30 September 2021, 31 March 2022 and 30 September 2022, it as agreed that the interest cover ratio covenant and the leverage ratio covenant would not be tested. Instead, a minimum liquidity level covenant (set at EUR 12.5 million on the last day of each month for the periods ending 30 September 2021 and 31 March 2022, and at EUR 15.0 million on the last day of each month for the testing period ended 30 September 2022, respectively) and an EBITDA 'floor' covenant (set at EUR 4.5 million, EUR 8.0 million and EUR 11.0 million for the testing periods ended 30 September 2021, 31 March 2022 and 30 September 2022, respectively) were agreed.
  - In regard to the testing period ended 31 March 2023, it was agreed that the interest cover ratio shall be or shall exceed 2.76, whilst the leverage ratio shall not exceed 4.50.

Information about the Group's exposure to interest rate and liquidity risks is included in note 25.

Current liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Current portion of secured bank loans	2,500	–
Bank overdrafts	13,203	11,925
	15,703	**11,925**

Movement schedule

AMOUNTS IN EUR '000	TERM LOAN	REVOLVING CREDIT FACILITY	ACQUISITION FACILITY	TOTAL SECURED BANK LOANS (FACE VALUE)	UNAMORTISED REFINANCE FEES	CARRYING AMOUNT	TOTAL REPAYMENT
As at 31 March 2020	30,000	20,000	–	50,000	(286)	49,714	–
Amortisation	–	–	–	–	78	78	–
Proceeds	–	12,000	50,000	62,000	–	62,000	–
Repayments	–	(14,000)	–	(14,000)	–	(14,000)	(14,000)
As at 31 March 2021	**30,000**	**18,000**	**50,000**	**98,000**	**(208)**	**97,792**	**(14,000)**

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

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	CURRENCY	NOMINAL INTEREST RATE	YEAR OF MATURITY	UNUSED FACILITY*	FACE VALUE	CARRYING AMOUNT	FACE VALUE	CARRYING AMOUNT
		% P.A.		2021	2021	2021	2020	2020
Secured bank loan – Term loan	EUR	Euribor + 2.65 %	2023	–	30,000	29,936	30,000	29,828
Secured bank loan – Revolving Credit Facility	EUR	Euribor + 2.65 %	2023	12,000	18,000	17,962	20,000	19,886
Secured bank loan – Acquisition Facility	EUR	Euribor + 2.65 %	2023	–	50,000	49,894	–	–
Total interest-bearing liabilities				**12,000**	**98,000**	**97,792**	**50,000**	**49,714**

* In addition, the Group had a revolving credit facility of EUR 10.0 million in place, which is mainly used for guarantees. As at 31 March 2021 a total of approximately EUR 8.0 million (31 March 2020: EUR 2.0 million) was used for guarantees, leaving an extra amount of EUR 2.0 million of the facility unused at 31 March 2021 (31 March 2020: EUR 8.0 million).

The repayment schedule of current outstanding loans is as follows:

AMOUNTS IN EUR '000	CURRENCY	YEAR OF MATURITY	FACE VALUE 31 MARCH 2021	LESS THAN 1 YEAR	1 - 2 YEARS	2 - 4 YEARS	5 YEARS
Secured bank loan – Term loan	EUR	2023	30,000	–	–	(30,000)	–
Secured bank loan – Revolving Credit Facility	EUR	2023	18,000	–	–	(18,000)	–
Secured bank loan – Acquisition Facility	EUR	2023	50,000	(2,500)	(5,000)	(42,500)	–
Total interest-bearing liabilities			**98,000**	**(2,500)**	**(5,000)**	**(90,500)**	**–**

Floating rates were hedged for a substantial part by means of interest-rate swap agreements. The bank loans are secured for approximately EUR 120 million by a pledge on most non-current assets and material intellectual property of the Group, as well as trade receivables and stock.

22. OTHER NON-CURRENT FINANCIAL LIABILITIES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Lease liabilities	5,618	5,876
Fair value of derivatives	524	870
	6,142	**6,746**

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates. The model used under hedge accounting is the cash-flow hedge model.

The movement in the lease liability is as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Opening balance	6,635	7,190
Additions	195	95
Lease modification	270	–
Accretion of interest	131	136
Payments	(832)	(786)
Exchange rate results	(69)	–
	6,330	**6,635**
Current portion of lease liabilities (Note 24)	712	759
Non-current portion of lease liabilities	**5,618**	**5,876**

Included in Finance costs is an amount of EUR 131 thousand (2019/20: EUR 136 thousand) related to interest expenses on lease liabilities; refer to note 8. A maturity analysis of lease liabilities is included in note 25. The assets related to leases are included in note 15.

23. TRADE AND OTHER PAYABLES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Trade payables	8,947	10,642
Accrued expenses	6,818	6,312
Accrued interest payable	583	270
Wage tax payable	222	109
Corporate income tax payable	(113)	(99)
Other payables	–	263
	16,457	**17,497**

At 31 March 2021 trade payables denominated in currencies other than the functional currency amounted to EUR 2,737 thousand (31 March 2020: EUR 3,944 thousand).

24. OTHER CURRENT FINANCIAL LIABILITIES, INCLUDING DERIVATIVES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Lease liabilities	712	759
Fair value of derivatives	843	333
Assumed liability following the Passoã call/put option	–	70,501
	1,555	**71,593**

Derivative financial instruments recognised in Other current financial liabilities of in total EUR 843 thousand (31 March 2020: EUR 333 thousand) consist of hedged foreign exchange contracts and interest rate swaps, both valued at 31 March 2021. The duration of these foreign exchange contracts and interest contracts is less than one year.

Upon incorporation of Passoã SAS, the jointly owned entity based in France, the Company and Rémy Cointreau Group signed a call/put option agreement, which was executed on 2 December 2020 resulting in the acquisition of the remaining Passoã SAS shares from Rémy Cointreau Group by Lucas Bols. Information about the call/put option is included in note 3.

See note 25 for disclosure on financial instruments. Information about the Group's exposure to currency and liquidity risks is also included in note 25.

25. FINANCIAL INSTRUMENTS

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

AMOUNTS IN EUR '000 AS AT 31 MARCH 2021	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		47	–	–	**47**	–	47
		47	**–**	**–**	**47**	**–**	**47**
Financial assets not measured at fair value							
Loan to joint venture Avandis CV	18	–	599	–	**599**	–	599
Other related party loans	18	–	232	–	**232**	–	232
Trade and other receivables	13	–	16,341	–	**16,341**	–	16,341
Cash and cash equivalents	14	–	18,827	–	**18,827**	–	18,827
		–	**35,999**	**–**	**35,999**	**–**	**35,999**
Financial liabilities measured at fair value							
Interest rate swaps used for hedging		(1,045)	–	–	**(1,045)**	–	(1,045)
Forward exchange contracts used for hedging		(323)	–	–	**(323)**	–	(323)
		(1,368)	**–**	**–**	**(1,368)**	**–**	**(1,368)**
Financial liabilities not measured at fair value							
Secured bank loans	21	–	–	(97,792)	**(97,792)**	–	(97,792)
Assumed liability Passoã call/put option	22	–	–	–	**–**	–	–
Lease liabilities (non-current)	22	–	–	(5,618)	**(5,618)**	–	(5,618)
Lease liabilities (current)	24	–	–	(712)	**(712)**	–	(712)
Bank overdrafts	14	–	–	(13,203)	**(13,203)**	–	(13,203)
Trade and other payables	23	–	–	(16,457)	**(16,457)**	–	(16,457)
		–	**–**	**(133,782)**	**(133,782)**	**–**	**(133,782)**

AMOUNTS IN EUR '000 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)**
Financial liabilities not measured at fair value							
Secured bank loans	21	–	–	(49,714)	**(49,714)**	–	(49,714)
Assumed liability Passoã call/put option	22	–	–	(70,501)	**(70,501)**	–	(70,501)
Lease liabilities (non-current)	22	–	–	(5,876)	**(5,876)**	–	(5,876)
Lease liabilities (current)	24	–	–	(759)	**(759)**	–	(759)
Bank overdrafts	14	–	–	(11,925)	**(11,925)**	–	(11,925)
Trade and other payables	23	–	–	(17,497)	**(17,497)**	–	(17,497)
		–	**–**	**(156,272)**	**(156,272)**	**–**	**(156,272)**

Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

TYPE	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	INTERRELATIONSHIP BETWEEN SIGNIFICANT UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT
Forward exchange contracts and interest rate swaps	Market comparison technique: the fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments	n/a	n/a

Financial instruments not measured at fair value

TYPE	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS
Financial assets	Discounted cash flows	n/a
Financial liabilities	Discounted cash flows	n/a

Financial assets include trade and other receivables, loans provided and cash and cash equivalents. Other financial liabilities include bank loans, short-term financial liabilities, trade and other payables and the assumed liability regarding the call/put option. The book values of the secured bank loans are the best approximation of their fair value. For all other financial instruments the fair value is consistent with the book value.

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

Risk management framework

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The concentration of credit risk with respect to receivables is limited, as the Group's customer base and vendor base are large and unrelated. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Almost all the customers have been doing business transactions with the Group for several years, and no significant impairment loss has been recognised against these customers.

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

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

AMOUNTS IN EUR '000 AS AT 31 MARCH	CARRYING AMOUNT 2021	CARRYING AMOUNT 2020
Western Europe	4,181	5,713
Asia-Pacific	3,261	5,525
North America	3,218	4,931
Emerging markets	2,083	4,106
	12,743	**20,275**

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

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
Not past due	11,278	15,095
1 – 30 days past due	591	3,030
31 – 90 days past due	(26)	1,056
90 days and more past due	900	1,094
	12,743	**20,275**

Management believes that the unimpaired amounts that are more than 30 days past due are still collectible in full based on historic payment behaviour and extensive analysis of customer credit risk, including the underlying customers' credit ratings, if available. The management estimates no significant increase in credit risk as a result of COVID-19 outbreak as of 31 March 2021.

No significant impairment loss on trade and other receivables was recognised in 2020/21 (2019/20: nil).

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 5,624 thousand as at 31 March 2021 (31 March 2020: EUR 21,183 thousand). The cash and cash equivalents are held with bank and financial institution counterparties which are at least A-rated based on ratings assigned by rating agencies.

Derivatives

Derivatives are entered into with bank and financial institution counterparties which are rated AA- to AA+ based on ratings assigned by rating agencies. The carrying amount of financial assets of EUR 47 thousand represents the maximum credit risk exposure (2019/20: EUR 115 thousand).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it generally has sufficient cash on demand to meet the expected operational expenses for the next few months, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The Group maintains an additional line of credit in the form of a EUR 10 million revolving credit facility. This facility is mainly used for guarantees. Two guarantees have been issued:

- A guarantee in relation to the financing of the BolsKyndal joint venture in India (EUR 1.5 million); and
- A guarantee for one of our lessors (EUR 0.1 million).

Although the Group impaired the carrying value of the BolsKyndal joint venture during the year under review in response to the worsened adverse economic, political and market circumstances in India (refer note 17 for further information), the expected credit loss is considered not significant as a default to the guarantees is not expected. Consequently, the financial guarantees issued by the Group are not recognised.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments:

AMOUNTS IN EUR '000 31 MARCH 2021		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	(1,045)	**(320)**	(167)	(152)	(1)	–
Forward exchange contracts	(323)	**(323)**	(323)	–	–	–
Non-derivative financial liabilities						
Secured bank loans	(97,792)	**(98,000)**	(2,500)	(5,000)	(90,500)	–
Interest related to secured bank loans	–	**(5,793)**	(2,196)	(2,196)	(1,402)	–
Assumed liability Passoã call/put option	–	–	–	–	–	–
Lease liabilities	(6,330)	**(6,498)**	(730)	(684)	(999)	(4,084)
Bank overdrafts	(13,203)	**(13,203)**	(13,203)	–	–	–
Trade payables	(16,457)	**(16,457)**	(16,457)	–	–	–
	(135,150)	**(140,594)**	**(35,577)**	**(8,032)**	**(92,902)**	**(4,084)**

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)**

The Group has a secured bank loan that contains a loan covenant. A breach of this covenant may require the Group to repay the loan earlier than indicated in the above table. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or be significantly different amounts. See note 21 for disclosure on covenants.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by management. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk, mainly on sales that are denominated in a currency other than the euro. The currencies in which these transactions are primarily denominated are JPY, USD, AUD and GBP.

At the start of the financial year the Group hedges 60 to 80% of its estimated foreign currency exposure in respect of forecast sales for that year. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

The Group's investment in its US subsidiary and its joint venture in India are not hedged.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to management is as follows:

Trade and other receivables

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
EUR	7,766	8,390
USD	3,465	6,899
JPY	612	3,218
AUD	2,137	1,047
GBP	630	249
Other currencies	1,731	5,118
	16,341	**24,921**

Trade and other payables

AMOUNTS IN EUR '000 AS AT 31 MARCH	2021	2020
EUR	13,720	13,553
USD	2,463	2,695
JPY	30	250
AUD	56	14
GBP	362	122
Other currencies	(174)	863
	16,457	**17,497**

In accordance with external market sources, not taking into account the hedge rates, the following significant exchange rates were applied during the year:

FOR THE YEAR ENDED 31 MARCH	AVERAGE RATE AGAINST EURO		YEAR END SPOT RATE AGAINST EURO	
	2021	2020	2021	2020
USD	1.1675	1.1113	1.1725	1.0956
JPY	123.75	120.77	129.91	118.90
AUD	1.6254	1.6320	1.5412	1.7967
GBP	0.8927	0.8752	0.8521	0.8864

Sensitivity analysis

A strengthening of the JPY, USD, AUD and GBP against the euro at 31 March 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. A weakening would have the same, but opposite effect. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Currencies other than JPY, USD, AUD and GBP are considered not material.

AMOUNTS IN EUR '000	PROFIT OR LOSS, NET OF TAX IMPACT
31 March 2021	
JPY (1% movement)	10
USD (1% movement)	34
AUD (1% movement)	41
GBP (1% movement)	30
31 March 2020	
JPY (1% movement)	50
USD (1% movement)	55
AUD (1% movement)	32
GBP (1% movement)	26

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group adopts a policy of ensuring that at least 80% of its interest rate risk exposure is at a fixed rate. To achieve this the Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Cash flow sensitivity analysis for variable rate instruments

As a result of the Group's hedging policy for changes in interest rates, the impact of a change of 100 basis points in interest rates would be limited.

26. LIST OF SUBSIDIARIES

A list of material subsidiaries of the Group is set out below.

AS AT 31 MARCH	PLACE AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2021	2020
Lucas Bols Amsterdam B.V.*	Amsterdam, The Netherlands	**100%**	100%
DELB B.V.*	Amsterdam, The Netherlands	**100%**	100%
Galliano B.V.*	Amsterdam, The Netherlands	**100%**	100%
Vaccari B.V.*	Amsterdam, The Netherlands	**100%**	100%
Pisang Ambon B.V.*	Amsterdam, The Netherlands	**100%**	100%
Bokma Distillateurs B.V.*	Amsterdam, The Netherlands	**100%**	100%
Beleggingsmaatschappij Honthorst II B.V.	Amsterdam, The Netherlands	**100%**	100%
Pijlsteeg B.V.*	Amsterdam, The Netherlands	**100%**	100%
Lucas Bols USA Inc.	Wilmington, U.S.A.	**100%**	100%
Passoã SAS**	Paris, France	**100%**	7%

* For these subsidiaries the Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code.

** Passoã SAS is an entity that the Company controls and has the right to 100% of the results, with no non-controlling interests in the consolidated financial statements.

27. COMMITMENTS AND CONTINGENCIES

Commitments

Nuvo

In December 2017, Lucas Bols and London Group entered into strategic partnership regarding liqueur brand Nuvo. Under that partnership Lucas Bols obtains the global distribution rights for Nuvo and will work with London Group to further build and distribute the brand. Lucas Bols will be responsible for buying, sourcing and commercial activities, as well as defining the appropriate distribution channels for the brand. London Group, controlled by spirit entrepreneur Mr. Raphael Yakoby, will be responsible for strategic marketing, including social media and product development.

The transaction fits Lucas Bols' asset light business model, as it strengthens the company's existing distribution platform with limited additional investments required.

As part of the transaction, Lucas Bols made an upfront payment of USD 0.5 million and shall pay London Group yearly royalties. The upfront payment is capitalised in intangible assets and is amortised over 6.5 years. The agreement also includes a put and call option structure that enables Lucas Bols to acquire the brand in full in the mid-term. The put and call option has an exercise price based on the brand's financial performance of the Group's financial year ended immediately prior to the exercise.

Contingencies

The credit facility of Lucas Bols incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of the company's issued share capital or voting rights, the company is subject to a repayment commitment.

The Company forms part of a Dutch fiscal unit with its consolidated subsidiaries in respect of corporate income tax and value added tax. Consequently, the Company is jointly and severally liable for all debt arising from the fiscal unit. The Company is fully liable for all obligations in relation to bank loans of its subsidiaries. The Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code for its subsidiary Lucas Bols Amsterdam B.V. and for the subsidiaries of Lucas Bols Amsterdam B.V., namely Bokma Distillateurs B.V., Galliano B.V., Vaccari B.V., Pisang Ambon B.V., DELB B.V. and Pijlsteeg B.V. respectively.

28. RELATED PARTIES

Transactions with key management personnel

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to the remuneration report in the annual report. The Management Board and the Supervisory Board member's compensation (including the pension obligations as referred to in Section 2:383(b) of the Netherlands Civil Code) that was charged to the Company and Group companies in 2020/21 is as follows:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	HUUB L.M.P. VAN DOORNE		FRANK J. COCX		JOOST K. DE VRIES		TOTAL MANAGEMENT BOARD	
	2021	2020	2021	2020	2021	2020	2021	2020
Compensation of the Management Board								
Salary	482	479	290	–	55	326	827	805
Variable remuneration	–	–	–	–	–	–	–	–
Pension	–	–	29	–	6	33	35	33
Other	95	95	20	–	23	21	138	116
Total	**577**	**574**	**339**	–	**84**	**380**	**1,000**	**954**

The total compensation of the Management Board in 2020/21 amounted to EUR 1.0 million (2019/20: EUR 954 thousand).

Huub L.M.P. van Doorne has no separate pension agreement with the Company. Frank J. Cocx has a defined benefit and defined contribution pension agreement and Joost K. de Vries had a defined contribution pension agreement.
The Management Board of the Company controls 6.14% of the voting shares of the Company.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Compensation of the Supervisory Board		
Derk Doijer*	11	45
Ralph Wisbrun	40	40
Marina Wyatt	35	35
Alexandra Oldroyd	35	35
René Hooft Graafland**	43	26
Total	**164**	**181**

* Derk Doijer stepped down as chairman of the Supervisory Board at the Annual General Meeting of Shareholders held on 9 July 2020.
** René Hooft Graafland has been appointed as chairman of the Supervisory Board at the Annual General Meeting of Shareholders held on 10 July 2019.

Other related party transactions

AMOUNTS IN EUR '000 AS AT 31 MARCH	TRANSACTION VALUES FOR THE YEAR ENDED		BALANCE OUTSTANDING AS AT	
	2021	2020	2021	2020
Sale of goods and services				
Joint ventures	13,373	12,767	976	955
Purchase of goods, services and brands				
Joint ventures	(23,356)	(20,601)	(3,784)	(1,543)
Others				
Joint ventures dividends received	900	1,100	–	–
Joint ventures capital contribution	2,598	50	–	–
Joint ventures loan and related interest	24	24	599	599
Other related party loans	–	–	232	–

Balances are expected to be settled in cash within two months of the end of the reporting period, except for the long-term loan receivable from Avandis C.V. (undefined duration).

None of the balances is secured. No expense was recognised in the current year or prior years for doubtful debts in respect of amounts owed by related parties. In relation to the financing of the joint venture in India a guarantee has been issued for an amount of EUR 1.5 million (INR 132 million).

29. SUBSEQUENT EVENTS

There were no material events after 31 March 2021.

COMPANY FINANCIAL STATEMENTS 2020/21

COMPANY BALANCE SHEET OF LUCAS BOLS N.V.

Before profit appropriation

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2021	2020
Assets			
Investments in subsidiaries	3	130,953	139,852
Deferred tax assets	4	2,670	2,670
Total non-current assets		**133,623**	**142,522**
Receivables from group companies	5	51,179	51,179
Cash and cash equivalents		–	–
Total current assets		**51,179**	**51,179**
Total assets		**184,802**	**193,701**
Equity			
Share capital		1,248	1,248
Share premium		129,695	129,695
Treasury shares		–	–
Currency translation reserve		(237)	(247)
Hedging reserve		(990)	(815)
Other legal reserves		7,630	16,601
Retained earnings		56,014	42,835
Result for the year		(8,558)	4,384
Total equity	6	**184,802**	**193,701**
Liabilities			
Other non-current liabilities		–	–
Total non-current liabilities		**–**	**–**
Trade and other payables		–	–
Total current liabilities		**–**	**–**
Total liabilities		**–**	**–**
Total equity and liabilities		**184,802**	**193,701**

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2021	2020
Revenue*		1,164	1,135
Cost of sales		–	–
Gross profit		**1,164**	**1,135**
Distribution and administrative expenses*		(1,164)	(1,135)
Operating profit		**–**	**–**
Share of profit of participating interests, after income tax	3	(8,558)	9,205
Finance income		–	–
Finance costs		–	–
Net finance costs		**–**	**–**
Profit before tax		**(8,558)**	**9,205**
Income tax expense		–	–
Other profit after income tax		–	–
Net profit		**(8,558)**	**9,205**

* The amounts represent the compensation of the Management Board and Supervisory Board members, recharged to Lucas Bols Amsterdam B.V.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2021 AND 2020

1. BASIS OF PREPARATION

The Company's financial statements are prepared in accordance with the provisions of Part 9, Book 2, of the Netherlands Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Netherlands Civil Code to prepare the Company financial statements, using the same accounting policies as those used for the consolidated financial statements. Valuation is based on recognition and measurement requirements of IFRS as adopted by the EU, as explained further in the notes to the consolidated financial statements.

For the principles of valuation of assets and liabilities and for the determination of the result, reference is made to the notes to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial fixed assets

Investments in subsidiaries are accounted for in the Company financial statements according to the equity method. They are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Reference is made to the basis of consolidation accounting policy in the consolidated financial statements.

Profit of participating interests

The share in the result of participating interests consists of the share of the Company in the results of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

Amounts due from group companies

Amounts due from group companies are stated initially at fair value and subsequently at amortised cost. Amortised cost is determined using the effective interest rate. The company recognise a credit loss for financial assets (such as a loan) based on an expected credit loss (ECL) which will occur in the coming twelve months or – after a significant decrease in credit quality or when the simplified model can be used – based on the entire remaining loan term. For intercompany receivables the ECL would be applicable as well, however this could cause differences between equity in the consolidated and separate financial statements. For this reason, the company elected to eliminate these differences through the respective receivable account in the separate financial statements.

3. INVESTMENTS IN SUBSIDIARIES

AMOUNTS IN EUR '000	2021	2020
Balance at 1 April	139,852	138,305
Dividend paid to shareholders	–	(7,486)
Effective portion of changes in fair value of cash flow hedges, net of tax	(175)	(61)
Currency translation of foreign interests	10	(84)
Actuarial gains/(losses) through equity	(176)	(27)
Changes in estimates of costs related to the issuance of shares through equity	–	–
Profit/(loss) of subsidiaries	(8,558)	9,205
Balance at 31 March	**130,953**	**139,852**

The Company only holds a direct interest in Lucas Bols Amsterdam B.V. A list of other (indirect) participating interests is disclosed in note 26 of the consolidated financial statements.

4. DEFERRED TAX ASSET

Deferred tax assets in regard to carry-forward tax losses that have been recognised are expected to be utilised in the next two years.

5. RECEIVABLES FROM GROUP COMPANIES

The balance is a receivable from a Group company. The receivable is classified as current if it is expected to be recovered within twelve months. The amount is not due yet, nor is there any impairment risk.

6. EQUITY

For a specification of shareholders' equity, see note 19 of the consolidated financial statements. The retained earnings at 31 March 2021 amount to EUR 56.0 million (31 March 2020: EUR 42.8 million). Prior to the acquisition of the remaining shares of Passoã SAS the net profit of Passoã SAS was allocated to other legal reserves as the Company was not allowed to freely distribute these profits under the shareholders' agreement with Rémy Cointreau Group. On 2 December 2020 the Company executed the call/put option and acquired the remaining shares of Passoã SAS from Rémy Cointreau Group becoming the sole shareholder of Passoã SAS. French legislation requires the Company to form a legal reserve, amounting to of 10% of the Company's investment in Passoã SAS, for an amount of EUR 7.6 million (31 March 2020: EUR 16.6 million). EUR 9.0 million is allocated back to retained earnings.

The Management Board, with the approval of the Supervisory Board, have decided to refrain from proposing a final dividend to be paid in 2021 with respect to 2020/21 financial year.
The net loss shall be allocated to retained earnings, subject to the approval of Supervisory Board and the Annual General Meeting of Shareholders.

7. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to note 28 of the consolidated financial statements.

8. FEES FOR AUDIT AND OTHER SERVICES

In accordance with article 382.a of Part 9, Book 2, of the Netherlands Civil Code, the total audit cost can be specified as follows:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	ERNST & YOUNG ACCOUNTANTS LLP		OTHER EY FIRMS		TOTAL	
	2021	2020	2021	2020	2021	2020
Fees for audit of financial statements and other services						
Audit of financial statements	258	225	27	27	285	252
Other assurance services	28	8	–	–	28	8
Total	**286**	**233**	**27**	**27**	**313**	**260**

Audit fees of Ernst & Young Accountants LLP amount to EUR 258 thousand (2019/20: EUR 225 thousand) for Lucas Bols N.V. and the fees for other assurance services of Ernst & Young Accountants LLP amount to EUR 28 thousand (2019/20: EUR 8 thousand). No other non-audit services where rendered by Ernst & Young Accountants LLP (2019/20: nil).

9. CONTINGENT LIABILITIES

The Company forms part of a Dutch fiscal unit with its consolidated subsidiaries in respect of corporate income tax and value added tax. Consequently, the Company is jointly and severally liable for all debt arising from the fiscal unit. The Company is fully liable for all obligations in relation to bank loans of its subsidiaries. The Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code for its subsidiary Lucas Bols Amsterdam B.V. and for the subsidiaries of Lucas Bols Amsterdam B.V., namely Bokma Distillateurs B.V., Galliano B.V., Vaccari B.V., Pisang Ambon B.V., DELB B.V. and Pijlsteeg B.V. respectively.

10. SUBSEQUENT EVENTS

There were no material events after 31 March 2021.

Amsterdam, 26 May 2021

Management Board
Huub L.M.P. van Doorne (CEO)
Frank J. Cocx (CFO)

Supervisory Board
D. René Hooft Graafland (Chair)
Ralph Wisbrun
Marina M. Wyatt
Alexandra L. Oldroyd

Address: Lucas Bols N.V.
Paulus Potterstraat 14
1071 CZ Amsterdam
The Netherlands

Trade register Amsterdam: 34242707

OTHER INFORMATION

STATUTORY PROVISION WITH RESPECT TO APPROPRIATION OF RESULT

APPROPRIATION OF PROFITS ACCORDING TO THE PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to article 31 of the Articles of Association, the Management Board may, subject to the prior approval of the Supervisory Board, determine which part of the profits shall be reserved. The General Meeting may resolve to distribute any part of the profits remaining after reservation in accordance with the above. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved.

The Management Board may, subject to the prior approval of the Supervisory Board, resolve to distribute interim dividend on Shares.

Any distributions on Shares shall be made in such a way that on each Share an equal amount or value will be distributed.

NON-GAAP MEASURES

Certain discussions and analyses set out in this Annual Report include measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. We believe this information, along with comparable GAAP measurements, is useful to investors and other stakeholders because it provides a basis for measuring our operating performance, and our ability to reduce net debt and invest in new business opportunities. Management also uses these measures, along with the most directly comparable GAAP financial measures, in evaluating operating performance.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures.

Earnings before interest and taxes (EBIT)

EBIT is net profit before net finance costs and the income tax expense. Thus, EBIT is defined as operating profit plus share of profit of joint ventures. We believe this measure provides valuable additional information because it includes our share in profit of joint ventures, and we are of the view that our joint ventures are an integral part of Lucas Bols' operations. In addition, EBIT is a key measure used internally.

The reconciliation of EBIT to net profit is as follows:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Net profit/(loss)	(8,558)	9,205
Add back:		
• Income tax expense	5,270	5,182
• Net finance costs	3,449	3,344
EBIT	**161**	**17,732**

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

EBITDA is net profit before net finance costs, the income tax expense, depreciation and amortisation. Thus, EBITDA is defined as EBIT (refer above) excluding depreciation and amortisation. We believe this measure provides valuable additional information because it allows investors and other stakeholders to analyse the profitability between companies and industries by eliminating the effects of non-operating decisions like interest expenses, tax rates and non-cash items like depreciation and amortisation, hence facilitating focus on operating performance. In addition, EBITDA is a key measure used internally.

The reconciliation of EBITDA to net profit is as follows:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Net profit/(loss)	(8,558)	9,205
Add back:		
• Income tax expense	5,270	5,182
• Net finance costs	3,449	3,344
• Depreciation	1,694	1,547
• Amortisation	223	85
• Impairment	8,911	–
EBITDA	**10,989**	**19,364**

Free operating cash flow (FOCF)

FOCF is net cash from operating activities minus cash used for the acquisition of property, plant and equipment and intangible assets. FOCF reflects and additional way of viewing our liquidity that we believe is useful to investors and other stakeholders because it represents cash flows that could be used for distribution of dividends, repayment of debt or to fund our strategic initiatives, including acquisitions, if any.

The reconciliation of FOCF to net cash from operating activities is as follows:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Net cash from operating activities	12,081	17,764
-/- Acquisition of property, plant and equipment	(705)	(1,387)
-/- Acquisition of intangible assets	–	(596)
Free operating cash flow	**11,376**	**15,781**

Cash conversion ratio

Cash conversion ratio is defined as (i) FOCF divided by (ii) operating profit excluding depreciation, amortisation and impairment expenses. We believe this measure is an important financial health indicator, providing valuable information on the actual liquidity of Lucas Bols, and more specifically on its ability to convert operating profits (excluding depreciation, amortisation and impairment expenses) into cash. It helps investors and other stakeholders to assess the quality of Lucas Bols' earnings.

- 2020/21: EUR 11,376 thousand / (-/- EUR 346 thousand + EUR 10,828 thousand) = 108.5%; and
- 2019/20: EUR 15,781 thousand / (EUR 17,578 thousand + EUR 1,632 thousand) = 82.2%.

Net debt

Net debt is the net of (i) the sum of bank loans drawn (at face value), the assumed liability regarding the Passoã call/put option and bank overdrafts and (ii) cash and cash equivalents. Net debt is a measure that provides valuable additional information on the Group's net debt position and leverage, and is a measure in common use elsewhere. Moreover, it is a key measure to banks, investors and analysts, amongst others.

Net debt is calculated as follows:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Bank loans drawn (at face value)	98,000	50,000
Assumed liability Passoã call/put option	–	70,501
Bank overdrafts	13,203	11,925
Less: cash and cash equivalents	(18,827)	(33,108)
Net debt	**92,376**	**99,318**

Working capital

In the consolidated statement of cash flows, reference is made to net changes in working capital. Working capital is defined as inventories plus trade and other receivables minus trade and other payables, excluding accrued interest payable.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2021	2020
Inventories	13,295	10,559
Trade and other receivables	16,341	24,920
Trade and other payables	(16,457)	(17,497)
Less: accrued interest payable	583	270
Working capital	**13,762**	**18,252**

Net changes in working capital in the consolidated statement of cash flows is the movement in working capital from the table aforementioned adjusted for trade and other payables and trade and other receivables that do not relate to operating activities. The adjustments for 2020/21 amount to EUR 2,045 thousand negative (2019/20: EUR 420 thousand).

Measures at constant currency

Certain measures, both GAAP and non-GAAP measures (including but not limited to revenue, gross profit and EBIT), are also stated, compared and/or analysed at constant currency. This means that the impact of fluctuations in foreign currency exchange rates is excluded. We calculate constant currency values by translating both the current and the prior period local currency amounts using same exchange rate. Lucas Bols' management believes measures in constant currencies provide additional insights into the underlying operating performance of the Company. This approach is in common use elsewhere.

Refer to note 25 of the consolidated financial statement for further information on primary foreign currencies and significant exchange rates applied during the year.

One-off items / Normalisations

Several non-GAAP measures are adjusted to exclude items defined as one-off due to their nature and/or frequency of occurrence. Adjusting a measure for such one-off items results in a normalised measure. We believe normalised measures provide valuable additional information on underlying performance, which allows investors and other stakeholders to better analyse performance between companies and industries by eliminating non-recurring effects (both gains and losses). Normalised measures are also used for internal decision making.

2020/21 one-offs are:

- Impairment of EUR 8,911 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 16;
- 'Bargain buy' gain on increased shareholding Avandis of EUR 1,721 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 17;
- Impairment of the BolsKyndal joint venture in India of EUR 736 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 17; and
- Income tax expense following the remeasurement of deferred tax liabilities as a consequence of a change in the future Netherlands tax rate of EUR 3,937 thousand (in income tax expense, hence affecting net profit and (net) earnings per share). Refer to note 11.

All 2020/21 one-offs are non-cash items.

2019/20 one-offs are:

- Restructuring provision for Avandis of EUR 457 thousand excluding a tax effect of EUR 114 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 17;
- Write-down of doubtful debtors in the BolsKyndal joint venture in India of EUR 420 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 17; and
- Income tax expense following the remeasurement of deferred tax liabilities as a consequence of a change in the future Netherlands tax rate of EUR 1,304 thousand (in income tax expense, hence affecting net profit and (net) earnings per share). Refer to note 11.

All 2019/20 one-offs are non-cash items.

Organic change percentages for measures

For certain measures, both GAAP and non-GAAP measures (including but not limited to revenue, gross profit and EBIT), an organic change percentage is provided and/or analyses. Organic change percentages compare measures at constant currencies (refer above) and exclusive of one-off items (refer above).

FIVE-YEAR OVERVIEW

IN € MILLION UNLESS OTHERWISE STATED FOR THE YEAR ENDED 31 MARCH	2021	2020	2019	2018	2017
Results					
Revenue	57.3	84.0	87.0	92.2	80.5
Gross profit	30.1	47.7	49.3	57.1	48.4
Gross margin	52.5%	56.7%	56.6%	62.0%	60.1%
Normalised operating profit[1]	8.6	17.6	19.9	22.6	18.0
Normalised operating profit margin[1]	14.9%	20.9%	22.8%	24.6%	22.4%
Normalised EBIT[1/2]	8.1	18.6	20.8	23.6	18.2
Normalised net profit / (loss)[1]	3.3	11.3	12.8	14.7	12.3
Net profit / (loss)	(8.6)	9.2	16.5	20.4	15.1
Cash flow					
Free operating cash flow[2]	11.4	15.8	11.8	18.7	17.5
Cash conversion ratio[2]	108.5%	82.2%	58.9%	81.0%	106.2%
Balance sheet					
Working capital[2]	13.8	18.3	18.8	14.4	12.7
Total equity	184.8	193.7	192.2	183.6	170.8
Net debt[2]	92.4	99.3	103.6	104.2	112.1
Shares					
# of shares issued at 31 March	12,477,298	12,477,298	12,477,298	12,477,298	12,477,298
Weighted average # of shares	12,477,298	12,477,298	12,477,298	12,477,298	12,477,298
Normalised earnings per share[1]	0.26	0.90	1.02	1.18	0.98
Net earnings per share	(0.69)	0.74	1.32	1.64	1.21
Total dividend per share	–	0.35	0.60	0.60	0.57
Employees					
Number of FTEs	62	71	74	73	70

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements 2020/21 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 March 2021 of Lucas Bols N.V. based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 March 2021
- The following statements for the year ended 31 March 2021: the consolidated statements of profit and loss, other comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 March 2021
- The company profit and loss account for the year ended 31 March 2021
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Lucas Bols N.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Our audit approach

Our understanding of the business

Lucas Bols N.V. is a listed company based in Amsterdam and through its subsidiaries and joint ventures, primarily involved in managing the product development, bottling, distribution, sales and marketing of liqueurs and spirits worldwide. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In 2020/21 we performed our procedures to a greater extent remotely due to the COVID-19 measures. This limits our observation and increases the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. In performing our audit procedures we maintained our professional skepticism and remained alert for any possible impact of the COVID-19 pandemic on the financial statements.

Materiality

Materiality	€ 700,000 (2019/20: € 720,000)
Benchmark applied	5 % of normalized profit before tax over the last five years
Explanation	Based on our professional judgement we consider earnings-based measures as the most appropriate basis to determine materiality. The users of the financial statements of profit-oriented listed entities tend to focus on profit before tax (PBT). We believe that PBT is an important metric for the financial performance of the company. Due to the significant impact of COVID-19 on Lucas Bols N.V., our materiality is based on normalized PBT over the past five years that excludes the brand impairment loss in the 2020/21 result.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 35,000 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Lucas Bols N.V is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Lucas Bols N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. In establishing the overall approach to the audit, we determined the audit procedures required to be performed by us, as group auditors or by Ernst & Young Global member firms and other audit firms, both operating under our instructions.

We have performed full scope audit procedures at the entities in the Netherlands, France and United States of America. We used the work of other EY auditors when auditing the non-consolidated joint ventures Avandis B.V., Avandis C.V. and Passoa S.A.S. for specific accounts. Furthermore we used the work of non-EY auditors when auditing Maxxium Nederland B.V. In total these procedures cover 99% of the group's total assets and 97% of revenue.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists and internal audit

We ensured that the audit teams both at group and at entity levels included the appropriate skills and competences which are needed for the audit of a listed client in the consumer products industry. We included specialists in the areas of IT audit, accounting, valuations, pensions and income taxes.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors (including legal, compliance, human resources and regional directors) and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. In our risk assessment we considered the potential impact of performance-based bonus schemes which the company has in place for individuals.

In our process of identifying fraud risks, we considered whether the COVID-19 pandemic gives rise to specific fraud risk factors resulting from a possible dilution in the effectiveness of controls as a result of the general disruption associated with remote working and illness.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 (e) to the financial statements. We have also used data analysis to identify and address high-risk journal entries.

Our audit procedures to address the assessed fraud risks did not result in a specific key audit matter. However, we describe the audit procedures responsive to the assessed fraud risk related to possible bias in judgements and decisions made by the management board relating to the valuation of intangible fixed assets and the presumed fraud risk related to revenue recognition in the description of our audit approach for the key audit matters 'Valuation of intangible fixed assets (brands and related goodwill)' and 'Revenue recognition'.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board and the supervisory board, reading minutes, inspection of reports on internal control and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern

We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of the management board's use of the going concern basis of accounting.

The management board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the assessment with the management board exercising professional judgment and maintaining professional skepticism, and specifically focusing on the process followed by the management board to make the assessment, management bias that could represent a risk, the impact of current events and conditions have on the company's operations and forecasted cash flows, with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due, taking into account the temporarily amended bank covenants as disclosed in note 21.

We consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

General audit procedures

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, our key audit matters did not change.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
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. continues to be confronted with the uncertainty, of the COVID-19 pandemic impact. The developments in response to the COVID-19 pandemic and the potential lack of available information for evaluating the reasonableness of significant assumptions used during the pandemic, increase the estimation uncertainty associated with the expected credit losses on trade and other receivables (note 13); valuation of intangible fixed assets (note 16); modifications or remeasurements of leases (notes 15 and 22); liquidity forecasts in loans and borrowings (note 21) and the measurement of fair values (note 25). During the year Lucas Bols N.V. received government grants (NOW subsidy) as compensation for wages. This is disclosed in notes 3 (f) and 7 to the financial statements.	We discussed and evaluated the impact of the COVID-19 pandemic on the financial statements of Lucas Bols N.V. and focused on the accounts mentioned above, with assumptions and estimation uncertainty or fair value measurement that have either an increased or significant risk to result in a material adjustment and on the possible impact on the going concern assumption for the company as a whole. Amongst other procedures we: • audited and challenged the management board's assessment of the impact on the application of accounting policies, going concern and liquidity and the valuation of several accounts in the financial statements. Our audit approach and the impact of the COVID-19 pandemic related to the valuation of intangible fixed assets and on revenue recognition is discussed in the below key audit matters. • performed specific audit procedures and were assisted by our EY valuation experts. In performing our audit procedures we maintained our professional skepticism and remained alert for any possible impact of the COVID-19 pandemic on the financial statements. • performed audit procedures to verify the correct recognition of government grants in the year. 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 fixed assets (brands and related goodwill) As at 31 March 2021 brands and related goodwill amount to € 298 million or 82% of the total assets. As disclosed in note 3 (j) and 16, the majority of the brands and related goodwill are not amortized, since the management board assumes an indefinite useful life of their brands and therefore are at least annually tested for impairment. The management board performed their annual impairment test at the cash generating unit level, which include individually larger brands and buckets of smaller brands. The management board uses assumptions in respect of growth rates in the markets in which the company operates and economic conditions such as economic growth, expected inflation rates, expected tax rate, discount rate, demographic developments, expected market share, revenue and margin development, including expected effects of the COVID-19 pandemic. The increased uncertainty in the forecasted cash-flows due to COVID-19 and expected decline of consumer consumption on the brands are an important input for the assessment of the recoverability, as disclosed in note 16. These impairment tests are significant to our audit because this process is complex and requires significant management judgments, such as of future market and economic conditions. Impairment charges of € 8.9 million were recognized in the profit and loss account for 2020/2021.	Our audit procedures included, amongst others, evaluating the appropriateness of the impairment methodology applied by Lucas Bols N.V. related to the valuation of intangible fixed assets in accordance with IAS 36 'Impairment of Assets'. We focused on the non-current assets with an indefinite useful life related to the brands and related goodwill. We obtained an understanding of the impairment assessment process and evaluated the design of key controls over the data and assumptions used in this area relevant to our audit. With the assistance of our EY valuation specialists, our focus included evaluating the procedures of the management specialists used to determine the discount rate, evaluation of the appropriateness and consistency of the valuation method, evaluating and testing key assumptions used in the valuation including projected future income and earnings, retrospective review, and testing the allocation of the assets, liabilities, revenues and expenses to each of the cash-generating units. Finally, we performed independent calculations to validate the sensitivity analysis as referred to in Note 16 of the consolidated financial statements and evaluated the disclosure.	We consider the management board's assessment of impairment indicators as appropriate and the key assumptions and estimates used in the impairment tests to be within an acceptable range. We agree with the management board's conclusion on the recorded impairment amount and the adequacy of the related disclosures in the financial statements.

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 3 (b) 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 2021 in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report of the management board
- Report of the supervisory board, including the composition of the supervisory board
- Remuneration report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 and Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the report of the management board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The management board and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of Lucas Bols N.V. on 3 September 2015, as of the audit for the year 2015/16 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The *Our audit approach* section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

We communicate with the [supervisory board] regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 26 May 2021

Ernst & Young Accountants LLP

Signed by F.J. Blenderman

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