ANNUAL REPORT

LUCAS BOLS

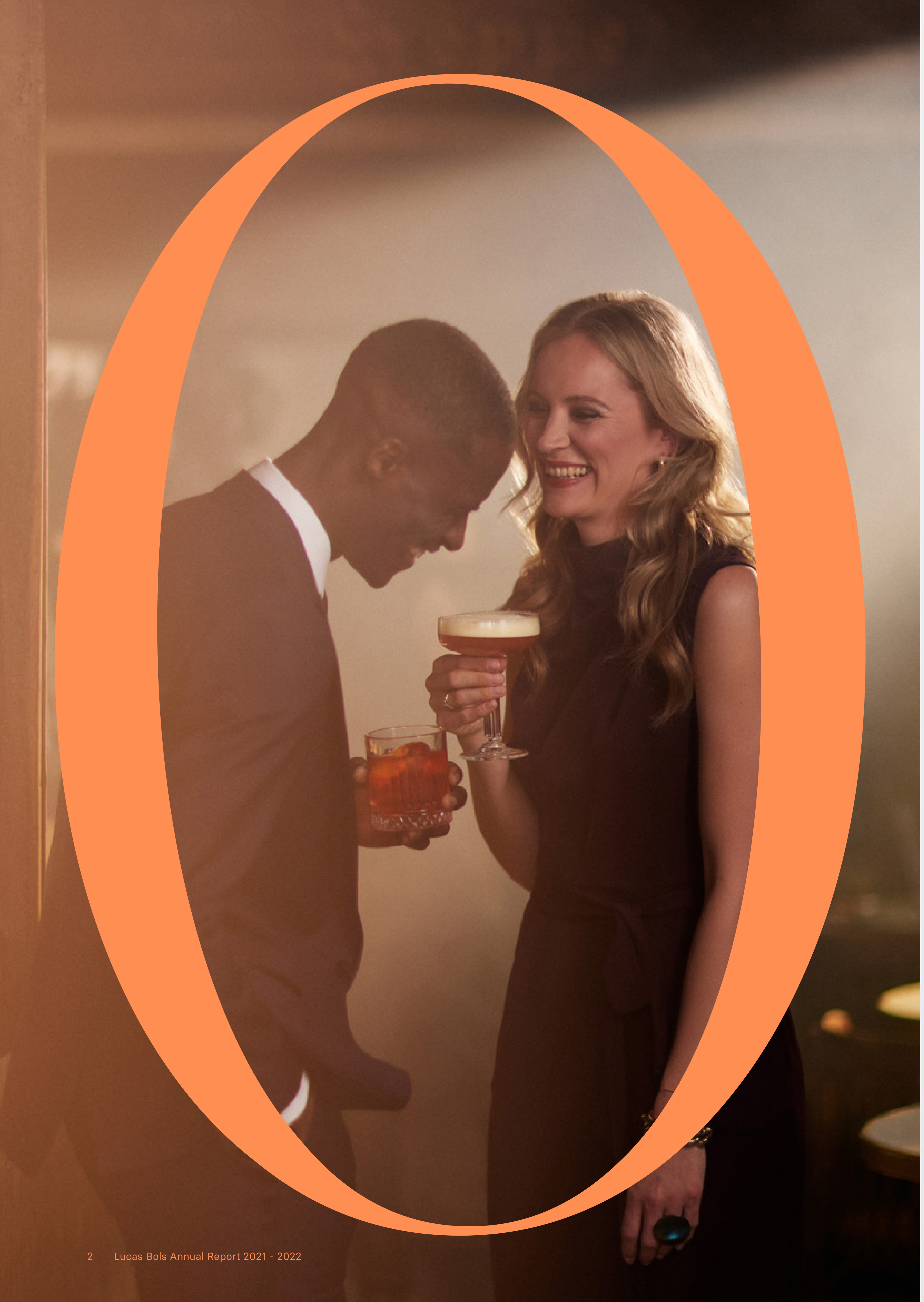
AMSTERDAM DISTILLERY

EST. 1575

2021 — 2022

INDEX ANNUAL REPORT

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



The Lucas Bols Company is a leading global cocktail and spirits player with a strong position in the worldwide cocktail market. Our mission is to create great cocktail experiences around the globe.

At the Lucas Bols Company it is all about creating great cocktail experiences around the globe. As Masters of Taste we combine over four centuries of craftsmanship and heritage with our creative spirit of Amsterdam to discover new flavours and cocktails. This allows us to build leading cocktail and spirit brands. Our key assets are our three premium Global Cocktail Brands (Bols, the World's First Cocktail Brand, Passoã and Galliano) and our portfolio of regional liqueurs and spirits brands.

The Lucas Bols Company is active in over 110 countries worldwide. The Bols brand includes the number one liqueur range globally (not including the US). We are also the world's largest player in the genever segment, and our portfolio of brands includes the number-one passion fruit liqueur Passoã and the ultra-premium Tequila Partida brand.

Our flexible and asset-light business model enables us to focus fully on innovation and strategic marketing to build the Lucas Bols brands. At the Lucas Bols distillery we create new flavours and adapt old recipes in line with today's cocktail trends. We enthusiastically operate the Lucas Bols experiences such as the House of Bols, the Bols Bartending Academy, the Bols Around the World competition and the Wynand Fockink tasting tavern, which play a leading role in developing the cocktail market.

Lucas Bols. Masters of Taste

Our heritage and craftsmanship dates back over four centuries to 1575 in Amsterdam. Since then, we have been mastering the art of mixing and blending, creating beautiful flavours for our genevers and liqueurs. We invite you to open your senses and experience the past, present and future of the Lucas Bols Company.

1575
The Bols family establishes distillery 't Lootsje in Amsterdam and starts distilling liqueurs.

1664
The Bols family start producing genever which plays an important role in the emergence of the cocktail culture in the US in the 19th century.

1700
Grandson Lucas Bols turns the distillery into an international company and creates over 300 liqueur and genever recipes.

1816
The widow of the last male Bols heir sells the Company, on condition that the Lucas Bols name forever be used on all its products.

20th century
Acquisition of regional brands, such as Dutch genevers, Pisang Ambon and Coebergh.

2004
Launch of the iconic Bols Liqueurs bottle, made by & for bartenders to improve efficiency and ease of use and its distinctiveness.

2006
Return of the Lucas Bols head office to Amsterdam and addition of new bartender brands such as Galliano.

2007
Opening of the House of Bols Cocktail & Genever Experience and the Bols Bartending Academy in Amsterdam.

2008
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
The Lucas Bols Company adds Passoã, the world's number 1 passion fruit liqueur to its Global Cocktail Brands portfolio

2019
Addition of Nuvo, the sparkling liqueur, to the Regional Liqueurs & Spirits portfolio.

2020
Launch of non-alcoholic Damrak Virgin 0.0. and global relaunch of Bols Liqueurs, crafted with natural botanicals.

2021
Launch of innovative Bols Ready-to-Enjoy Cocktails tubes and multi-serve bottles in 5 cocktail flavours.

2022
Acquisition of **ultra-premium Tequila Partida brand**, one of the world's highest rated tequila brands.

Financial Highlights

Revenue
(in € mln)

92.0

2020/21: 57.3

Gross margin
(in % of revenue)

55.9

2020/21: 52.5

Normalised operating profit*
(in € mln)

20.6

2020/21: 8.6

Free operating cash flow*
(in € mln)

15.6

2020/21: 11.4

Normalised net profit*
(in € mln)

14.7

2020/21: 3.3

Dividend per share
(in €)

–

2020/21: –

* These items are non-GAAP measures, normalised numbers are excluding one-off items. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 168.

Company Highlights

Masters of Taste since 1575

447 years of craftsmanship

More than 25 brands

Sold in over 110 countries worldwide

Brand Highlights

World's No.1 liqueurs range

Not including the US

World's No.1 genever

One of the world's highest rated Tequila brands

The No.1 Passion Fruit liqueur Passoã

Interview with the Management Board

How do you look back on the past year?
"Above all with pride," started off CEO Huub van Doorne. "Not only have we delivered strong results in continued challenging conditions, we have also made tremendous progress in the execution of our strategy with our 'Fit for Growth' programme."

"We quickly recovered from COVID-19 , as shown by a year-on-year revenue growth rate of 61%, said CFO Frank Cocx, adding: "The resilience of our brands and the agility of our operations also enabled us to realise growth of 10% versus pre-COVID 2019/20 levels, despite some key markets, such as Japan, not being close to pre-COVID-19 levels yet."

"It goes without saying that we are very proud of and grateful for the flexibility and unwavering dedication of the whole Lucas Bols team this past year," Huub van Doorne concluded.

What does Fit for Growth entail?
"Our strategy in itself is unchanged; we focus on cocktails, a globally growing niche market, and we do this by building great brands and excelling in innovation," Frank Cocx explained. "We genuinely stand out as Masters of Taste, having already created flavours for almost 450 years. We build upon this great legacy, while at the same time continuous innovation is key to staying at the forefront of our industry. Our highly scalable asset-light business model allows us to seamlessly add brands and leverage their full potential."

"Fit for Growth is all about focus, which enables us to accelerate and improve the execution of our strategy with the ultimate aim of stepping up growth," Huub van Doorne elaborated. "Our focus on cocktails is at the centre of everything we do. We have become much more brand-driven in the way we manage our organisation and how we allocate our team efforts and our brand investments. In addition, when clustering markets to develop our brands in the most effective way, we now look at which markets that are similar in cocktail culture maturity. Each cluster requires a customised marketing, sales and distribution approach. We believe this is a more effective way to drive organic growth than the geographical approach we used before."

"Another shift in execution is that we now work with fully integrated brand teams," Frank Cocx continued. "We believe that by having all disciplines working together, we optimise agility and efficiency, ensuring a swift and decisive execution of our global strategy. This has led to an even more compact organisation, significant overhead savings and improved operational leverage."

Obviously 2021/22 was once again largely dominated by COVID-19. What was the impact on the Lucas Bols Company throughout the year?
“At the beginning of the year COVID-19 still had a significant impact,” Huub van Doorne said. “But we saw a rapid recovery in key markets once the on-trade reopened, starting in the US in March 2021. In many key markets we bounced back to pre-COVID levels and in some, including the US, UK and Australia, even surpassed these. On the other hand, we saw that Japan and our travel- and tourism related business, including Southeast Asia and travel retail, were still adversely impacted by COVID-19 during the year under review. We would expect results in these markets to improve as well once COVID-19 measures are lifted. “We have incorporated the lessons learned from the COVID-19 crisis in our ongoing operating model,” Frank Cocx noted. “For example, we have maintained our stringent focus on overhead costs and cash generation and the further evolvement of our direct-to-consumer approach and retail focus. The flexibility in our business model allows us to respond quickly and to adapt precisely to the most effective level of A&P spending.”

“We genuinely stand out as Masters of Taste.”

What markets and/or brands really stood out last year?
“With revenue growth accelerating to 51%, the US was clearly the winning market,” highlighted Huub van Doorne with great enthusiasm. “The upward trend of spirits and cocktails continued with the re-opening of the on-trade and we are benefiting from the ongoing premiumisation trend.”

“I am convinced that our approach of continuing to invest in our commercial presence during the lockdown periods has been very helpful. We were therefore able to benefit right away once the markets opened up,” said Frank Cocx, adding: “Our Lucas Bols USA platform proved its success and – more importantly – really showed its potential.”

“In terms of brands, Passoã performed excellently, with double-digit revenue growth, driven by the continued success of the brand’s cocktail positioning,” said Huub van Doorne. “2021/22 was a year in which the Bols Cocktails brand showed a significant recovery based on the re-opening of the on-trade in various key markets. In addition the launch of Bols Ready-to-Enjoy Cocktails in the second half of the year, which positions Bols Cocktails well with major retail chains, has been a success in both the US and the Netherlands. The innovative packaging in Bols Cocktails Tubes contributes to the in -home cocktail experience. The targeted digital and billboard campaigns around the launch also increased consumer awareness of the Bols Cocktails brand in general – a true spin-off- effect,” he continued enthusiastically. “This is very promising for the years ahead, when our Bols Cocktails Tubes and multi-serve bottles will be launched in various other markets.”

Have there been any changes in the route to market?
“In 2021/22 we strengthened our control over the route to market,” Frank Cocx stated firmly. “With the creation of Maxxium BeLux, a 50-50 distribution joint venture with Edrington for Belgium and Luxembourg, we now control the distribution of approximately 40% of our revenue. In the UK, one of our key cocktail markets, we appointed a new distributor to take on the Bols Cocktails, Galliano and Pisang Ambon brands. Furthermore we extended quite a few distribution contracts in the past year, including in Japan, Australia and New Zealand, China, Scandinavia and Germany as well as Passoã in the UK.”

“We are happy with these changes and extensions and believe we have now successfully secured the majority of our route to market for the next two to three years,” Huub van Doorne concluded.

What are you most proud of?
“A few things stand out,” Huub van Doorne started. “First, recovering from the pandemic in the way we did is no easy job. I believe that the resilience we have shown is the result of many years of true brand building and perseverance, and of being there for our partners, customers and consumers throughout the crisis.”

“But I guess I am most proud of the launch and execution of our Fit for Growth programme, and related

to this, our more ambitious revenue growth targets for the Global Cocktail Brands," he continued. "Adding brands to our portfolio is also one of the building blocks of Fit for Growth. This brings me to another major highlight of the past year: the acquisition of Tequila Partida, one of the worlds highest rated ultra-premium tequila brands founded by Gary Shansby in 2005. We are excited to bring this fantastic brand to its full potential, and have seen a great start in the US around the *Cinco de Mayo* celebrations."

"And I would like to highlight the achievements of our supply chain team and partners," Frank Cocx added. "They absolutely deserve recognition for how they successfully addressed and mitigated the immense challenges posed to the company by global supply chain disruptions."

And what were the biggest challenges in the past year?
"Apart from COVID-19 that would be these global supply chain disruptions that we expect to continue in 2022/23, affecting both the availability and pricing of raw materials and logistics," Huub van Doorne said. "For example both input prices, including alcohol, sugar, grain and glass, and logistical costs have increased significantly."

"We were able to largely pass on this effect through higher sales prices in most markets and have applied even stricter cost controls to mitigate these effects without jeopardising the investments in our brands," Frank Cocx indicated. "To counter the longer lead times as a consequence of the limited availability of certain raw materials and shipping containers we deliberately invested in our inventory levels. This is one of the reasons we have not seen any substantial out-of-stock situations," he continued, adding: "The powerful relationship with our business partners throughout the chain also proved to be instrumental in addressing the supply chain challenges, as did our agility and entrepreneurial spirit."

You have added a tequila brand to your portfolio. Was that something you have always been keen to do? What are your plans for the brand?
"We are absolutely delighted to welcome the wonderful Tequila Partida brand to our portfolio," Huub van Doorne stated passionately. "Tequila Partida gives us the opportunity to tap into one of the most popular and fastest-growing segments in spirits in the US as well as being the key ingredient of the leading cocktail there: the margarita."

"The transition to Lucas Bols USA went smoothly, also thanks to the experienced and dedicated Tequila Partida team in Mexico," according to Frank Cocx. "For the years ahead, we see plenty of opportunities to grow Tequila Partida. We will focus on growing depletions by leveraging our US distribution position and portfolio of brands. Moreover we will make considerable A&P investments in the brand to drive further premiumisation," he explained.

How did you finance this acquisition?
"In December 2021 we launched an offering of new shares, successfully raising € 29 million in equity. Besides funding the Tequila Partida acquisition we will use the proceeds to complete the Nuvo acquisition in June 2023. And although our strong cash-generative business model is our main route to de-leveraging, part of the proceeds are also being used to reduce debt," Frank Cocx said. "When COVID-19 started we had around € 100 million in net debt. Through the crisis we reduced this to € 61 million as at 31 March 2022, allowing us to grow the company with a healthy balance sheet," he emphasised.

What do you foresee for 2022/23?
"The geopolitical environment is increasingly unstable at the moment and it is difficult to assess the impact on both the short and the longer term," Huub van Doorne said. "We foresee continued and increasing headwinds on input and logistical costs and we will continue our efforts to mitigate these effects. Supported by our positive performance in 2021/22 we are optimistic about the future, however. We expect to continue the growth in the US and anticipate further recovery of the on-trade in Western Europe. We also expect the Japanese market and all travel-related markets to stage a gradual recovery in 2022/23."

"We are committed to significantly stepping up the investments in our brands in 2022/23, focusing in particular on our Global Cocktail Brands," Frank Cocx added. "We will continue to expand the Bols Cocktails brand, in which the roll-out of Bols Ready-to-Enjoy Cocktails will play an important role. We expect that Passoã will continue to make an important contribution to the growth, and that Galliano will further grow its position in the three core markets Australia, Scandinavia and the US."

"Of course the organisation is excited about bringing Tequila Partida to its full potential, initially focusing on the US and Mexico and other markets to follow in due course," Huub van Doorne concluded.

Key figures

IN € MILLION UNLESS OTHERWISE STATED FOR THE YEAR ENDED 31 MARCH	2022	2021
Results		
Revenue	92.0	57.3
Gross profit	51.4	30.1
Gross margin	55.9%	52.5%
Normalised operating profit[1]	20.6	8.6
Normalised operating profit margin[1]	22.4%	14.9%
Normalised EBIT[1/2]	22.8	8.1
Normalised net profit / (loss)[1]	14.7	3.3
Net profit / (loss)	11.8	(8.6)
Cash flow		
Free operating cash flow[2]	15.6	11.4
Cash conversion ratio[2]	70.1%	108.5%
Balance sheet		
Working capital[2]	19.1	13.8
Total equity	225.5	184.8
Net debt[2]	60.7	92.4
Results		
# of shares issued at 31 March	14,972,756	12,477,298
Weighted average # of shares	13,328,276	12,477,298
Normalised earnings per share[1]	1.11	0.26
Net earnings per share	0.89	(0.69)
Total dividend per share	–	–
Employees		
Number of FTEs	66	62

[1] Excluding one-offs. For further information about the one-offs, please refer to our commentary on non-GAAP measures as of page 168.

[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 168.

Shareholder information

Share listing

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

The Lucas Bols share

	2021/22	2020/21
Number of outstanding ordinary shares at 31 March	14,972,756	12,477,298
Share price low	€ 9.00	€ 6.92
Share price high	€ 12.26	€ 11.80
Closing share price on 31 March	€ 10.74	€ 11.00
Proposed total dividend per share	–	–
Market capitalisation at 31 March	€ 160,807,399	€ 137,250,027

Share capital

All of the issued shares of Lucas Bols are ordinary shares with a nominal value of € 0.10 each.
At 31 March 2022 the share capital of Lucas Bols consisted of 14,972,756 ordinary shares which have been fully paid-up. In December 2021 Lucas Bols raised € 28.9 million through an accelerated bookbuild offering of 2,495,458 new shares. The proceeds (€ 28.3 million net of transaction costs and taxes) were used to fund the acquisition of Tequila Partida, with the remainder available for the completion payment of the acquisition of Nuvo and for de-leveraging.

Major shareholders

Pursuant to the Dutch Financial markets Supervision Act (Wet op het financieel toezicht) shareholders are obliged to give notice of interests exceeding or falling below certain thresholds, starting with 3%, to the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten (AFM)). AFM was notified of the following statements of interests of 3% and over in Lucas Bols up to 31 March 2022:

SHAREHOLDER	SHAREHOLDING
Dreamspirit B.V. (controlled by Mr. H.L.M.P. van Doorne)	5.22%
Edelweiss Holdings plc	3.17%
Enix NV	15.01%
John and Marine van Vlissingen Foundation	5.01%
Lazard Frères Gestion SAS	5.01%
Nolet Holding B.V.	25.00%

Dividend policy

Lucas Bols' dividend policy and practices take account of both the interests of the shareholders and the expected further development of the company.

The dividend policy is to pay a ratio of at least 50% of the Company's full-year net profits. Lucas Bols intends to pay dividends in two semi-annual instalments: an interim dividend in the third quarter of each fiscal year (after the publication of the results over the 6-months period ended 30 September) and a final dividend in the second quarter of the following fiscal year (after approval of Lucas Bols' annual accounts at the General Meeting).

There can be no assurances that a dividend will be proposed or declared in any given year.

As a result of the impact of (and ongoing uncertainties related to) the COVID-19 pandemic Lucas Bols has not paid out a final or interim dividend in the calendar year 2021. Although business recovery has been substantial during the year under review, and growth was even achieved in important markets, the macro-economic and geo-political situation remains highly volatile and unpredictable. Therefore, and because the Company raised capital in December 2021 through an accelerated book build (to fund the acquisition of Tequila Partida, amongst others), Lucas Bols decided to also refrain from proposing to pay a final dividend over the 2021/22 financial year.

In addition, the Management and Supervisory Board have performed a detailed assessment of the Company's future growth strategy, which is aimed at maximising total shareholder value creation and returns. Central themes in that strategy are using the Company's strong cash generation to invest in the (global cocktail) brands substantially, be able to also pursue acquisitive growth and to further improve the balance sheet whilst paying an attractive dividend. Despite COVID-19, the Company has demonstrated to be able to create value by investing in its existing brands and adding new brands to the portfolio.

Consequently, the Company has decided to partly amend its dividend policy. The dividend pay ratio will depend on the Company's recent financial performance and financial position, organic and acquisitive growth opportunities and macro-circumstances.

Under the amended policy, the intention is to pay a ratio of 40% to 50% of full-year net profit. Dividends will continue to be paid in cash in two semi-annual instalments. The intention is to pay an interim dividend in the third quarter of each fiscal year equal to 40% of net profit over the first half year of that respective fiscal year.

Financial calendar

7 July 2022 Annual General Meeting of Shareholders
17 November 2022 Publication half-year results 2022/23

Prevention of insider trading

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

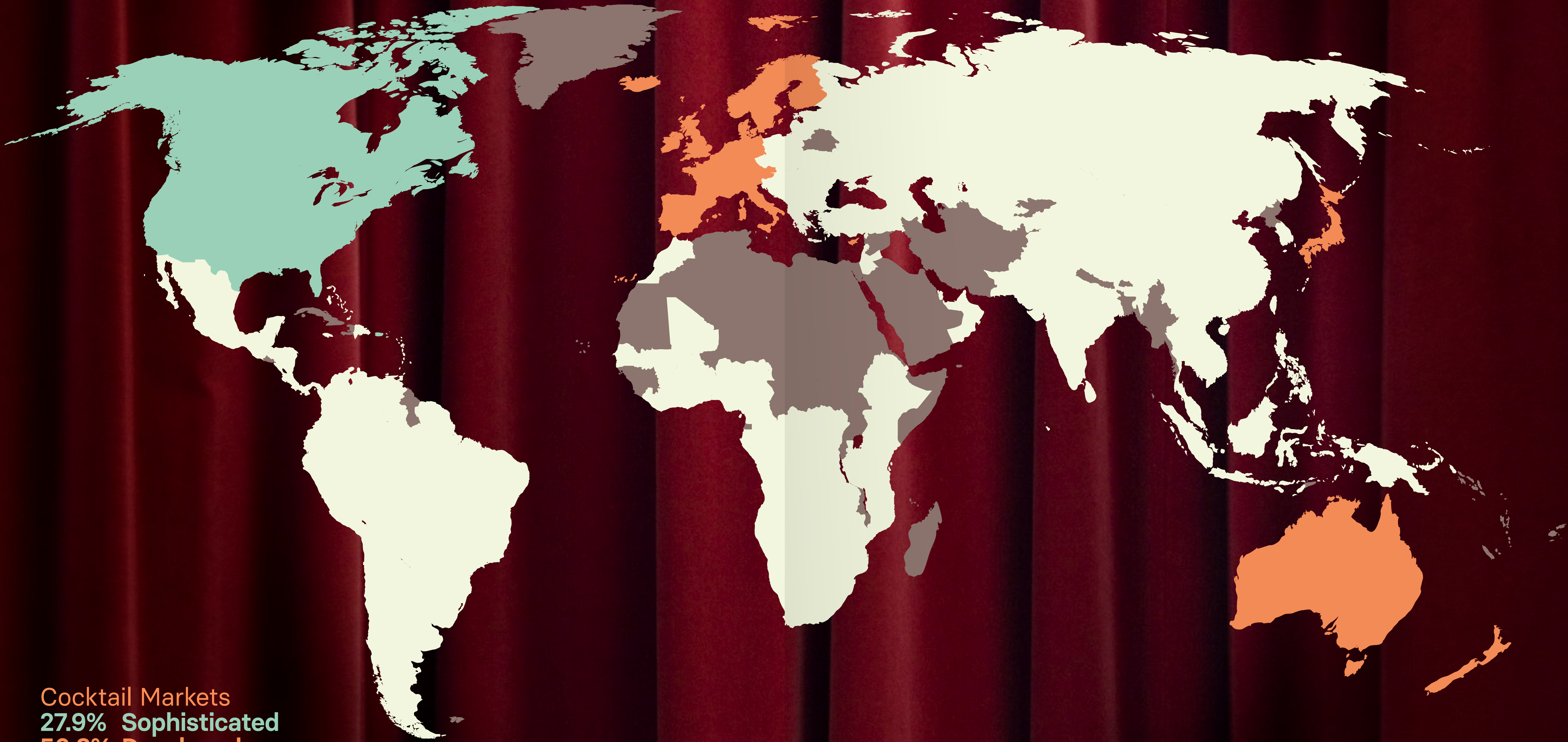
The compliance officer sees to it that the legislation relating to insider knowledge is adhered to and other compliance risks are observed. Lucas Bols has an employee share participation plan (see page 77). Frank Cocx (CFO) is the Company's compliance officer.

Investor relations

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

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

Global presence
The world is our stage



Cocktail Markets
27.9% Sophisticated
56.8% Developed
15.3% Emerging

Our Global Cocktail Brands portfolio consists of three premium brands, each holding a leading position in the spirits industry: Bols, Passoã and Galliano.

Bols. The world's first cocktail brand.

Based in Amsterdam since 1575, Bols' high-quality products blend over four centuries of craftsmanship and experience. Bols has been part of global cocktail culture since the first wave in 1862 and still actively engages with the international bartender community to create new drinks and experiences for their customers. Bols also inspires consumers to make and drink cocktails at home with its wide variety of products and flavours.

Bols Liqueurs

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

Bols Genever

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

Bols Vodka

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

New! Bols Ready-to-Enjoy Cocktails. Magically simple.

The launch of the revolutionary Bols Ready-to-Enjoy Cocktails, marks the new journey of Bols as a consumer brand. With an industry that is shifting towards quality in-home entertainment, Bols brings home the magic of cocktails with these Ready-to-Enjoy Cocktails in three steps: Chill, Pour & Garnish. Each of the five Bols Ready-to-Enjoy Cocktails feature an expertly-crafted blend of premium Bols spirits and liqueurs, with 100% natural flavours and no preservatives. Bols Ready-to-Enjoy Cocktails were launched in the US and the Netherlands in the second half of 2021/22, with other markets to follow.

Bols Cocktails Tubes

The Bols Ready-to-Enjoy Cocktails Tubes are truly innovative, serving one to two cocktails. The 200ml tubes are sustainable, designed to preserve exceptional taste and quality. They boast a premium black design and create a new, premium segment within the fast-growing category of ready-to-serve cocktails, where they stand out between the many cans. The Bols Cocktails Tubes are sold in retail stores and online, and are a great solution for (boutique) hotels and small bars.

Bols Cocktails Multi Serve Bottle

The Ready-to-Enjoy Cocktails are also available in 700ml multi-serve bottles and allow for five to seven cocktails to be poured directly out of the chilled bottle into the glass. Restaurants and bars are struggling to recruit and retain bar staff and mixologists. This helps them to continue their high-quality cocktail service without compromising guest experience. In the US we also sell a 375ml size, geared towards consumers for three to five cocktail serves, mainly sold out of the cold box in retail and convenience stores.

Passoã. The Passion Drink.

Created in 1985 and now the world's number one passion fruit liqueur, Passoã is perfect for making easy mixes and professional cocktails such as the original Pornstar Martini. The natural and refreshing flavours of Passoã's unique Brazilian passion fruits shine through in any mix and cocktail and are right on-trend. Passoã is known for its attractive red colour and iconic black bottle with a recognisable sunset logo and fresh passion fruit visuals. The key markets for Passoã are the UK, France, the Netherlands, the US, Puerto Rico and Belux.

Passoã & Tonic

Passoã & Tonic is a refreshing low-alcohol cocktail with great colour that is easy to make anytime, anywhere: a fresh fruity light alternative to Gin & Tonic. For a low-sugar alternative, tonic can be replaced with soda water. Passoã & Tonic is also available in a can for on-the-go consumption. Another easy and fresh example is the Passoã Rosé Sangria, a modern exotic spin on the most sharable cocktail.

Passoã Pornstar Martini

Originally created with Passoã, the Pornstar Martini is the number one cocktail in the UK, the fastest growing cocktail around the world and the most searched cocktail online. Often the best-selling cocktail at the bar, this fancy flavorful new classic is a shaken cocktail traditionally served with a shot of champagne. Passoã has become a premium brand for both the professional bartender and consumers with this unique, signature cocktail.

Galliano. Spirito Italiano.

Galliano traces its roots back to 1896, when Arturo Vaccari first made the iconic liqueur in Tuscany, Italy. It's the true Italian spirit with the iconic tall, slender shaped bottle with many tapered flat sides, inspired by the columns of the ancient temples of Rome. Galliano offers the finest ‘Italian’ flavours and lifestyle, to be celebrated with friends and family. The range consists of Galliano L’Autentico, Vanilla, Espresso, L’Aperitivo, Amaretto and Sambuca white & black. With its unique selection of best-in-class ingredients, all flavours have received the highest quality rating in the Difford's Guide. Galliano is largely consumed in cocktails after dinner and its key markets are the US, Canada, Australia, New Zealand, Scandinavia, Germany and the UK.

Galliano Hot Shot

A surprisingly delicious and great looking (after dinner) treat to impress your guests. It's a simple drink to make with three equal parts of Galliano Vanilla or L'Autentico, hot coffee and cream. First pour Galliano into the glass. Using the backside of a spoon, carefully pour hot brewed coffee on top of the Galliano and top the coffee off with whipped cream. Started in Scandinavia, but now gaining traction around the world.

Galliano Espresso Martini

A well-known classic cocktail of three equal parts of coffee liqueur, vodka and espresso, growing rapidly in popularity. It is currently the no. 3 in Difford's Guide's "the world’s top 100 cocktails". If you are looking for the most extravagant Espresso Martini, use Galliano Espresso. It is the only ‘espresso’ liqueur in the market, with a full-flavoured palate similar to a real espresso. Galliano Espresso is a perfect blend of dark-roasted Arabica and Robusta beans to give this cocktail the length and intensity it deserves. For those who love coffee.

Our Regional Liqueurs & Spirits brands portfolio consist of more than 20 brands such as Pisang Ambon, Tequila Partida, Nuvo, Henkes, Bols, Bokma, Coebergh and Hartevelt. These brands are potential new Global Cocktail Brands and important cash generators. They are categorised into International Liqueurs & Spirits and Domestic Liqueurs & Spirits.

International Liqueurs & Spirits brands.

The international portfolio includes well-known brands such as Pisang Ambon, Tequila Partida, Nuvo, Henkes, Vaccari and Damrak, amongst others. Most brands are "local heroes" and have a strong position in specific markets. Investments are made to drive regional brand development, with the objective for certain brands to become a Global Cocktail Brand.

Pisang Ambon
Banana Liqueur

Founded in 1948 based on an original Indonesian recipe, Pisang Ambon is thé banana liqueur. It has an emerald-green colour and comes in a legendary square bottle. The brand is a tribute to its Indonesian roots (Ambon island near Bali) and 'pisang' (Indonesian for banana). In 2021 Pisang Ambon was re-vamped with a 100% natural and even smoother banana flavour and a new eye-catching, premium packaging. The brand is loved by thirty-somethings for its ease in mixing, out-of-the-ordinary taste and low ABV (17%). Pisang Ambon's key markets are the Benelux, France and Scandinavia.
Pisang Ambon. Break free from the ordinary!

Nuvo
Rose Vodka Spritzer

Nuvo Sparkling Liqueur defines luxury and is the ultimate accessory when celebrating life. It is crafted with ultra-premium French vodka, a touch of sparkling white wine and infused with a proprietary blend of fruit nectars. Nuvo's ultra-premium bottle stands out on any table, is the perfect gift and can be enjoyed over ice or in a mix with tequila, vodka or champagne. In 2022 Nuvo Rose Vodka Spritzer was launched, a premium canned cocktail to extend the brand's presence in the growing RTD category. The brand is sold in the US and in selected markets in Latin America and Europe.
Nuvo. L'esprit de Paris

Henkes
Gin & Whiskey

Henkes is a brand with a fascinating and proud history dating back to 1824. The brand was first exported in the mid-19th century, which led to global recognition and notable awards. Henkes Gin is a juniper berry gin with sweet and citrus notes and is best served with tonic. Henkes Whisky is surprisingly smooth and tasteful, both in a mix and when consumed neat. Henkes has been successfully positioned as a value-for-money brand since: high-quality spirits at an affordable price. This makes the brand very accessible in its current markets (mainly Africa and the Netherlands) with several opportunities to grow the brand in new markets.

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

Damrak
Gin

Made in our distillery near Damrak square (in the heart of Amsterdam), Damrak Gin combines seventeen botanicals (including juniper berry, Valencia orange peel and coriander) and is distilled five times to provide an exquisite smooth taste. In 2020, Damrak was the world's first gin brand to launch a 0.0 gin as a non-alcohol alternative: Damrak Virgin 0.0. Although at 0% alcohol, the spirit contains 100% of the recognisable Damrak Gin botanicals flavour. Exceptionally smooth with a twist of orange, Damrak Gin and Virgin 0.0 are widely appreciated and easily mixed to create a sophisticated drink – with or without alcohol. The US and the Netherlands are currently the most important markets.

Damrak. The Best DAM Gin

New! Tequila Partida.

Tequila Partida (founded in 2005) is inspired by its namesake, Enrique Partida, a third-generation agave farmer and considered a master in his community. Tequila Partida is made from only blue agave grown in the Tequila Valley, near a dormant volcano. After more than five years in the fields the agave is hand harvested by the jimadors, and cooked fresh within 24 hours. After fermentation the liquid is distilled twice in traditional pot stills, producing a clear tequila that retains the fresh, natural characteristics of the agave. Tequila Partida is one of the world's highest rated tequila brands, being the ultimate ingredient to the US no. 1 cocktail the Margarita but also perfectly addressing the trends towards premium tequilas being drunk neat.

Tequila Partida La Familia

Considered by experts as simply 'the best line of Tequila's money can buy' and is widely used to create great tasting cocktails such as the Margarita. Part of the La Familia product range is aged in ex-bourbon, American white oak casks to enhance the fresh natural agave flavour and colour.

Tequila Partida Roble Fino

The Roble Fino product range is considered 'the single malt of tequila'. These unique tequila's are first aged in ex-bourbon casks and additionally spend time in the finest *ex-single malt, sherry-seasoned casks.* This releases unique flavours, making the Roble Fino's best savoured neat in a tequila sipping glass.

Domestic Liqueurs & Spirits.

Our domestic brands have a strong sense of heritage and are important cash generators. They include premium Dutch genever brands and the exclusive Bols KLM Delft Blue miniature houses. Other Domestic brands such as Coebergh, Zwarte Kip Advocaat and Wynand Fockink with its range of artisanal genevers and liqueurs, demonstrate our entrepreneurial spirit and leading market position.

Bols & Bokma Dutch Genever & Vieux

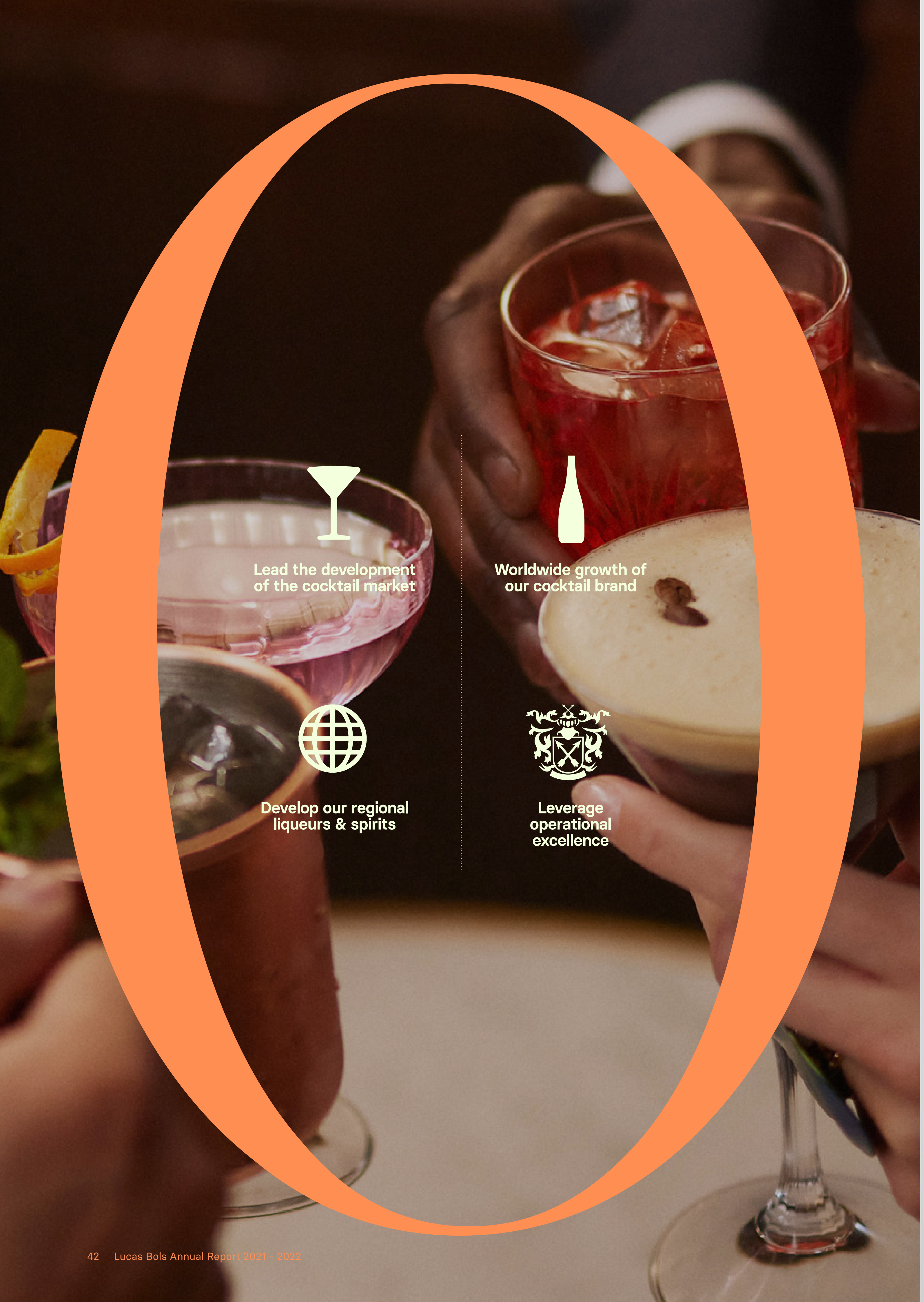
Genever is the centuries-old local Dutch spirit, and one of the largest spirit categories in the Netherlands. The Lucas Bols Company is the market leader in genever and has a range of iconic brands such as Bols, Bokma, Hartevelt, Hoppe, Floryn and Legner. The premium Bols and Bokma genevers have distinctive packaging and a rich heritage, each with a wide range of products varying from traditional young and old unaged genevers to speciality and aged genevers such as Oak cask blends, Bourbon cask and Rye genever.

Vierkant achter Bokma

Coebergh Wild Berries

Founded in 1877, Coebergh is a traditional flavoured jenever brand with black berries. The Coebergh portfolio consists of Coebergh Classic (20% ABV), a fruity liqueur with red fruits and black berries as a base and Coebergh Red Fruit liqueur which has additional cranberries and is lower in ABV (14.5%), making it suitable for supermarket sales in the Netherlands. In 2021 Coebergh 0.0% was launched, which contains no alcohol and has a soft and fresh taste. Coebergh is traditionally enjoyed with orange juice, but also tastes great on the rocks, with sparkling wine and/or soda water.

De traditionele wilde bessenlikeur



Mission & strategy

Our Mission at the Lucas Bols Company is to create great cocktail experiences around the globe. We combine over four centuries of craftsmanship with the creative spirit of Amsterdam to discover new flavours and cocktails. Every day. This allows us to build leading cocktail and spirits brands for today's bartenders and consumers. This is how we create long-term value at the Lucas Bols Company. Lucas Bols. Masters of Taste.

Our four strategic pillars

Our strategic objective as Masters of Taste, is to grow and develop the cocktail market and our cocktail brands. To accomplish this, we focus on the following key strategic pillars:

Lead the development of the cocktail market

As market leader it is important for the Lucas Bols Company to drive cocktail innovation and trends in order to grow the cocktail market around the globe. We have an active innovation programme, continuously updating and launching new flavours and packaging as well as introducing new-to-market concepts, which allow for great new cocktail experiences. We closely engage with the global bartending community, creating new trends in the cocktail market together. We work with retailers and engage directly with influencers and consumers to support and inspire cocktail consumption at home. Initiatives – increasingly online – such as the Bols Bartending Academy and the Bols Around the World global competition capture the interest of the bartending community and consumers alike – we are proud to train new Masters of Taste!

Worldwide growth of our cocktail brands

To grow the equity of our Global Cocktail Brands (Bols Cocktails, Passoã and Galliano) we focus on growing the global and local cocktail markets. We aim to increase our market share in current cocktail markets by increasing distribution penetration, investing in brand awareness and opening up (digital) direct-to-consumer sales. Besides building our existing cocktail markets we also enter into (and expand) our Global Cocktail Brands in Emerging Cocktail Markets.

Develop our Regional Liqueurs & Spirits

Within our portfolio of Regional Liqueurs & Spirits brands we drive regional brand growth for our local heroes. We develop clear roles and strategies for the various brands, especially within our domestic genever portfolio. This helps increase competitiveness and protect the contribution of these brands. We also optimise profitability throughout the chain by constantly challenging pricing and costs. The ultimate objective for this portfolio is to develop existing brands into new global cocktail brands by investing in brand-strategy development and awareness.

Leverage operational excellence

Our asset-light business model with a mix of in-house and outsourced activities provides optimum flexibility and creates a strong platform for brand development. We successfully further leverage this platform by adding selected brands through distribution agreements (e.g. regarding our scalable distribution platform in the US), through strategic partnerships with brand owners or by acquiring new brands such as Tequila Partida in the year under review. At the foundation of our asset-light business model are the long-term partnerships with distributors, production and supply chain partners.

Value creation model
Creating great cocktail experiences around the globe

Input

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

Value Creation at the Lucas Bols Company is attained through three unique and strong assets: craftsmanship, brand building and long-term partnerships.

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

Craftsmanship

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

Best in class quality
Our motto, *semper idem* (always the same high quality), is upheld by the Lucas Bols Head Distiller and her team. The team combines the art of selecting the right ingredients with their expertise and curiosity to create hundreds of recipes suited to modern-day consumers and bartenders. The art of mixing and blending has been passed down through generations of master distillers and continues to be an internally trained craft. At our Lucas Bols distillery in the center of Amsterdam, our team of distillers produces the essential flavour distillates for the various Bols Genevers, Bols Liqueurs, Damrak Gin and other brands.

Innovation
Innovation has been key to the success of the Lucas Bols Company over the past four centuries. This is a continuous process at Lucas Bols, meaning that the pipeline is always filled with new flavours, spirits, cocktails and products to be launched at the appropriate time and in relevant markets. This creative spirit is embodied throughout the Lucas Bols Company and is guided by our experienced Research & Development team. The agile team acts quickly with relevant innovations, tapping into the needs of bartenders and consumers. Our latest innovations include Bols Ready-to-Enjoy Cocktails: premium cocktails in multi-serve bottles as well as innovative single-serve recycled PET tubes. This product range has truly set a new standard in the rapidly growing ready to drink cocktail segment with its unique single-serve packaging and best-in-class quality cocktails.

Brand building

Our strong and well-known Global Cocktail Brands are number one brands for bartenders and consumers alike. Our unique brand marketing is key to achieving this, through a mix of inspiration, education and experiences and new consumer campaigns.

Experiences & consumer campaigns
The House of Bols in Amsterdam plays a key role in marketing the Bols Cocktails brand and helps create Bols Cocktails fans and brand ambassadors all over the world. The House of Bols provides a journey into the history of the Lucas Bols Company and its brands and initiates visitors into the world of cocktails and the Dutch spirit of genever. During the year we successfully launched digital and influencer campaigns to also promote Bols Cocktails as a consumer brand, focusing on millennials building on the Bols Ready-to-Enjoy Cocktails. Passoã and Galliano have been active on social media too, with content about their well-loved key drinks: the Pornstar Martini for Passoã and the Galliano Hot Shot and Espresso Martini for Galliano. The brands also actively promote their drinks in bars and at events.

Education & inspiration
Bartenders globally are trained at our Bols Bartending Academy in Amsterdam and by our Bols Global Brand Ambassadors on tour around the world to make the best cocktails and create the best cocktail experiences. These programmes reinforce Bols Cocktails as the world's first cocktail brand. During the pandemic we continued to reach out to our bartender audiences all over the world, providing them with information on new products and innovative drink recipes, via live online seminars. Many Bols Bartending courses were held online, using a newly developed e-learning tool; attendance and course ratings have been overwhelming. Once travel restrictions are lifted and travel is considered safe again, we will continue our well-known Bols Around the World international bartender competition. In addition, it is our ambition to inspire consumers to become bartenders at home with programmes such as the 'Add flavour to your margarita' promotions with Bols Liqueurs in retail stores across the US.

Long-term partnerships

The Lucas Bols Company operates an asset-light business model. Under this operating model, the only activities performed in-house are those which are unique to Lucas Bols or those which must be undertaken in-house. As such, a crucial role is assigned to long-term partnerships. Distillation, innovation and product development, strategic marketing, brand development and distribution in the US are considered core in-house activities. There are three areas where partnerships are particularly essential to achieve our business objectives: the blending and bottling of our products, logistics and the in-market distribution of our brands globally.

Blending and bottling partners
The creation of new products and recipes as well as the selection and extraction of ingredients are the responsibility of the Lucas Bols distillery under the leadership of our Master Distiller. The final blending and bottling of our products is outsourced to strategic partners in various countries around the globe, including the US, Argentina, South Africa, Canada, and France. The vast majority of our products are blended and bottled at our 50-50 joint venture Avandis in the Netherlands. The blending and bottling process takes place under the auspices of, and is subject to, quality control by the Lucas Bols Master Distiller and the product development and quality teams.

Logistics
The Lucas Bols Company works with long-term partnerships to ensure efficient and reliable logistical services globally. Most notably the Company has an active relationship with Nedcargo, our key logistics provider for warehousing and transportation.

Distribution partners
The Lucas Bols Company has a distribution model tailored to the specific needs of each market where the Company is present. In the Netherlands, Belgium and Luxembourg the distribution of our brands is handled by our 50-50 joint venture with Edrington (Maxxium), while the Lucas Bols brands in our key US market are distributed through our wholly owned subsidiary Lucas Bols USA, Inc. In other markets we have strong, longstanding relationships with distribution partners to ensure the route-to-market for our products, including local sales and marketing. Such distributors are carefully selected and evaluated on a market-by-market and brand-by-brand basis.

Stakeholder dialogue

Our Company has a global reach, which means that we impact people around the world. As part of our asset-light business model we also have numerous strategic partnerships in various areas, and we consider these to be important stakeholders. Engaging with our stakeholders is therefore essential to build and maintain trust, develop an understanding of our business challenges, establish goal alignment and develop solutions jointly. An open and constructive dialogue with these stakeholders is crucial to improving our ability to create value. Such dialogue helps us recognise important trends and developments in society and our markets at an early stage, in order for us to take this information into account when making decisions. Embracing open dialogue makes it possible to identify opportunities and risks early on and it ensures that the Lucas Bols Company remains responsive to the wants and needs of its various stakeholders.

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

The Company frequently interacts with all key stakeholders, both periodically and ad hoc.
The Management Board is often involved in these interactions. The relevance and type of dialogue differs per stakeholder. Sometimes direct one-on-one contact is most appropriate (for example with employees and business partners), while indirect communications might be more effective where other stakeholders are involved (for example consumers). On other occasions a combination is preferred: we interact with many bartenders and bar owners around the world both through our distribution partners and our own Bols Bartending Academy.

Stakeholder matrix

	Relevance to the Lucas Bols Company	Relevance to stakeholders / Important expectations	Intended outcome of dialogue	Means of communication
Employees	Bring the Lucas Bols brands to life, really make the difference and add to the Company's value creation	Inspiring and safe working environment	Motivated and dedicated people that are true ambassadors for our brands and the Company	One-on-ones, team sessions, Management Drives, ways-of-working cycle, Code of Conduct
Consumers	Buy and enjoy our product responsibly. Define and accelerate trends that are relevant to us	High-quality products and cocktail inspiration to enjoy at special moments	Loyal consumers who are part of our community, both through on-trade and in-home cocktail consumption	Campaigns and brand activation programmes online and offline, messaging on the package
Bartenders and bar owners	Work with our products to create and serve drinks and cocktails. Promote our products. Co-creation of new products and initiation and detection of trends	High-quality products that deliver bartender and customer satisfaction and are a source of education and inspiration	Loyal customers and brand ambassadors and sources of inspiration to develop new drinks and products	Social media, marketing tools and the Bols Bartending Academy (physically and virtually). Through Bols Around the World and our distributors
Retailers and wholesalers	Promote our products and make them available to consumers and outlets	Provide their customers with unique and high-quality products at a fair price	Product positioning in line with brand strategies, a clear commercial strategy	Marketing, business contacts mainly through distributors, online (including social media)
Blending and bottling partners/ suppliers	Blend and bottle our products according to Lucas Bols recipe to make them available throughout the world. Reliable and consistent quality. Timely delivery of finished products	Loyal partners that operate in a long-term setting based on fair business principles. Products and services that their employees and stakeholder are proud to work with	Value-based, long-term reliable and transparent partnerships contributing to delivering high-quality products on time	Monthly and/or quarterly reviews, periodic reporting and information supply, business contracts, quality standards, projects, Code of Conduct
Partners in logistics	Ship and deliver our products according to Lucas Bols demand & supply planning, i.e. the correct volumes in the right state of quality, at the right time and at the right place	Loyal partners that operate in a long-term setting based on fair business principles. Products and services that help the partners in logistics grow their business strategically	Value-based, long-term reliable and transparent partnerships contributing to delivering high-quality products on time and at the right place	Monthly and/or quarterly reviews, periodic reporting and information supply, business contracts, quality standards, projects, Code of Conduct
Distribution partners	Make our brands available and promote them according to Lucas Bols centrally-defined strategies. Tailor-made local in-market sales and marketing approach	Loyal partners that operate in a long-term setting, providing customers with unique and high-quality products that complement their portfolio at a fair price	Value-based, long-term reliable and transparent partnership contributing to the development of our brands in global markets	Monthly and/or quarterly reviews, periodic reporting and information supply, business contracts, quality standards, projects, brand, sales and marketing plans, Code of Conduct
Shareholders	Provide the trust and capital we need to maximise returns and to develop our Company and brands in the long term	Receive a long-term return on investment, in a transparent setting	Maintain confidence and long-term commitment	Corporate website, press releases, financial reporting, investor presentations and gatherings, AGMs, roadshows, cocktail markets days
Banks	Provide the trust and funding we need to develop our Company and brands in the long term	Creditworthy company with a balanced and consistent risk/reward profile	Long-term relationship and fair terms, consistent with our risk profile	Corporate website, periodic meetings and reporting, press releases, financial reporting
Government bodies	Responsible for setting the laws and regulations relating to excise duties, responsible consumption of alcohol (including drinking age regulation), import restrictions, etc.	Trade and income from excise duties; partner in programmes regarding responsible consumption of alcohol	Fair and balanced laws and regulations, effective programmes regarding responsible consumption of alcohol	Contact is primarily driven by our local distributors
NGOs	Responsible for giving input into laws and regulations relating to excise duties, responsible consumption of alcohol (including drinking age regulation), import restrictions, etc.	Trade and income from excise duties; partner in programmes regarding responsible consumption of alcohol	Fair and balanced laws and regulations, effective programmes regarding responsible consumption of alcohol	Overall contact is coordinated centrally with most of detailed contact driven by our local distributors

Composition of the Management Board

Chief Executive Officer (CEO)
Mr. H.L.M.P. (Huub) van Doorne

(current term expires in 2022)

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

Huub is vice-chairman of Spirits NL, the Dutch spirits industry organisation and was Board member of STIVA, the Dutch foundation for responsible alcohol consumption until 7 December 2021. Huub also holds Board positions within the Lucas Bols joint ventures: he is chairman of the Supervisory Board of Maxxium Nederland, chairman of the Supervisory Board of Maxxium BeLux, member of the Supervisory Board of Avandis and member of the Board of BolsKyndal. Furthermore, Huub is member of the Supervisory Board of Het Aambeeld N.V.

Chief Financial Officer (CFO)
Mr. F.J. (Frank) Cocx

(current term expires in 2024)

Frank Cocx (1981) joined the Lucas Bols Company on 1 April 2020 and teamed up with Huub to navigate the Lucas Bols Company through the COVID-19 pandemic whilst implementing and executing the Fit-for-Growth operating model.

Frank is member of the Supervisory Board of Maxxium Nederland, member of the Supervisory Board of Maxxium BeLux, member of the Supervisory Board of Avandis and member of the Board of BolsKyndal. In addition, Frank is member of the Supervisory Board of Stichting Kinderfeest.

Report of the Management Board

The Lucas Bols Company delivered a strong set of results in the 2021/22 financial year, with performance well ahead of pre-pandemic levels and important strategic and financial changes implemented. Revenue grew significantly: up 61% vs. last year and up 10% compared to pre-pandemic FY 2019/20 levels. This growth was mainly driven by solid depletions in many key markets, organic growth of the core brands and the gradual re-opening of the on-trade. Most markets saw a robust recovery with some key markets, including the US, the UK and Australia, even posting excellent growth vs. the 2019/20 financial year. In other markets, including Japan and travel-/tourism-related markets, restrictive COVID-19 measures continued to negatively impact performance. Passoã posted double-digit revenue growth for the second consecutive year whilst Bols Cocktails achieved a substantial recovery following the expansion of distribution outlets in the US (to over 50,000 accounts) and the gradual reopening of the on-trade in many markets.

The revenue growth compared to FY 2019/2020, together with overhead cost savings of € 1.7 million (or -12%), also resulted in improved operating profit, which came in € 2.9 million (or 16%) higher than pre-pandemic levels. This growth in operating profit was realised in spite of intensified global supply chain disruptions, which affected both the availability and pricing of raw materials and logistics. This situation deteriorated following the recent increase in macro-economic and geo-political instability. In the year under review it impacted both our profitability (due to increased input costs and higher logistics costs) and our cash generation (due to investing in additional safety stock levels and contingency plans). To minimise the impact, decisive measures were put (or kept) in place, for example customer price increases, measures to cut overhead costs and strict working capital and cash management practices.

The 2021/22 financial year also marked the implementation of the Fit for Growth operating model, enabling the Lucas Bols Company to further accelerate the execution of its strategy focused on cocktails, brands an innovation with the ultimate objective of stepping up growth. Consequently the revenue growth target for the Global Cocktail Brands was increased to 4-5% per annum. Another strategic milestone was the acquisition of Tequila Partida, the world's highest-rated ultra-premium tequila brand. Tequila Partida is a perfect fit with the global cocktail strategy and will further strengthen the brand portfolio and leverage the Lucas Bols' distribution platform. The equity raise to fund the transaction (successfully executed in December 2021) combined with the Company's organic operating cash flow substantially strengthened the balance sheet: net debt was reduced to € 60.7 million (vs. € 92.4 million a year ago) and the leverage ratio at 31 March 2022 was 2.7x (31 March 2021: 8.3x).

Business review

Supply chain
Global disruptions in the supply chain have impacted the 2021/22 financial year. Shortages of raw materials (such as glass and aluminium) imposed serious challenges in terms of material requirements and production planning as well as product availability. Since the outbreak of the COVID-19 pandemic input costs have also increased, mainly of alcohol, aluminium, glass, sugar and paper, putting pressure on our margins and profit. In addition, headwinds on logistics costs intensified during the year as a consequence of the global container shortage, increased rates and a more expensive shipments mix (mainly driven by the substantial growth in the US and Australia). The war in Ukraine intensified the supply disruptions described, but because the war started at the end of February 2022 these effects did not materially impact performance in 2021/22.

We took decisive action to mitigate the impact. We expanded our contingency options (in relation to sourcing, production and logistics), invested in planning capabilities (both at the Lucas Bols Company and Avandis), planned and allowed for extended lead times (raw material purchasing, production and shipping), built safety stock levels if and when deemed necessary and agreed price increases with our customers.

Thanks to these measures and our strong and flexible supply chain partnerships we experienced no significant raw material shortages, production disruptions or logistical issues. As a result we were able to deliver our products to markets around the world without facing notable out-of-stock situations, even under these challenging circumstances. From a cost perspective our 2021/22 result did suffer from these circumstances: increased input costs put pressure on our profit margins whilst the logistics headwinds substantially increased our logistical costs.

> "The global performance of the Bols Cocktails brand is nearly fully back to pre-COVID-19 levels."

Route to market
During the year, we implemented two key changes in our route to market.

First, the Lucas Bols Company strengthened its existing successful partnership with Edrington in Maxxium the Netherlands with the creation of Maxxium BeLux, the 50/50 joint venture between the Lucas Bols Company and Edrington. The new joint venture will distribute the Lucas Bols' and Edrington's portfolios of brands in Belgium and Luxembourg. Maxxium BeLux fits Lucas Bols' asset-light business model as it strengthens its distribution platform with limited additional financial investments. It will also enable the Company to meet the demands of key customers across the Benelux region through a single-distributor solution. This mirrors recent consolidation developments in the Benelux market, as evidenced for example by an increasing presence of Dutch retail and cash-and-carry customers in Belgium. Maxxium BeLux began operating on 1 October 2021 with the Lucas Bols portfolio of brands adding the Edrington portfolio in January 2022.

In the first quarter of the year under review, the Company signed an agreement with Maverick Drinks of the United Kingdom appointing Maverick Drinks as the Company's exclusive distributor of the Bols and Galliano brands in the UK market. These brands are a perfect fit for the Maverick Drinks portfolio given its strong heritage, focus on craftsmanship and quality, and ambition to grow its brands significantly amongst both discerning bartenders and home bar enthusiasts. Maverick Drinks' unique capabilities in building brands online also aligns well with Bols Cocktails' plans to promote the cocktail culture to a new generation. The agreement came into effect in May 2021, and plans for 2022/23 (which include the Pisang Ambon brand) are currently being implemented. Furthermore we extended some important distribution contracts including In Japan, Australia and New Zealand, China, Scandinavia and Germany as well as for Passoã in the UK.

Commercial initiatives
In the year under review COVID-19 continued to pose challenges in terms of effectively developing and implementing commercial initiatives. For example, we were unable to meet most of our distributors in person and had to work from home for most of the year. Nevertheless 2021/22 also brought many promising initiatives including inspiring efforts to fuel the enthusiasm of our business partners and brand ambassadors, and we continued to engage virtually with bartenders around the world. The Bols Bartending Academy is supported by an e-learning platform and we were able to organise a successful in person Bols Bartender Competition in Dubai. Looking at business opportunities, great efforts were made to accelerate our focus on retail, enhance our online communication and sales strategy and develop ready-to-serve propositions and do-it-yourself cocktail packs. The increased in-home consumption of cocktails in many markets is an important driver of our retail and direct-to-consumer strategy. Brand-specific initiatives are discussed below.

Brands
Global Cocktail Brands

The Bols Cocktails brand
The Bols Cocktails brand is truly about cocktails, and is positioned accordingly through the Bols Liqueurs, Bols Vodka and Bols Genever ranges as well as our latest innovation: the Bols Ready-to-Enjoy Cocktails range. With the brand predominantly positioned in the on-trade channel, depletions were heavily impacted by COVID-19 measures. During the last year we successfully gained listings in the off-trade across key markets. We also witnessed a strong recovery in many markets, predominantly in the US and throughout Western Europe due to the re-opening of the on-trade and the easing of measures.

The introduction of the Bols Ready-to-Enjoy Cocktails range in the US and the Netherlands emphasizes our increased focus on the consumer and sales to the off-trade and is fully in line with our long-term cocktail strategy. For the first time a Bols Cocktails consumer communication campaign was launched to support the introduction of Bols Ready-to-Enjoy Cocktails. The campaign is based on a 'digital first' touchpoint strategy to ensure we connect with our target consumers through their preferred media channels. The initial results of the campaign are very promising and the product is well received by both the on-trade and consumers.

Bols Liqueurs saw a strong recovery in depletions in the US from February 2021 onwards and a clear sequential improvement in depletion trends in many other markets due to the gradual reopening of the on-trade. The growth is supported by the new packaging, making a clear impact in retail markets where it was introduced on-shelf over the last year, with other markets to follow in 2022/23.

The global performance of the Bols Cocktails brand is far ahead of the previous year and nearly fully back to pre-pandemic levels. Recovery in Western Europe has been strong. In the US the focus was on continued engagement with our distributors and driving expansion of distribution points to well beyond 50,000 accounts, gaining many new listings with our liqueur range, benefiting from the re-launch.

In the Emerging Cocktail Markets, China continued to show growth in depletions. We also observed solid growth numbers in Eastern European markets, resulting in depletion levels ahead of 2019/20 (pre COVID-19). One of our key Developed Cocktail Markets is Japan. This market continued to suffer from heavy COVID-19 restrictions, significantly affecting our Bols Liqueurs range depletions. In the second half of the year under review performance started to improve, however it is not yet back at pre COVID-19 levels.

Key drivers for growth are the new packaging design for Bols Liqueurs with natural botanicals and a clear signature drinks strategy for each market. Markets can select which cocktails are most likely to appeal to local consumers and focus communication primarily on these drinks.

Passoã

The past year has again been very strong for Passoã with double-digit revenue growth, as it benefited from the reopening of the on-trade and a consolidation of in-home consumption.

All top markets except Japan perform better than pre-COVID-19. The UK, the US, Puerto Rico and the Netherlands were the main growth drivers, while positive and promising momentum was also seen in most mature European countries. In the UK the Passoã brand grew across all trade channels. Passoã performed significantly better than the liqueurs category, supported by the confirmed popularity of the Pornstar Martini cocktail and our increased investments in brand building.

Passoã's momentum was also outstanding in the US, driven by both on- and off-trade channels. The brand added points of distribution and saw consumer demand grow thanks to successful initiatives such as a sampling programme of miniatures to help recruit new Passoã consumers combined with a targeted social media campaign. The strong growth recovery in the Netherlands, a more historical and mature market, shows the success of the strategic shift made by the brand a few years ago, and underlines the brand's perfect fit with current consumer trends.

> "The past year has again been very strong for Passoã with double-digit revenue growth."

Galliano

In the year under review Galliano clearly outperformed both the previous year and the pre-COVID-19 year 2019/20, showing strong growth in our key markets. In Australia and New Zealand Galliano's solid performance was driven by retail sales as consumers socialised at home with Galliano Sambuca.

The Galliano brand achieved good results in Scandinavia leveraging the original 'Galliano Hot Shot' signature serving ritual. Before the pandemic the Galliano Hot Shot was mainly focused on the on-trade, but now the retail share in total volumes has doubled and this momentum has continued since the lockdown measures were lifted. We successfully drove in-home consumption via newly created online videos to increase awareness and consideration with consumers (after-dinner at home) and boost sell-out particularly in Sweden. The on-trade channel is also getting back on track with strong initiatives like the first edition of 'National Hot Shot Day,' with over 35 bars in Stockholm taking part and a total of two million consumers reached via an online campaign.

In the US, the Galliano brand saw double digit growth compared to the year before, supported by an increase in the number of points of distribution for Galliano L'Autentico and a significant step-up in rotation for Galliano Ristretto. In particular the commercial boost programme in selected states is speeding up the transition from Galliano Ristretto towards the more attractive Galliano Espresso name through its signature serve, the Galliano Espresso Martini.

From a global perspective, Galliano launched a new mobile-friendly digital platform (www.galliano.com), increasing awareness and consideration of the key drinking moments for the Galliano brand. The platform has a clear focus on the after-dinner coffee moment. Our key signature serves such as the Galliano Hot Shot, the Galliano Espresso Martini and iced-coffee cocktails are presented and promoted with 'how-to-make' videos. The platform also offers a simple and convenient way to purchase Galliano: the transaction is directed to local retailers in our markets in the Pacific region, Scandinavia, the US and the Netherlands.

Regional Liqueurs & Spirits brands

The Regional Liqueurs & Spirits portfolio aggregates our traditional Dutch Genever & Vieux brands, the International Liqueurs & Spirits, the emerging markets opportunities, the business-to-business concentrate offering as well as the House of Bols and the exclusive Bols KLM Delft Blue miniature houses. A separate and dedicated team is set up to serve this business.

Performance within Regional Liqueurs & Spirits in the year under review was mixed. More retail-oriented brands such as Pisang Ambon and Nuvo performed well, as did Vaccari. The Dutch Genever & Vieux portfolio, a category which has been in decline for several years, remained under pressure also due to the July 2021 implementation of the National Prevention Agreement, which limits promotional discounts to 25%.

One of the focus points for the regional brands is to protect and, where possible, increase profitability. In 2021/22 steps were taken to increase the gross margin, including the implementation of price increases.

Pisang Ambon

The overall performance of the Pisang Ambon brand in 2021/22 was positive, leveraging its strong retail position in key markets Belgium and France.

The trend towards increased in-home consumption was also observed for this brand. Early in 2021 Pisang Ambon was relaunched, including an improved liquid and an upgrade in packaging design, positioning the brand as the world's leading banana liqueur. The positive impact of the brand relaunch will continue in 2022/23 with a roll-out in other markets and a communication plan via social media in the key markets. The new positioning, including a new drinks strategy, was enthusiastically received in the markets.

Genever & Vieux

In the financial year 2021/22 we started to strategically differentiate the various sub-categories (young, old, aged/specialties and vieux) and brands of our Dutch Genever & Vieux portfolio to minimise the domestic volume decline whilst maintaining our overall competitiveness and profitability. While the National Prevention Agreement reduced the price competitiveness of our brands in the short term, we expect there to be opportunities for higher-equity brands such as ours in the medium term. This could for example lead to acting as category captain (following the duty-free experience) to strengthen our position in a very competitive landscape. Hoppe Vieux showed strong brand performance becoming the market leader in the vieux category in the Netherlands.

Vaccari

Vaccari was primarily an on-trade brand before the COVID-19 crisis. Despite this, and thanks to solid brand awareness, Vaccari started to perform well in retail. With the on-trade gradually re-opening it was a strong year for the brand. New social media campaigns in Mexico and a focused on-trade plan in Ireland will further strengthen the brand and its trade performance.

Nuvo

Nuvo is a retail-oriented brand and performed well in the past year. The US business showed notable growth due to both an expansion in the number of points of distribution and improved rotation. E-commerce and direct-to-consumer activation programmes also supported Nuvo retail sales across various key US states. Latin America noted significant growth for Nuvo driven by an increase in consumer demand in countries such as Chile and Mexico. In addition, the launch of the brand in new markets such as Argentina contributed to Nuvo's overall growth.

Damrak Gin

Damrak Gin is a predominantly on-trade-driven brand. As the on-trade re-opened gradually, the brand was able to show growth vs. last year. The launch of Damrak Virgin 0.0 has been well received in the US and the Netherlands, both in the on-trade and retail. Focus was to increase Damrak brand awareness with the unique 'power of two' combination: Damrak Gin & Damrak Virgin.

Henkes

The Henkes brand continued show the strength of its brand equity by doing very well in West Africa: results were ahead of the previous year. The footprint of the brand benefited from improving performance in South Africa combined with the launch in Latin America. A new communication campaign combined with innovation is scheduled to further build the brand in 2022/23.

Other

Despite limited tourism and on-trade measures in the Netherlands Wynand Fockink had a strong year, leveraging its prominent e-commerce proposition. All travel- and tourism-related business, including travel retail, the Bols KLM Delft Blue miniature houses and the House of Bols, was still heavily impacted due to a lack of international travel and tourism. Towards the end of the year under the review we started to enjoy a strong visitor increase at the House of Bols.

Market clusters

Sophisticated Cocktail Markets (US, Canada and Puerto Rico)
In North America the strong recovery and subsequent growth continued throughout the year on the back of the reopening of the on-trade and increasingly buoyant consumer demand. The Lucas Bols USA distribution platform significantly expanded the number of outlets, and – more importantly – really showed its growth potential. Depletions were up 36% compared to the prior financial year and up 38% compared to 2019/20. Revenue was up 147% (+53% compared to 2019/20).

Bols Cocktails in particular benefited from the reopening of the on-trade and saw a significant increase in the number of outlets and menu listings. The launch of Bols Ready-to-Enjoy Cocktails also supported the growth momentum of the Bols brand, increasing brand recognition amongst direct consumers. Passoã is clearly a powerful contributor to the growth in the US market, driven by various Passoã cocktails including the Passoã Sangria. The popular Espresso Martini cocktail boosted sales of Galliano while Nuvo and Pallini also contributed to the growth in the US. The premiumisation of our brand portfolio continued: reported revenue per case grew 29% versus 2019/20.

The in-home cocktail consumption trend that accelerated during the COVID-19 lockdowns continued despite the reopening of the on-trade. Furthermore, Puerto Rico showed an excellent performance, driven by the Passoã brand.

Developed Cocktail Markets (Western Europe, Japan and Australia/New Zealand)
Revenue in the Developed Cocktail Markets grew 34% compared to 2020/21, held back significantly by ongoing COVID-19 measures affecting Japan and Travel Retail. Other markets were able to deliver a solid performance, such as Australia and New Zealand where we were able to maintain last year's high-performance levels. A number of key markets in Western Europe (including the UK) performed really well, supported by continued strong growth of Passoã and the recovery of Bols Cocktails. The full portfolio of brands posted growth in the home market of the Netherlands. Recovery in the Southern European markets really set in as of the summer of 2021.

Emerging Cocktail Markets (Eastern Europe, Asia (excl. Japan), Latin America and Africa/Middle East)
The Emerging Cocktail Markets achieved significant revenue growth compared to 2020/21 (+79%). Eastern Europe, particularly Poland and the Baltics, performed really well and depletions also showed good growth in China, even ahead of pre-pandemic levels. Southeast Asia was still impacted by lockdown measures and the related lack of tourism. Revenue in Latin America and Africa/Middle East grew double digit, also compared to pre-pandemic levels. The Henkes brand continued its growth trajectory in Western Africa, Mexico is showing clear signs of returning to underlying growth on the back of Vaccari and the expansion of Nuvo in Latin America contributed to the growth of the brand. Although business with Russia was ceased directly after the start of the war in Ukraine (end of February 2022), it did not materially impact 2021/22 performance given the size of that business and the shipments undertaken before the war started.

Other

Tequila Partida acquisition
The acquisition of Tequila Partida, one of the world's highest rated tequila brands, was announced in December 2021. The acquisition was funded by a successful equity issue (December 2021) and finalised in February 2022. Tequila Partida strengthens Lucas Bols' brand portfolio and was seamlessly integrated into the Lucas Bols USA distribution platform by the end of March 2022. Tequila is one of the fastest-growing spirits categories in the United States and a key ingredient in the leading Margarita cocktail.

As the business transition only completed towards the end of 2021/22 Tequila Partida had limited financial impact on the year under review.

IN € MILLION UNLESS OTHERWISE STATED FOR THE YEAR ENDED 31 MARCH	2022	2021	% CHANGE ORGANIC	2022	2021	% CHANGE REPORTED
KEY FIGURES	EXCLUDING ONE-OFF ITEMS*			REPORTED		
Revenue	92.0	57.3	59%	92.0	57.3	61%
Gross margin	55.9%	52.5%	200 bps	55.9%	52.5%	340 bps
Operating profit/(loss)	20.6	8.6	130%	20.4	(0.3)	6005%
Operating profit/(loss) margin	22.4%	14.9%	670 bps	22.2%	(0.6)%	2280 bps
EBIT[1]	22.8	8.1	171%	22.6	0.2	13968%
Net profit/(loss)	14.7	3.3	319%	11.8	(8.6)	238%
Earnings per share (in €)	1.11	0.26	n/a	0.89	(0.69)	n/a
Free operating cash flow[2]	15.6	11.4	n/a	15.6	11.4	37%
Net debt	60.7	92.4	n/a	60.7	92.4	(34)%

[1] EBIT is net profit before net finance costs and income tax expense. Thus, EBIT is defined as operating profit plus share of profit of joint ventures.
[2] Free operating cash flow is net cash from operating activities minus cash used for the acquisition of property, plant and equipment and intangible assets.

Financial review

Revenue
Lucas Bols' revenue for the 2021/22 financial year came in at € 92.0 million, an increase of 61% compared to last year (€ 57.3 million) which was supported by the gradual re-opening of the on-trade, targeted on-trade and retail campaigns, positive brand momentum across key markets and the full-year contribution of Pallini. The net effect of currencies on revenue was € 0.9 million positive.

Compared to 2019/20 (pre-pandemic), revenue for the year was up 10%, reflecting the sound resilience of our brands as soon as restrictions were lifted. This growth beyond pre-pandemic levels was achieved despite the ongoing impact of the pandemic (mainly in Japan, Southeast Asia and Travel Retail) and significant global supply chain disruptions.

The Global Cocktail Brands benefitted in particular from the re-opening of the on-trade and posted a 65% rise in revenue compared to 2020/21 (to € 66.2 million) while the Regional Liqueurs & Spirits reported a 50% increase (to € 25.8 million).

Although all market clusters contributed to the year-on-year growth, the Sophisticated and Developed Cocktail Markets were the main driver, largely on the back of the solid performance in the US, the UK, the Netherlands and Scandinavia.

Gross profit
Gross profit for the full year 2021/22 increased to € 51.4 million (2020/21: € 30.1 million), reflecting the substantial increase in revenue and a higher gross margin. The gross margin came in at 55.9% compared to 52.5% in the previous year: a 340bps improvement as price increases and a more favourable mix more than offset a strong increase in input costs. Currencies had a positive impact of € 0.9 million on gross profit.

The gross margin of the Global Cocktail Brands increased by 420bps to 60.2%, driven by accelerated growth of Passoã, mainly in Western Europe, an improved shipment mix in the USA as well as lower investments on commercial A&P. Reported gross profit of the Global Cocktail Brands increased by 78% to € 39.9 million. The gross margin of our Regional Liqueurs & Spirits portfolio increased by 30bps (despite the addition of Pallini which has lower margins given the distribution nature of the contract), amongst others as a result of the growth of Nuvo (both in the US and Latin America) and Vaccari.

2021/22 gross profit was € 3.8 million (8%) higher than pre COVID-19 levels. The 80bps lower gross margin (driven by the addition of Pallini and a significant increase in input costs) was more than offset by higher sales.

Operating profit

Operating profit (excluding one-off items) came in at € 20.6 million for 2021/22 compared to € 8.6 million in 2020/21. Currencies had a positive impact of € 0.9 million. Advertising & Promotion (A&P), including commercial A&P, was up a significant 44% to € 13.0 million, leveraging the excellent brand momentum of our Global Cocktail Brands and demonstrating the substantial investments we continue to make in our key brands. Logistic costs increased substantially (up 78%) due to higher volumes, a different shipment mix and global developments, including the scarcity and associated higher pricing of containers. Commissions paid increased too, reflecting the improved performance of Nuvo, in the US (where commissions are paid to distributors in certain states) and specific Emerging Cocktail Markets.

Normalised overhead costs (excluding commissions paid and depreciation & amortisation) for the year came in at € 12.6 million compared to € 10.4 million in 2020/21. If both years are also adjusted for COVID-19 government grants received in each of the respective years, the year-on-year increase is only € 0.7 million. Measured on the same basis, a € 1.4 million saving in overhead costs was realised vs. pre-pandemic 2019/20: well ahead of our intentions when we announced structural cost savings last year.

The operating profit margin (excluding one-off items) came in at 22.4% in 2021/22 compared to 14.9% a year earlier.

The reported operating profit was negatively impacted by several one-off items as detailed below and came in at € 20.4 million (2020/21: an operating loss of € 0.3 million).

Versus 2020/21, normalised operating profit improved by € 12.0 million (or 140%). The adverse impact of higher logistical costs, more commissions paid and increased depreciation (resulting from the 2020 ERP implementation) were more than offset by higher sales and substantial cost savings.

Compared to pre-pandemic 2019/20 normalised operating profit grew by 17%, from € 17.6 million to € 20.6 million: higher revenue and cost savings (mainly overhead costs) more than offset a slightly lower gross margin and increased logistics costs.

Share of profit of joint ventures

The share of profit of joint ventures came in at € 2.2 million in 2021/22 (2020/21: € 0.5 million). In 2021/22 Avandis contributed a € 0.5 million gain (2020/21: € 1.5 million loss) as production volumes were geared up and operating improvements were implemented. Maxxium the Netherlands' net profit continued to grow, making up the remainder of our share of the profit of joint ventures in the year under review.

EBIT

Excluding one-off items EBIT came in at € 22.8 million compared to € 8.1 million last year. Reported EBIT for 2021/22 was € 22.6 million (2020/21: € 0.2 million).

The table below provides an overview of EBIT (excluding one-off items) for our Global Cocktail Brands and Regional Liqueurs & Spirits.

	GLOBAL COCKTAIL BRANDS		REGIONAL LIQUEURS & SPIRITS	
(IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED 31 MARCH)	2022	2021	2022	2021
Revenue	66.2	40.1	25.8	17.2
Gross profit	39.9	22.4	11.6	7.7
Gross margin	60.2%	56.0%	44.7%	44.4%
EBIT[1]	27.7	15.2	9.3	6.2
EBIT margin[1]	41.8%	37.9%	35.8%	36.1%

[1] excluding one-off items

Net finance costs

Reported net finance costs came in at € 5.2 million in 2021/22, versus last year (€ 3.4 million). Excluding the BolsKyndal one-off (refer below) net finance costs are in line with 2020/21.

Income tax expenses

Normalised income tax expenses amounted to € 4.8 million in 2021/22, compared to € 1.3 million in the previous financial year. The increase is mainly driven by a higher net profit.

Reported income tax expenses amounted to € 5.7 million for the year, compared to € 5.3 million in 2020/21. One-off income tax expenses were recorded in both financial years. Changes in the future Dutch income tax rate were announced in both the 2020/21 and 2021/22 financial years, resulting in a non-cash one-off income tax expense of € 3.9 million in 2020/21 and € 0.9 million in 2021/22.

The 2021/22 normalised effective tax rate was approximately 24.6% (2020/21: 28.7%). This rate is lower than the Dutch nominal tax rate because the share of profit in joint ventures (€ 2.2 million) is not subject to corporate income tax under the 'participation exemption'.

Net profit (loss)

Net profit excluding the one-off items explained below came in at € 14.7 million in 2021/22 compared to € 3.3 million in 2020/21. The reported net result in 2021/22 was € 11.7 million (2020/21: € 8.6 million loss).

Net earnings per share

Net earnings per share excluding one-off items came in at € 1.11 for 2021/22 (2020/21: € 0.26, 2019/20 € 0.90). Reported net earnings per share amounted to € 0.89 in 2021/22 compared to a loss of € 0.69 in 2020/21 (2019/20: € 0.74).

One-off items

The 2021/22 one-off items referred to above have a net impact on net profit of € 3.0 million (an expense) and consist of:

- advisory, legal and other expenses relating to the acquisition of Tequila Partida and the establishment of Maxxium BeLux as well as limited restructuring costs relating to the implementation of the Fit for Growth operating model, totalling € 0.6 million (included in distribution and administrative expenses);
- the curtailment of our defined benefit pension plan due to changes in our pension arrangements amounting to a gain of € 0.5 million (included in distribution and administrative expenses);
- € 1.9 million of expenses relating to the financing of the BolsKyndal joint venture in India (included in net finance costs). The local bank in India providing part of BolsKyndal's financing will cease business. Consequently, and to prevent a significant interest cash drain in case of re-financing, the joint-venture partners agreed in principle to settle all outstanding loans pro rata and account for a corresponding loan to the partners in BolsKyndal's local accounts. Because COVID-19 recovery is taking place too slowly whilst complexity, costs and unpredictability of doing business in India have increased further, the loan (€ 1.6 million) and interest pre-paid on behalf of BolsKyndal of (€ 0.3 million) are not considered recoverable and hence expensed; and
- a non-cash income tax expense of € 0.9 million as specified above.

The 2021/22 one-offs relating to the curtailment of our defined benefit pension plan, the BolsKyndal pre-paid interest and the remeasurement of deferred tax liabilities are non-cash items. The 2021/22 one-off relating to the BolsKyndal loan is a non-cash item for 2021/22, but the corresponding financial liability is expected to lead to a cash outflow thereafter.

In 2020/21 one-off items had a net impact on net profit of € 11.9 million (an expense) and included an impairment of € 8.9 million relating to the Dutch brands, a gain of € 1.7 million on Lucas Bols' shareholding in Avandis, a € 0.7 million impairment on the BolsKyndal joint venture and a one-off income tax expense of € 3.9 million.

In 2019/20 one-off items had a net impact on net profit of € 2.1 million (an expense) and included restructuring costs of € 0.5 million at Avandis, € 0.4 million relating to a write-down of doubtful debts at BolsKyndal and a one-off income tax expense of € 1.2 million.

Cash flow

The free operating cash flow came in at € 15.6 million (2020/21: € 11.4 million), mainly due to the significant increase in operating profit and continued cash and working capital management measures. This was partly offset by higher working capital in support of the business recovery and growth as well as to prepare for expected continued turmoil in the global supply chain. For example, additional safety stock levels were built and are likely to remain in place until supply chain issues recede.

Equity
In December 2021 Lucas Bols launched an accelerated bookbuild offering of new shares and successfully raised € 29 million in equity. Next to funding the Tequila Partida acquisition, the proceeds will be used for the completion of the Nuvo acquisition in June 2023, with the remainder available for deleveraging and general corporate purposes. Equity increased by € 40.6 million to € 225.5 million, mainly due to the recorded net result and the proceeds of the equity issue.

Net debt
Our highly cash-generative business model was sustained throughout the pandemic. Combined with an intensified focus on cash and working capital and the capital raised in December 2021, this resulted in a € 31.7 million year-on-year reduction in net debt to € 60.7 million as at the end of the financial year (31 March 2021: € 92.4 million), establishing a leverage ratio of 2.74x.

Lucas Bols fully complied with the amended bank covenants: as at 31 March 2022 our EBITDA (as per the bank definition) of € 22.2 million exceeded the minimum EBITDA level requirement of € 8.0 million, whilst € 56.8 million headroom was in place on the € 12.5 million minimum liquidity level requirement.

Dividend in 2021/22
At the Annual General Meeting of Shareholders on 7 July 2022 Lucas Bols will refrain from proposing a dividend for the 2021/22 financial year. The company intends to return to dividend distribution as from the 2022/23 financial year.

The war in Ukraine

Although growing, the combined Russia and Ukraine contribution to total revenue is limited to around 1%. As such, the direct business impact to Lucas Bols is relatively limited.

Indirect risks because of the war in Ukraine could affect Lucas Bols more substantially after 2021/22. Prices of important raw materials and logistics are anticipated to increase further directly (e.g. grain and alcohol) and indirectly, mainly through higher and more volatile energy prices (impacting the price of glass and logistics, amongst others) and scarcity.

Outlook

With growing geopolitical instability, amongst others driven by the Ukraine war, we foresee further increase on input and logistical costs and other inflationary pressures. We will continue our efforts to mitigate the impact, focusing on maximising supply certainty and predictability, and limiting volatility in pricing. Further price increases will be agreed with customers where applicable and possible and disciplined cost management remains in place. Our relatively high inventory levels, agile supply chain management and strong partnerships throughout the chain will help minimising potential availability issues.

However, supported by our positive performance in the 2021/22 financial year we are optimistic about the future. We expect growth in the US to continue and anticipate further recovery of the on-trade in Western Europe. The Japanese market and all travel-related markets are expected to recover gradually in the coming months. We intend to step up our A&P investments in the brands in 2022/23 continue achieving the 4-5% annual revenue growth target for the growth of our Global Cocktail Brands. We expect the growth momentum of our brands to continue and therefore foresee revenue growth in the 2022/23 financial year, particularly for Bols Cocktails and Passoã. Furthermore, the integration of Tequila Partida will be a positive factor in the development of Lucas Bols.

In line with our policy we have hedged more than 60% of our expected 2022/23 net cashflows in foreign currencies to minimise the impact of foreign currency developments.

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

The Lucas Bols Company focuses its CSR efforts on the following areas:

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

The Lucas Bols Management Board holds ultimate responsibility for the CSR strategy, while the implementation and execution of the strategy is a company-wide responsibility.

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

Now that the world is slowly recovering from the pandemic and an increasing number of promising sustainability initiatives are underway, the Management Board intends to transform its CSR strategy into a more comprehensive Environmental, Social & Governance (ESG) strategy during the 2022/23 financial year. Although the detailed Corporate Sustainability Reporting Directive (CSRD) of the European Financial Reporting Advisory Group (EFRAG) has not been issued yet, it is expected that any ESG reporting requirements relevant to Lucas Bols will become effective in the 2025/26 financial year. However Lucas Bols takes the view that the ESG strategy should go beyond simply seeking to comply with reporting requirements, we believe it substantially contributes to value creation, brand equity and risk management.

Sustainable development goals

How the Lucas Bols Company contributes

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

3 GOOD HEALTH AND WELL-BEING

- Invest in technologies to reduce run-off and utilising grey water at our Avandis joint venture

6 CLEAN WATER AND SANITATION

- Reduce energy consumption at both our own premises and our partners' premises (for example at our Avandis joint venture)
- Increase the use of renewable energy, including at our Avandis joint venture and our logistics provider Nedcargo
- Generate energy from waste

7 AFFORDABLE AND CLEAN ENERGY

- Reduce our environmental footprint year-on-year, in cooperation with our partners in the supply chain
- Reduce waste and energy consumption at our Avandis joint venture
- Reduce CO_2 emissions at our logistics provider Nedcargo
- Reduced footprint of the Lucas Bols headquarters (for example by installing LED lighting, going paperless and light sensitive blinds)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible drinking

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

Drink less but better

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

We try to achieve this with and through our local distribution partners, selected because they share our vision to promote responsible alcohol consumption all around the world. Adhering to the marketing code to ensure that campaigns are only targeted at adults above the legal drinking age is a key aspect of this.

Contributing to the prevention of alcohol misuse is another element and we work on this in partnership with governments and industry organisations. The spirits industry is highly regulated and as a minimum requirement we comply with all laws and regulations wherever we operate.

Promote low and no alcohol drinks

At the Lucas Bols Company we encourage the strengthening trend towards more healthy options, such as low and no alcohol drinks. We are fully dedicated to promoting lower-alcohol drinks, for example with our Bols Liqueurs range. We showcase how to make cocktails which are tasty and refreshing, yet low in alcohol content by replacing a strong spirit with one of our liqueurs (which are lower in strength) combined with a soda. Various flavours in our Bols Liqueurs range can serve as a perfect base for a light alcoholic drink. For instance, our Bols Cucumber liqueur is excellent mixed with tonic to create a refreshing low-alcohol cocktail whilst Bols Ginger with soda water creates a low-alcohol and low-sugar cocktail with a rich and tasty flavour. Another example is the easy cocktail Pisang Fizz, a contemporary take on a classic serve, with equal parts of Pisang Ambon, orange juice and tonic.

We are actively promoting these drink concepts in our low-alcohol cocktail campaigns aimed at offering consumers new and exciting alternatives.

Damrak Gin was the world's first gin brand to launch a non-alcoholic gin when the brand was expanded with Damrak Virgin 0.0 in 2020. First launched in the Netherlands and the US, this non-alcoholic spirit provides a tasteful gin cocktail alternative for anyone, anytime. Next to the classic Virgin & Tonic, Damrak inspires consumers with more mindful cocktails in the Damrak Virgin Cocktail Booklet. Curated by our master bartender, classic cocktails transformed into delicious non-alcoholic alternatives, such as the Virgin Mule, No Ginlet and Breakfast Martini.

STIVA

In the Netherlands the Lucas Bols Company held a key position in Stichting Verantwoorde Alcoholconsumptie (STIVA), the Dutch industry organisation responsible for setting guidelines for socially responsible communication on and marketing of alcoholic beverages in the 2021/22 financial year. Lucas Bols' CEO Huub van Doorne has resigned from the board of STIVA in December 2021 after having contributed to the successful development of the organisation for more than 15 years.

STIVA focuses on responsible marketing, responsible alcohol consumption and clear communication. This includes the anti-drink-driving campaign BOB ('Bewust Onbeschonken Bestuurder' which translates into 'consciously sober driver'), a joint initiative of the Dutch Ministry of Infrastructure and Water Management, STIVA and the Dutch traffic safety association Veilig Verkeer Nederland (VVN). The BOB concept encourages people to appoint a designated driver and to urge people not to drive while under the influence of alcohol. Underage drinking is another important theme in the campaigns.

STIVA and VVN attend relevant events to engage with people face-to-face about sober driving. While there were hardly any festivals or large-scale events during the year under review due to COVID-19 the BOB campaign was part of the '2021 Summer Tour' during several police checks and during Military Boekelo-Enschede, an equestrian event attracting 60,000 spectators.

The KiKiD Booze project initiated by STIVA continued in 2021 with presentations in secondary schools In the Netherlands on themes such as peer pressure regarding alcohol consumption. In 2021 67 performances took place which reached almost 2,500 students. There were also 166 online KiKiD Booze presentations, with a total reach of 4,000 students. In addition to the physical and online KiKiD Booze performances, a digital campaign is running via Snapchat, Instagram and for the first time in 2021 TikTok. In total, more than 5.5 million views were achieved in 2021.

In 2021 STIVA actively focused on social media and influencers. It is very important to familiarise this target group with the applicable regulations. To this end, STIVA had various interactions with (large) influencer management agencies. A pilot for online monitoring of content created by influencers was started together with the Stichting Reclame Code (the Dutch Advertising Code Authority).

STIVA also started updating the (Dutch) Advertising Code for Alcoholic Beverages (RvA) in 2021 in addition to drafting the Advertising Code for Non-Alcoholic and Low-Alcohol Variants of Alcoholic Beverages (RvAVA). Both codes are expected to come into effect in 2022.

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

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

∞ Sustainable supply chain

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

Suppliers of raw materials and packaging materials
We monitor our suppliers' annual progress in terms of sustainability and environmental impact. In our supply chain Avandis is responsible for all sourcing and procurement of product-related raw materials (the ingredients), while purchasing group Columbus is our buyer of support goods such as packaging materials. Sustainability is embedded in in our procurement, for example because suppliers are asked to commit to the Columbus Supplier code which includes a declaration regarding environmental and social impact. All suppliers have signed the declaration and agreed to commit to it.

As far as the logistics footprint is concerned, the majority of our ingredients is sourced in the Netherlands and other Western European countries. To the extent possible transport is optimised in full truckloads. Enlarged trucks are used preferably to lower the CO_2 footprint.

Ingredients
Our ingredients include grains, herbs and spices, sugar and alcohol. All our suppliers have sustainability high on their agenda. Our sugar supplier was awarded the platinum status by Ecovadis sustainability ratings for global sustainable 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, meaning that all Lucas Bols bottles can be recycled. In close collaboration with our glass suppliers, we strive to minimize the weight of our packaging, significant steps to reduce the weight have already been taken and new criteria are incorporated in our R&D policy.

All our paper-based products are made from a renewable resource and are 100% recyclable. Our supplier is FSC® Chain of Custody certified for its operations.

Avandis production site
Environmental impact and compliance
The advanced bottling plant in the Netherlands operated by our joint venture Avandis continues to make progress on environmental initiatives and waste reduction. Residual flows are separated and are reused or processed by our recycling partners with. alcoholic residue for example being used as a raw material for bio fermentation. Full certification for soil protection was maintained meaning there were zero liquid-to-earth emissions. Various installations like lightning and cooling units are replaced to lower the electricity consumption. Furthermore all the electricity used in all Avandis premises is comes from green sources.

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

In the year under review occupational health and safety initiatives at Avandis were focused on increasing awareness and improving the (food) safety culture. On-site transport using industrial vehicles such as forklift and other trucks was special point for attention along with the use of personal protective equipment and contractors at work. Avandis has a well-trained emergency response team to guide the emergency services and provide first aid in case of personal injury. Over the course of the financial year five LTIs (lost time injury) incident were recorded, none of which resulted in a permanent injury.

Warehousing and transport
Environmental impact
The main storage location of Lucas Bols products, adjacent to the production site in the Netherlands, is operated by Nedcargo.

Nedcargo is committed to the Lean & Green Europe carbon emission reduction programme and was awarded second Lean & Green Star In 2021 for its achievements In further reducing carbon emissions. Nedcargo has teamed up with its fuel partner to enable carbon-neutral driving using carbon credits: for every litre of diesel used, Nedcargo buys carbon credits from its fuel partner. Each carbon credit represents the reduction of one ton of carbon dioxide equivalent (tCO_2e) from the atmosphere.

Health and safety
Safety awareness is part of Nedcargo's daily operations and Is visible on the shop floor and discussed in daily stand-up meetings. The Zoetermeer warehouse reported one LTA (lost time accident) during the year. The total days without LTA's is 337 days per 31st of March 2022. With regards to transport, driving coaches give feedback aimed at driving safely and fuel efficiently.

Lucas Bols head office
In 2021 the Lucas Bols office in Amsterdam successfully contributed to a cleaner and healthier world by using the MAC sorting system. Thanks to this waste sorting system and the cooperation of Lucas Bols employees we have managed to recycle 100% of the waste produced by Lucas Bols Amsterdam. A total of 72.92% of the produced waste was recycled directly and the remaining 27.08% was used to generate electricity. By making use of a responsible collect and recycling system different goals like cost reduction and taking care of the environment were reached. The Lucas Bols Company also cooperates with neighbouring companies to identify and implement wider waste- and energy-related improvement initiatives. In general the Lucas Bols' facility team is actively looking to reduce the amount of waste and make improvements for the coming years.

Being a good employer

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

COVID-19

It goes without saying that the past two years were marked by a great deal of uncertainty. This required a lot of flexibility and adaptability from our people, both in relation to the nature of their work and in terms of working from home. With the shutdown of schools and day-care facilities some of our employees had to combine their work with 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 included:

- providing all means necessary to improve employees' working-from-home facilities, including monitors and desk chairs;
- developing several initiatives to increase communications with and between employees, helping them stay connected. Management hosted regular online meetings for all employees to keep them involved and update them on developments within the Company. Several initiatives were set up to improve social interaction between colleagues, such as virtual lunches, virtual Friday afternoon get-togethers and random lunch meetings with colleagues;
- offering all employees weekly online and (when allowed) outdoor workout sport sessions with a professional trainer, organising a cycling event and encouraging everyone to go outside and walk or cycle with the help of various apps, whenever possible;
- sending care and gift packages to employees' homes as a sign of support and gratitude for their continued commitment to the Company; and
- making the workplace fully accessible and COVID-19 proof for those colleagues who need to work at the office for professional reasons (e.g. lab work) or because their home situation is unsuitable for work by introducing:
  - one-way traffic lanes at the office,
  - sanitary rules and materials at every desk,
  - two meters distance between desks, and
  - an attendance list to regulate the number of employees and facilitate tracing.

In the year under review the average rate of absenteeism among Lucas Bols' employees in the Netherlands was 1.4% (2020/21: 3.2%).

Our values

We believe that our values and work principles contribute to a culture that is focused on long-term value creation. These values and principles are the essence of our Code of Conduct. This code outlines the way in which we advocate responsible alcohol consumption and encourage socially responsible communication on this. It also sets out our standards In terms of respect for human rights and for one another, outlining for example, discrimination, sexual harassment or other intimidation, aggression, violence and bullying are unacceptable and will not be tolerated. The Lucas Bols Company strives to deal with all of its customers, suppliers and business partners in a straightforward and honest way, and in strict compliance with any and all legal requirements.

The Lucas Bols 'Way of Working'

One of the tools we work with is 'Management Drives', which helps gain an insight into the drive and motivation of all team members. As such it effectively helps increase mutual understanding and effectiveness of working within the teams. We used Management Drives, and other tools, to develop a 'Way of Working' programme that greatly strengthens team spirit throughout the organisation. As part of the revised operating model introduced under Fit-for-Growth, certain teams changed in role and/or set-up. Thorough 'Management Drives' and other team sessions were held to ensure effective and pleasurable teamwork from day one.

Our 'Way of Working' is guided by the following key principles:

- We work as one Lucas Bols team, integrating all disciplines;
- We work in an agile and flexible manner;
- We jointly promote an organisation that is inspiring and has a personal touch;
- We value transparency and accessibility;
- We are entrepreneurial and have a healthy level of ambition;
- We promote forward-looking behaviour; and
- We work according to the Lucas Bols core values and use 'Management Drives', regular feedback sessions and other means to support personal and professional development throughout the organisation.

Personal development and training

Our personal development and performance review cycle is based on the 'Way of Working' programme as described above. Each year we initiate a new cycle with specific focus areas. The programme starts with setting objectives on a range of matters, including knowledge, skills and effective behaviour. Employees are coached to set clear objectives

and translate those into more detailed targets that can be achieved throughout the year. Despite the exceptional circumstances we continued this 'Way of Working' cycle during the COVID-19 pandemic. The results revealed that as the crisis continued, our managers geared up support and set appropriate goals for their teams and individual colleagues.

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

People in numbers

At the end of the year under review the Lucas Bols Company had a total staff base of 66.4 FTEs (71 employees), an increase compared to the 62 FTEs (68 employees) at year-end 2020/21. The Lucas Bols Company employed 39 people in the Netherlands (year-end 2020/21: 43 employees). At the House of Bols and Wynand Fockink the Company also employs flexible staff. Outside the Netherlands the Lucas Bols Company has 32 employees (year-end 2020/21: 25 employees). The majority of these employees are located in the US, France and Mexico as a result of the Tequila Partida acquisition. The number of employees is expected to increase slightly in 2022/23.

Diversity and inclusion

At the Lucas Bols Company we believe in a diverse workforce. Inclusion is the foundation of our strong and sustainable culture. We constantly seek to create a positive corporate culture, in which all employees have equal rights and opportunities, regardless of their gender, age, sexual orientation or background. Our attitude to diversity and inclusion also reflects our business values and how we interact with our colleagues, partners and consumers.

We continue to be fairly balanced from a gender perspective: 43 of our employees are male and 28 female (in 2020/21: 41 male and 27 female employees). Furthermore, Lucas Bols employees represent a great number of nationalities and the age composition within the organisation is quite balanced.

We also promote diversity and inclusion outside the workforce, for example by enabling employees to do volunteering work on important societal matters such as sexual orientation and assisting with school homework.

Employee Share Participation Plan

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

Lucas Bols in society

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

The Lucas Bols Company Values

Innovative & Inspiring leadership

Client & Consumer driven

Teamwork & Trust

Entrepreneurship

Excellence in Execution

Risk management and control

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

Risk management approach and appetite

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

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

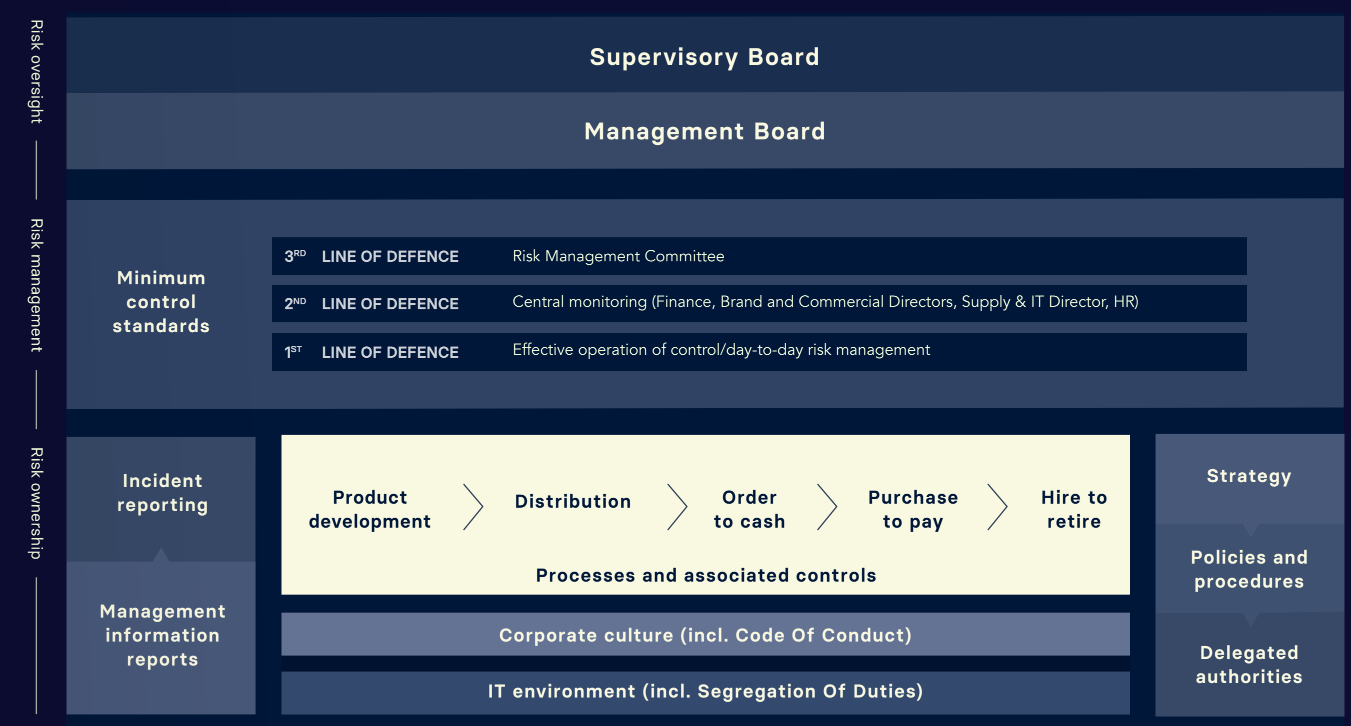
The implemented risk management framework is the foundation for identifying and mitigating of corporate business risks and has been developed to provide reasonable assurance that the risks we face are properly evaluated and addressed. It assures that management is provided with the information it needs to make informed and timely decisions. While the framework is designed to manage risks it cannot prevent human error, fraud or infringements of laws and regulations with absolute certainty.

Lucas Bols' risk management is not static: the way we manage risks is constantly monitored and adapted to reflect changes in internal and external circumstances 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
The Lucas Bols Company enforces minimum control standards and has three lines of defence in place to manage risks. The first line of defence is day-to-day risk management and the operational effectiveness of controls. Central monitoring by key people in the organisation is the second line of defence. All critical business processes are covered, including but not limited to finance (including tax, treasury and legal), brands, commerce, supply chain, IT and HR. The Risk Management Committee forms the third line of defence. The committee is headed by the CFO who is

Risk Management Framework



complemented by the director accounting, reporting & control and the corporate legal counsel. The independent external auditor gains an understanding of internal controls relevant to the audit but does not express an opinion on the effectiveness of the Company's internal control environment.

Risk ownership
Our strong belief that risk ownership is part of everyday operations – across all departments and processes – is embedded in the risk management framework. Key in identifying, monitoring and addressing risks are the management information reports the Management Board receives on a weekly, monthly, quarterly and ad hoc basis. These reports are compiled by the respective directors and managers and provide an in-depth analysis of the performance of brands, markets and critical business processes as well as the relevant risks and opportunities. In addition, deep dives are performed to address specific topics. Controls are widely embedded in the Company's information systems.

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

Lucas Bols' Brand Market Unit (BMU) organisation is essential to management reporting. Actual performance is reported on separately for each brand in each country, resulting in a matrix of BMUs. Monthly monitoring is performed diligently and in a detailed manner, with both management and the Management Board involved. The reporting cycle includes responding to foreign currency effects arising from our worldwide business activities.

Our forecasting cycles – annual budgeting as well as intermediate forecasting (latest estimates and the monthly opportunities & risk assessment) – also start at the BMU level. The annual budget is the result of a diligent process. Our distributors provide forecasts based on their views on their respective market and brands, these are then critically reviewed and challenged by Lucas Bols management and eventually agreed upon.

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

To promote and maintain these high standards the Management Board designed and implemented a Code of Conduct, which is updated on a regular basis. This code describes how all Lucas Bols employees should behave and do business in various circumstances and situations, and how inappropriate behaviour can be reported (including to the Company's external confidential counsellor). The code is published on the corporate website and is updated and communicated to all employees on a regular basis. There were no breaches of the Code of Conduct in the 2021/22 financial year.

Furthermore, the Lucas Bols Company has a whistle-blower policy in place to ensure that any violation of existing policies and procedures can be reported freely and without negative consequences for the person making the allegation. The whistle-blower policy can also be found on the corporate website. No incidents were reported in 2021/22.

Brand protection, product development and quality control
The single most important asset we have is our portfolio of brands. To protect (the value of) the brand portfolio the Lucas Bols Company registers its brands across the globe. Potential infringements are constantly monitored and appropriate legal action is taken if and when necessary.

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

Developments in risk management and control systems in 2021/22
Although we further increased our focus on IT and cybersecurity, there were no major changes in the risk management and control systems in the year under review.

IT
At the start of the 2020/21 financial year the Company successfully implemented the Oracle ERP system, amongst others to enhance our control environment. During 2021/22 the Oracle ERP system and other elements of our IT environment were further developed and leveraged. As a consequence, our risk management and control systems are now even more reliant on IT controls (for example the application of digital authorisations, segregation of duties and advanced reporting). The external auditor has placed specific focus on IT (including the new ERP system) and its impact on our control environment.

Cybersecurity
Cybersecurity has become an even more important topic. The likelihood and impact of cybersecurity attacks have increased rapidly, whilst most of our employees have been working from home since the outbreak of COVID-19. Our primary focus has been on making sure that all employees have secure access when working remotely, for example by making additional tools available and scaling up our IT infrastructure. We also ran various cybersecurity programmes in 2021/22, including training and awareness programmes on cybersecurity matters such as phishing. In addition, the Company hired a renowned consulting firm to obtain a further understanding of the Company's cyber resilience. The engagement consisted of a cybersecurity quick scan, awareness initiatives (including a phishing test and workshops) and a technical assessment (including a penetration test).

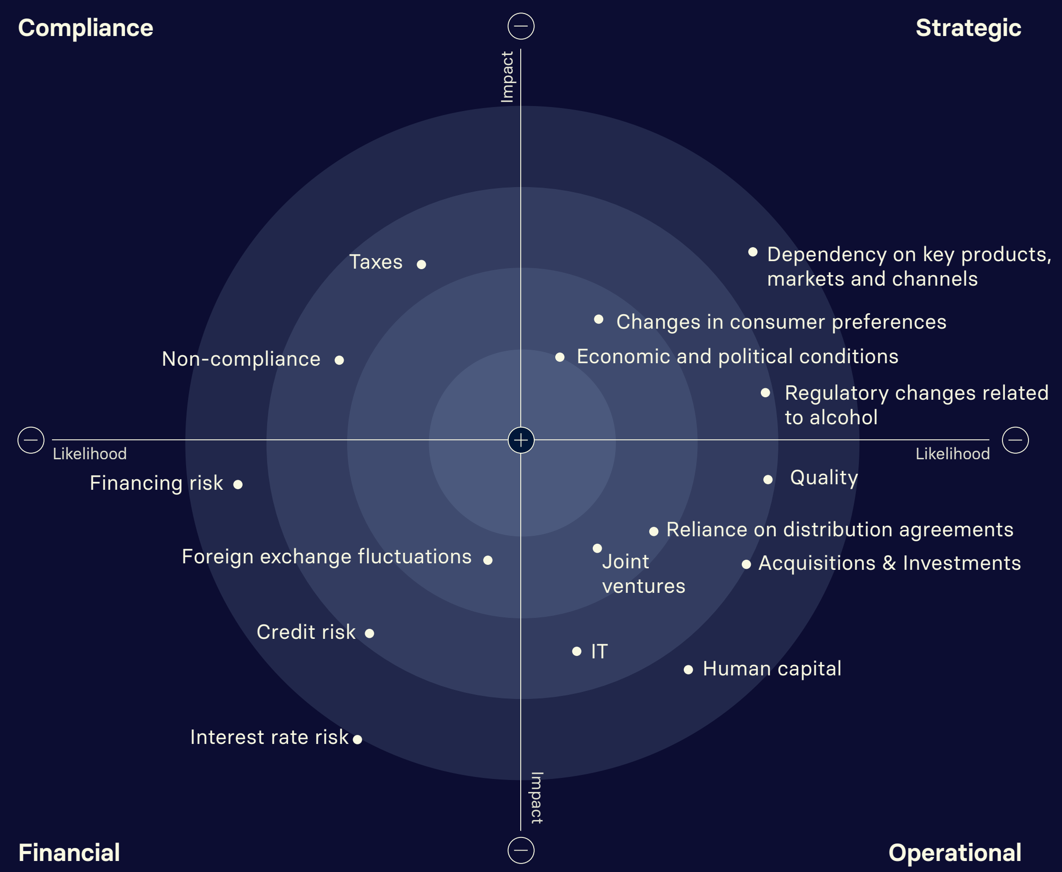
Focus for 2022/23
In the year under review we placed additional emphasis on quality and the topic of contingency and back-up planning, the latter also in response to the global supply chain disruptions. We have identified two focus areas for the 2022/23 financial year. First, the work on IT and cybersecurity flagged a few areas for future improvement and efficiency, amongst which IT governance. We plan to follow up on these matters in a separate project. The second intended focus area pertains to human capital. Although the impact on the Lucas Bols Company is limited thus far, the COVID-19 crisis has resulted in unprecedented employee turnover globally. People may feel less motivated and connected due to working from home and demand for certain skills and expertise is growing rapidly in many areas of the job market. In light of this, and particularly in Lucas Bols' asset-light business model context, it is important to make sure the Company retains, develops and attracts the right human capital.

Key risk factors

Risks and uncertainties in 2021/2022
A bottom-up and top-down approach is integrated in the Company's overall management reporting, allowing business and other risks as well as mitigating actions to be reported on formally on both an ad hoc and quarterly basis. That reporting is then consolidated into a quarterly risk report which serves as a basis for the quarterly risk management committee meeting.

Although recovery was noted in many key markets, it is clear that the COVID-19 pandemic continued to have a severe impact in the year under review. The outbreak of the pandemic in 2020/21 also triggered a reassessment of our key risk factors and in some cases a change in the nature, impact and/or likelihood of a specific risk. In addition, the war in Ukraine that started in February 2022 posed additional challenges and risks for various parts of our business. Given the ongoing global uncertainty and volatility as a consequence of both COVID-19 and the war in Ukraine the Company continued this reassessment process into 2021/22.

COVID-19
Macroeconomic and geopolitical instability increased greatly with the outbreak of COVID-19 in early 2020. Lockdown measures such as restrictions on public gatherings, events being cancelled or postponed and the closure of outlets (especially on-trade) seriously impacted many companies, including the Lucas Bols Company. Although the magnitude and duration of the measures and their impact was different in each country, the outbreak was global and the Lucas Bols Company has been affected in every region it operates in.



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

In the first quarter of the previous year, 2020/21, our business was severely impacted by the first COVID wave (specifically through on-trade closures), after which a strong, fast and resilient recovery was noted once the measures were eased or lifted. However, business deteriorated again when the second (and in some markets third) wave hit in the third quarter of the 2020/21 financial year. The strong recovery achieved towards the end of the fourth quarter of 2020/21 continued into the year under review.

Although full-year performance exceeded that of the pre COVID-19 2019/20 financial year, COVID-19 still had a significant impact on our 2021/22 results. COVID-19 has not disappeared, it affected our business throughout the year in most markets still and certain markets have shown only limited signs of recovery (mainly Japan, Southeast Asian markets and travel- and tourism-related business). In addition, as indicated in last year's Annual Report, the Company also started to observe indirect adverse impacts, predominantly as a result of unprecedented supply chain disruptions (refer below).

The Lucas Bols Company has monitored the developments closely and continued to take swift action to deal with these uncertainties. In doing so our first priority remained our people's and business partners' health and safety. The bank covenants were amended once again in April 2021 to ensure sufficient financing flexibility and headroom whilst allowing us to invest in our brands. We also kept in place overhead cost measures and stricter monitoring and management of working capital, with specific attention paid to the collection of receivables. Furthermore our BMU structure facilitated a very swift adjustment of Advertising & Promotions spending, responding to the specific situation of each individual brand-market combination. This enabled us to quickly scale down investments in particular markets when lockdown measures were in place, and at the same time to respond quickly as soon as markets reopened. A strong example of this is the US, where we intensified spending as soon as the business recovered, leading to double-digit growth.

A substantial part of the overhead cost measures taken in 2020/21 progressed into 2021/22 with a more structural impact, as did tightened cash flow management procedures.

The war in Ukraine

When the war in Ukraine started our first priority was with the people affected, including our local partners. We directly ceased all business with Russia and ensured we comply with all sanctions in place. Although growing, the combined Russia and Ukraine contribution to total revenue is limited to around 1%. As such, the direct business impact to Lucas Bols is relatively limited.

Indirect risks because of the war in Ukraine could affect Lucas Bols more substantially after the year under review, however. We anticipate prices of important raw materials and logistics to increase further directly (e.g. grain and alcohol) and indirectly, mainly through higher and more volatile energy prices (impacting the price of glass and logistics, amongst others) and scarcity. Our mitigating actions are focused towards maximising supply certainty and predictability (e.g. building safety stocks, contingency planning and sourcing and anticipating longer lead times) and limiting volatility in pricing (e.g. by forward-buying, hedging and increased production runs and order quantities), whilst further price increases are agreed with customers where applicable and possible.

The geopolitical situation could also adversely impact consumer behaviour, for example in response to inflation and reduced purchasing power. Management has run various 'down-side' scenarios to model any such potential effects and identified mitigating actions that could be undertaken to minimise the impact on company performance and its financial position. In doing so, experience gained during the COVID-19 pandemic was leveraged. Management is of the view that the company's performance, positioning, financial health and suite of identified mitigating actions are sufficient to navigate through these 'down-side' scenarios.

Supply chain and raw materials

One of the focus areas in the year under review was to manage the global disruptions in the supply chain that started in 2020/21 following the COVID-19 outbreak and intensified towards the end of the year when the war in Ukraine started. Shortages of raw materials shortages (such as glass and aluminium) have imposed serious challenges in terms of material requirements and production planning as well as product availability.

Input costs, mainly of alcohol, aluminum, glass, sugar and paper, also increased, putting pressure on our margins and profit. In addition, headwinds on logistics costs intensified during the year as a consequence of the global container shortage, increased rates and a more expensive shipments mix (mainly driven by the substantial growth in the US and Australia).

We took decisive action to mitigate the impact to the maximum extent possible. We expanded our contingency options (sourcing, production and logistics), invested in planning capabilities (both at the Lucas Bols Company and Avandis), planned and allowed for extended lead times (raw material purchasing, production and shipping), built safety stock levels as and when deemed necessary and agreed price increases with our customers to pass on cost impacts in the chain.

The strength of, and our involvement in, the Avandis joint venture and Nedcargo partnership once again proved to be instrumental. After abruptly scaling down operations and costs in 2020/21, the Lucas Bols Company and other customers of Avandis and Nedcargo required significantly higher volumes as soon as business recovered in 2021/22. Such requests to scale back up again, combined with the aforementioned global disruptions put substantial pressure on our partners too. By working together closely the strong sourcing, production and logistics partnerships that have been in place for years were leveraged to the maximum extent possible.

Thanks to the measures the Company took and the strong and flexible supply chain partnerships we encountered no significant raw material shortages, production disruptions or logistical issues. Production facilities continued to be operational and the supply of raw materials was not hampered. As a result we were able to deliver our products to markets around the world without facing any notable out-of-stock situation, even under these challenging circumstances. From a cost perspective our 2021/22 financial year did suffer from these circumstances: increased input costs put pressure on our profit margins whilst the logistics headwinds substantially drove up our logistical costs.

Many global supply chain challenges are expected to persist in the short term and some may even intensify as described in the 'The war in Ukraine' paragraph above. The Lucas Bols Company is exposed to this and continues to monitor developments closely. Measures taken will remain in place, as will the intensified day-to-day working relationship with our partners, and additional measures will be implemented when applicable.

Dependency on key products, markets and channels
In the 2021/22 financial year the Company implemented strategic initiatives to reduce our exposure to the risk of dependency on key products, markets and channels.

When COVID-19 restrictions were imposed, our on-trade sales were immediately and severely impacted. Prior to the pandemic Lucas Bols' on-trade dependency was relatively high (just over half of our global business was conducted in the on-trade), so our 2020/21 performance was hit harder than that of a number of other industry players. In response to this as well as to leverage the growing trend towards in-home cocktail consumption we started to shift towards direct consumer engagement and sales. Most notably, we launched various Ready-to-Enjoy products including the highly-innovative Bols Cocktails Tubes and Bols Cocktails multi-serve bottle. These new product offerings fueled direct-to-consumer sales. In addition, both the Company and its distribution partners skewed their brand, marketing and communication programmes more directly towards consumers, amongst others stepping up social media presence and digital advertising.

Furthermore, the trend towards low and no alcohol and low-calorie drinks continues. The Lucas Bols Company actively responded to this trend. The Company launched a non-alcoholic 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 successful low-alcohol cocktail recipes for which specific flavours have been developed. The use of natural ingredients in products is also increasingly important to consumers in this respect. That is one of the reasons why all our Bols Liqueurs now contain natural botanicals which enrich the flavour and improve the quality.

Our exposure to this risk was further reduced by successfully adding Pallini Limoncello to our distribution platform in the US and the acquisition of Tequila Partida, one of the world's highest rated tequila brands.

Reliance on distribution contracts
During the year under review Lucas Bols expanded its existing successful partnership with Edrington in Maxxium the Netherlands by creating Maxxium BeLux, a 50/50 joint venture between the Lucas Bols Company and Edrington. The new joint venture distributes Lucas Bols' and Edrington's portfolios of brands in Belgium and Luxembourg. By setting up the Maxxium BeLux joint venture in addition to Maxxium the Netherlands and our wholly-owned distribution platform in the US (Lucas Bols USA, Inc.) the Company now controls the distribution of approximately 40% of its global sales.

Other changes in the distribution network in the past years (including the 2021/22 transition to Maverick Drinks for our Bols, Galliano and Pisang Ambon brands in the UK) have proven successful in the year under review. In the ongoing optimisation of our route-to-market only minor changes are expected in the near future.

"Human capital is of great importance to Lucas Bols."

Acquisitions & Investments
Building on its strong record of successfully integrating brands into the Company and growing them thereafter, the Lucas Bols Company acquired Tequila Partida. Tequila Partida is one of the world's highest rated ultra-premium tequila brands, mainly selling in the US and Mexico. This acquisition capitalises on three trends attractive to the Lucas Bols Company:
- Tequila is a high-growth spirits category in the US;
- Within the tequila category, ultra-premium tequila is showing accelerated growth; and
- Cocktails are a high-growth segment in the spirits market, with tequila as a key ingredient for the Margarita: the number one cocktail in the US.

Tequila Partida also strengthens the Lucas Bols' brand portfolio and can seamlessly be added onto our distribution platform in the US, with select other markets around the world to follow in due course. The strong support for the acquisition was evidenced by both existing and new shareholders enthusiastically participating in the December 2021 equity issue to finance the acquisition.

A thorough due diligence was performed as part of the acquisition process, whilst the integration and transition (including sales, marketing and distribution effective 1 April 2020) was successfully completed in the fourth quarter of 2021/22.

Human capital
Human capital is of great importance to the Lucas Bols Company. Under our asset-light business model only a relatively small number of people are employed, which is why each of them plays a key role in making the operating model work effectively.

The COVID-19 crisis has resulted in unprecedented employee turn-over globally. People may feel less motivated and connected due to working from home and demand for certain skills and expertise is growing rapidly in many areas of the job market. As such, and particularly in Lucas Bols' asset-light business model context, it is important to make sure the Company retains, develops and attracts the right human capital. In addition to continuing what led to its strong track record in attracting, recruiting, motivating and retaining knowledgeable, experienced and driven employees in the first place, the Company is rolling out new initiatives in 2022/23 to ensure human capital remains one of our key success factors.

Financing and interest rate risk
Both in April 2020 and April 2021, in response to the COVID-19 pandemic, the Company discussed a number of amendments to the bank covenants to ensure sufficient flexibility and headroom to continue business operations during the pandemic and be prepared for recovery thereafter. Based on its strong, transparent and constructive relationship the Lucas Bols Company has with its banks the Company was able to agree amendments effective until 31 March 2023. For more information on these amendments please refer to note 22 of the consolidated financial statements.

The exposure of the Company to financing risks decreased materially in the year under review. Firstly, both during the phase where COVID-19 severely impacted our business and financial performance and the recovery phase (and in some markets even growth) thereafter the Lucas Bols Company continued to be profitable and generate cash. Business-driven cash generation and the corresponding reduction in net debt were very solid in 2021/22. Secondly, almost € 29 million of cash was raised in the December 2021 equity raise. The cash raised is primarily used to fund the acquisition of Tequila Partida and the completion payment for the acquisition of Nuvo (June 2023), but a substantial portion will remain for further de-leveraging and general corporate purposes.

As a consequence, the Company ended the 2021/22 financial year with a strong financing position: net debt and leverage metrics are very healthy whilst significant undrawn committed bank facilities are available.

The improved financing position also positively impacts our exposure to interest rate risks: although the likelihood of interest rate changes may not have changed, the potential impact of these on the Lucas Bols Company is reduced now that net debt is materially lower following the strong business recovery, the intensified cash focus and the equity raise.

Joint ventures
In 2020/21 the COVID-19 pandemic resulted in abrupt, significantly lower production volumes at Avandis, which could (given the nature and capital-intensive structure of the business) only be partly offset by strong cost measures. Consequently, Avandis realised a significant loss last year. Business recovered substantially in 2021/22 (both for the joint-venture partners and for Avandis' other customers), as a consequence of which Avandis did not incur any operating losses in the year under review.

The adverse economic and market circumstances in India did not improve materially in the 2021/22 financial year after the deterioration resulting from the pandemic. This was amongst others reflected in the recoverability of receivables. Furthermore, changes in the political landscape over the years and abrupt corresponding changes in legislation keep on increasing the pressure on our business model and performance. That is also why the remaining carrying value of the Bols-Kyndal joint venture was impaired at the end of our last financial year.

Early in 2022, the local bank in India providing part of BolsKyndal's financing informed BolsKyndal management that it will cease its entire business in India. Consequently, and to prevent a significant interest cash drain in case of re-financing, the joint-venture partners agreed to settle all outstanding loans pro rata and account for a corresponding loan to the partners in BolsKyndal's local accounts.

Because COVID-19 business recovery is taking place too slowly whilst complexity, costs and unpredictability of doing business in India have increased further, the Company considers the loan (€ 1.6 million) and pre-paid interest (€ 0.3 million) not to be recoverable, and hence expensed the corresponding amounts (as a one-off) during the year under review. By re-paying the BolsKyndal loan to the local bank the corresponding guarantee that was issued by Lucas Bols will be cancelled.

Impact and likelihood of risks in 2021/22

The likelihood and impact of the different risks, adjusted based on insights and developments in 2021/22, are illustrated in the diagram on page 82. For the sensitivity analysis of certain risks we refer to note 26 of the consolidated financial statements.

Key risk overview

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

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

Strategic
Risk appetite – moderate

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

Risk	Mitigation
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.	The Lucas Bols Company supports a responsible approach to alcohol and considers this a core element of its strategy to grow a sustainable, long-term business. We advocate responsible consumption and encourage socially responsible communication as part of our CSR strategy. In our home country of the Netherlands the Lucas Bols Company is actively involved in various relevant industry bodies including on the board of STIVA, the foundation that actively promotes and controls responsible marketing and consumption of alcoholic products. Furthermore, the Lucas Bols Company 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.	The Lucas Bols Company aims to diversify its activities in terms of product categories as well as geographically. The Lucas Bols Company sells over twenty-five brands in more than 110 countries in four regions. In addition, Lucas Bols' financial performance is sound with strong operating margins and cash generation, both of which can act as a cushion in case of an economic downturn.
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.	The Lucas Bols Company diversifies its business across product offerings, markets and channels. More specifically, we are increasing our presence in the off-trade channel, for example by focusing more on retail and direct-to-consumer channels such as online sales.

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 the Lucas Bols Company 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 the Lucas Bols Company. The Company only partners with certified bottlers and suppliers, and the same generally applies to our joint venture partners. The Company samples and tests all its products thoroughly, and sound quality control policies, procedures and processes (both preventative and detective) are in place and subject to constant monitoring. This includes audits at co-packers.
Joint ventures The financial performance of joint ventures (over which the Lucas Bols Company does not have full control) can affect the financial performance of the Lucas Bols Company, either directly or indirectly.	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 The Lucas Bols Company is reliant on the performance of its distribution partners. Lucas Bols' operations can be adversely affected by the poor performance of its distributors or by its own inability to enter into or maintain distribution agreements on favourable terms or at all.	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 & 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 The Lucas Bols Company operates an asset-light business model and consequently employs a relatively small number of people. The Company's success depends on attracting and recruiting highly-skilled individuals and retaining key personnel.	The Lucas Bols Company has a strong track record in attracting, recruiting, motivating and retaining knowledgeable, experienced and driven employees. The Company's reputation and market position, the strategic partnerships we operate and our thriving entrepreneurial and international corporate culture are key success factors in this regard.
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.
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

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

Risk	Mitigation
Non-compliance Lucas Bols' production and distribution as well as its business and the industry in general are subject to significant government regulations. Moreover, the Lucas Bols Company is a publicly listed Company and is therefore subject to additional laws and regulations. Failure to comply with relevant regulations (or any changes therein) can result in business interruptions, for example on the supply side, increased costs and potentially legal action.	Lucas Bols closely monitors the legal developments in every market in which it is active. Legal compliance is embedded in its risk and control systems. The Company also makes use of external legal counsel. Furthermore, the Lucas Bols Company is an agile organisation that can easily adapt products, packaging, etc. to remain compliant with all regulations.
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 63 to 66 the Management Board is of the opinion that, to the best of its knowledge:

- the report provides sufficient insights into any deficiencies in the effectiveness of the internal risk and control systems; no deficiencies in the effectiveness of the internal risk and control systems have been identified, as reported on pages 78 to 92;
- the internal risk management and control systems of the Company, as reported on pages 78 to 92, provide reasonable assurance that financial reporting does not contain any material inaccuracies;
- there is a reasonable expectation that the Lucas Bols Company will be able to continue its operations and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing the financial reporting, as reported on page 66 under net debt and liquidity and as referred to in note 21 and 22 of the Financial Statements; and
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of Lucas Bols' operations in the coming twelve months, as reported on pages 81 to 92.

Management Board Statement

The Management Board of Lucas Bols N.V. declares that, to the best of its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and the result of the Lucas Bols Company and its subsidiaries, and that the report of the Management Board provides a true and fair view of the situation as at 31 March 2022 and of the state of affairs for 2021/22 of the Lucas Bols Company and its subsidiaries, as well as a description of the principal risks and uncertainties the Lucas Bols Company faces.

Amsterdam, 24 May 2022

Management Board
Huub van Doorne & Frank Cocx

Corporate governance

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

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

General
The Lucas Bols Company is a public limited company (NV) incorporated and based in the Netherlands and is therefore subject to Dutch legislation as well as its own articles of association, internal policies and procedures. The Lucas Bols Company is not subject to the large company structure regime. Reference is made to note 27 of the consolidated financial statements for an overview of the Company's subsidiaries. Responsibility for the management of the Lucas Bols Company lies with the Management Board, under supervision of the Supervisory Board.

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

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

The Management Board adopts a bottom-up approach which involves risk ownership further down the organisation. The risk management and internal control framework is outlined in more detail in the 'Risk management and control' paragraph as of page 78 of this annual report.

Shares – voting rights
The authorised share capital of the Lucas Bols Company comprises a single class of registered shares. All issued shares are fully paid up and each share confers the right to cast a single vote at the General Meeting. At the end of the 2021/22 financial year, the Lucas Bols Company held no shares in the capital of the Company.

General meeting
Important matters that require the approval of the (annual) General Meeting include:
- adoption of the annual accounts;
- declaration of dividends;
- remuneration policy;
- discharge from liability of the members of the Management Board in respect of their management activities for the Lucas Bols Company;
- discharge from liability of the members of the Supervisory Board in respect of their supervision of the management of the Lucas Bols Company;
- appointment of the external auditor;
- appointment, suspension or dismissal of members of the Management Board and the Supervisory Board;
- remuneration of the Supervisory Board;
- any Management Board resolution regarding a significant change in the identity or nature of the Lucas Bols Company or its enterprise;
- issuance of shares, whereby the Management Board is authorised, subject to prior approval by the Supervisory Board, to issue shares up to a maximum of 10% of the issued share capital as at the date of issue and an additional 10% as at that date, in connection with or on occasion of mergers, acquisitions and strategic alliances and to restrict or exclude the pre-emptive rights in relation to any issuance referred to above. This authorisation is granted until 8 January 2023;
- acquisition and redemption of shares, whereby the Management Board is authorised, subject to the approval by the Supervisory Board, to acquire up to a maximum of 10% of the shares in the capital of the Company, at a price not higher than 10% above the average closing price of the shares on Euronext Amsterdam over the five days preceding the date on which the purchase is made. This authorisation is granted until 8 January 2023; and
- adoption of amendments to the articles of association.

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

This year the Annual General Meeting is scheduled to take place on 7 July 2022. Each shareholder may electronically attend the General Meeting, address the General Meeting and exercise voting rights pro rata to its shareholding, either in person or by proxy. Shareholders may exercise these rights provided they are holders of shares on the record date, which is twenty-eight days before the date of the General Meeting, and they or their proxy have notified the Lucas Bols Company of their intention to attend the General Meeting. Draft minutes of the meeting will be released within three months of the meeting and will be available for comments for three months thereafter. The final version of the minutes will be published on the corporate website.

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

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

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

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

The Supervisory Board may at any time suspend a member of the Management Board. The General Meeting may at any time suspend or dismiss a member of the Management Board. The General Meeting may only adopt a resolution to dismiss a member of the Management Board by an absolute majority of the votes cast and at the proposal of the Supervisory Board. Without such proposal, the resolution to suspend or dismiss a member of the Management Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. The Lucas Bols Company believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

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

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

Annual General Meeting 2022 a long-term incentive plan (LTIP) was designed to encourage long-term value creation, to align the interest of directors and employees with those of the shareholders and to ensure retention of directors and employees. The LTIP will be presented to shareholders for approval at the Annual General Meeting 2022 and, subject to approval, would become effective as of 1 April 2022. The LTIP is outlined in more detail in the remuneration report.

The remuneration report can be found as of page 106 of this annual report and on the corporate website.

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

Supervisory board

Responsibilities

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

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

The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board consists of four members, Mr. René Hooft Graafland (chair), Mr. Ralph Wisbrun, Mrs. Marina Wyatt and Mrs. Alex Oldroyd. Mrs. Wyatt's term of office will expire at the Annual General Meeting 2022. Mrs. Marie-Pauline Lauret is nominated for appointment at the Annual General Meeting 2022 to replace Mrs. Wyatt.

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

In view of its regular size, the Supervisory Board has decided not to appoint any committees in the interest of efficiency. However, audit-related discussions are chaired by Mrs. Wyatt and discussions on remuneration are chaired by Mr. 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 upon a nomination by the Supervisory Board must be adopted by an absolute majority of the votes cast. If the Supervisory Board has not made a nomination, a resolution of the General Meeting for the appointment of a member of the Supervisory Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code. The Lucas Bols Company believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

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

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

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

Diversity

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

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

The Lucas Bols Company complies with the Dutch legislation on diversity which requires companies to have at least 30% of the seats on the Supervisory Board held by women or men.

Conflict of interest

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

Any board member holding shares in the Lucas Bols Company must do so for the purpose of long-term investment. Board members must at all times comply with the provisions set out in the insider trading rules of the Lucas Bols Company. Both Management Board members hold shares in the Company, none of the Supervisory Board members holds shares in the Company, except for Mr. Hooft Graafland, who holds 8,500 shares in the Company (0.06% of total shares outstanding). There were no conflicts of interest between the Lucas Bols Company and any member of the boards during the financial year 2021/22.

Auditor

At the Annual General Meeting held on 8 July 2021, EY was reappointed as auditor for the Company for a one-year period, ending with the audit of the financial statements for the period ending 31 March 2022 During the financial year 2021/22, the Company initiated a process to appoint the auditor from the financial year 2022/23 onwards. A total of six audit firms participated in the tender. The Lucas Bols Tender Committee, consisting of two members of the Supervisory Board, the CFO and two members of the finance team, set up a clear list of selection criteria, including team (experience and match), (audit) quality, audit approach (including the use of technology), ESG experience and audit fees. Based on a thorough process the Supervisory Board proposes PricewaterhouseCoopers Accountants N.V. to be appointed by the General Meeting as the Company's external auditor for a period of four years, starting with the audit of the financial year 2022/23 (i.e. the period ending 31 March 2023) and ending with the audit of the financial statements for the period ending 31 March 2026. PwC was selected by the Supervisory Board over KPMG, being the runner-up, as a result of their practical experience and team composition.

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

Amendment of the articles of association

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

Statement in light of article 10 of the European Takeover Directive

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

a. An overview of Lucas Bols' capital structure is included on page 94 of this annual report. Shares in the capital of the Lucas Bols Company are freely transferable, there are no special control or voting rights attached to its shares, nor are voting rights limited in any manner. The Lucas Bols Company is not aware of any agreements that might result in a limitation of the transferability of the voting rights on shares in its capital. Substantial shareholdings of shares in the capital of Lucas Bols are included on page 18 of this annual report.
b. The Lucas Bols Company has an Employee Share Participation Plan in place, which is described on page 77 of this annual report.
c. The credit facility of the Lucas Bols Company incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of Lucas Bols' issued share capital or voting rights, the Lucas Bols Company is subject to a repayment commitment.
d. The provisions regarding the appointment and dismissal of Management and Supervisory Board members are described on page 95 to 97 of this annual report.

Closing statement

The information required to be included in the Management Board report pursuant to article 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.

Chair
Mr. D.R. (René) Hooft Graafland
1955, Dutch nationality

Current (first) term commenced on 10 July 2019 and expires in 2023.

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

Member
Mrs. A.L. (Alexandra) Oldroyd
1967, British nationality

Current (second) term commenced on 9 July 2020 and expires in 2024.
First term commenced on 1 September 2016.

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

Composition of the Supervisory Board

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

Vice-Chair
Mr. R. (Ralph) Wisbrun
1957, Dutch nationality

Current (second) term commenced on 8 July 2021 and expires in 2025.
First term commenced on 7 September 2017.

Other positions:
Founder of Wisbrun Eastwood

Report of the Supervisory Board

After a year that was heavily impacted by COVID-19, the financial year 2021/22 was all about restoring the business and accelerating key strategic initiatives. Not only did the team at the Lucas Bols Company deliver strong results, impressive progress was also made in the execution of the strategy. The revenue growth of 61% reflects the continued recovery in many markets, more than compensating for markets such as Japan which remain impacted by COVID-19. Some key markets, including the US, even outperformed pre COVID-19 levels, evidencing the strength of the brands and our Lucas Bols USA platform. The company embarked on the 'Fit for Growth' operating model and successfully adapted the organisation accordingly.

From a strategic perspective an important step was made with the acquisition of Tequila Partida. This promising, ultra-premium brand strengthens the Lucas Bols' brand portfolio and has already been seamlessly added to the Lucas Bols USA distribution platform.

Organic growth was supported by the launch of the innovative Bols Ready-to-Enjoy Cocktails, while the other Global Cocktail Brands, Passoã and Galliano, also contributed strongly to the growth. The company successfully raised equity through an accelerated book-building process that was supported (and participated in) by all major shareholders. We are using the proceeds to finance the Tequila Partida acquisition and the completion payment of the Nuvo acquisition, whilst any remainder assists in further deleveraging of the company. Combined with the solid cash flow generation, this provides the Lucas Bols Company with a healthy balance sheet.

It was a pleasure to support the Management Board and the wider Lucas Bols team, both in managing the current challenges, such as the supply chain disruptions, and in driving strategic progress, focusing on the longer-term future of the Company.

Composition of the Supervisory Board
On 31 March 2022, the Supervisory Board of the Lucas Bols Company consisted of four members: René Hooft Graafland (chair), Ralph Wisbrun (vice-chair), Marina Wyatt and Alex Oldroyd. At the Annual General Meeting on 8 July 2021, the re-election of Mr. Ralph Wisbrun was approved by the shareholders.

Marina Wyatt will step down from the Supervisory Board after the Annual General Meeting to be held on 7 July 2022 after serving the Lucas Bols Company as member of the Supervisory Board for two terms. The Supervisory Board will nominate Mrs. Marie-Pauline Lauret as her successor. The Management Board and the Supervisory Board are profoundly grateful to Marina Wyatt for her contribution in the eight years she has served as a member of the Supervisory Board, especially for her valuable support to the finance function of the Company.

The composition of the Supervisory Board is in line with the Supervisory Board profile as drawn up by the Supervisory Board and published on the Lucas Bols corporate website. Currently, and also when Marina Wyatt is succeeded by Marie-Pauline Lauret, the gender ratio of the Supervisory Board is balanced at 50-50. However, the Lucas Bols Company believes that gender is only one aspect of diversity. All members of the Supervisory Board will continue to be selected based not solely on their expertise and independence but also on their background and the other diversity aspects described in the Supervisory Board profile. For more information on diversity please refer to the 'Corporate Governance' chapter of this annual report.

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

As the Supervisory Board consists of four members only, it adheres to the decision not to appoint separate committees among its members. The Supervisory Board as a whole carries out the duties of an audit committee and other committees. Matters regarding remuneration are chaired by Ralph Wisbrun and matters related to financial reporting and the external audit are chaired by Marina Wyatt who has extensive financial and accounting experience. Subject to her appointment at the Annual General Meeting on 7 July 2022, Marie-Pauline Lauret will be taking over this role from Marina Wyatt.

Evaluation
The Supervisory Board reviewed and discussed its own functioning during the 2021/22 financial year. The assessment included reviews of the composition of the Supervisory Board, the Supervisory Board's profile (including its competence and expertise), the effectiveness of the Supervisory Board meetings, the lessons learned from this year's experiences, the adequacy of the information supplied to the Supervisory Board and the training of the Supervisory Board. This assessment was conducted through the completion of questionnaires by the individual Supervisory Board and Management Board members and a subsequent discussion.

During the previous evaluation, the Supervisory Board expressed the desire to spend more time discussing longer-term strategic issues. This has been adequately addressed and the Supervisory Board spent considerable time on the longer term strategy, especially the new global cocktail brand strategy, the Fit for Growth organisational strategy and the strategic M&A agenda. The overall conclusions of this year's assessment were positive. The relationship between the Supervisory Board and Management Board is considered to be very constructive, open and transparent. An area for improvement identified during this year's assessment relates to ESG and reporting thereon. This matter as well as other areas for improvement, such as having a better view on talent and management development, will be discussed and acted upon during the next financial year, with follow up monitored in next year's assessment.

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

Meetings and attendance in 2021/22
The Supervisory Board held five ordinary meetings during the year under review. All members were present at every meeting. The Management Board was present at every meeting, with the exception of that part of the two meetings at which the Supervisory Board discussed the performance and remuneration of individual Management Board members.

All meetings were held partly in person from the Company's office in Amsterdam. In light of the COVID-19 pandemic, UK-based Supervisory Board members Alex Oldroyd and Marina Wyatt attended all meetings held during 2021/22 virtually. In between the meetings, René Hooft Graafland, as chair of the Supervisory Board, maintained contact with the Management Board on a regular basis, while Marina Wyatt was in regular contact with the CFO to discuss financial reporting and audit-related matters, among others.

The impact of the pandemic (including the continued lockdowns in certain markets) on the Company's performance and financial position was a topic at most meetings. The measures taken in response which started in 2020/21 and largely continued into 2021/22 (including cost control measures, strict working capital management and the amended covenant agreements with the banks) were also discussed in detail. The Supervisory Board continues to communicate with the Management Board about the implications of COVID-19 on an ongoing basis.

Furthermore, the launch of the new Bols Ready-to-Enjoy Cocktails and the Fit for Growth project (a revised operating model aimed at achieving accelerated future growth by focusing on the Group's brands and innovation, amongst others) were discussed in depth during the meetings. The acquisition of Tequila Partida and the equity raise (both announced in December 2021) were also amongst the key topics discussed at Supervisory Board meetings, as was the set-up of Maxxium BeLux: a 50-50 joint venture with Edrington, established in 2021, that expands the success of the partnership in the Netherlands into Belgium and Luxemburg. In addition, the Supervisory Board and the Management Board spent significant time discussing cyber security and the ESG project plan, focusing on both the strategy and reporting. Recurring topics included financial performance, brand, market and distribution developments in the various areas where the Lucas Bols Company operates, the performance of Avandis and Bols-Kyndal and risk management (including actions taken to mitigate risks and strengthen the company's internal control framework).

In general, the Supervisory Board focused on discussing the strategy and longer-term value creation with the Management Board, including the objectives, execution and progress achieved. In these discussions, the Supervisory Board challenged the Management Board on its strategic agenda and milestone planning. In order to better align the Group's senior management incentives with the longer-term value creation, the Supervisory Board initiated a project to review the feasibility of introducing a long-term incentive plan ('LTIP'). Based on the project conclusions, the Supervisory Board proposes to implement an LTIP for senior management (including the Management Board) from 1 April 2022 onwards. This proposal will be included on the agenda of the 7 July 2022 Annual General Meeting, the terms of which are further described in the Remuneration Report and the revised remuneration policy.

During the 2021/22 financial year, the external auditor virtually attended two Supervisory Board meetings. At the May 2021 Supervisory Board meeting the auditor presented the independent auditor's report and long-form auditor's report along with the findings of the audit of the 2020/21 financial statements. The key audit matters for the audit of the 2021/22 financial statements, the procedures and findings with regard to the 2021/22 interim financial information and the procedures and findings with respect to the IT environment were subsequently presented by the external auditor at the November 2021 Supervisory Board. With involvement of the Supervisory Board, the Management Board initiated a tender process for the selection of the auditor, in which six audit firms participated. After due and careful consideration, it was decided to propose to the Annual General Meeting that PricewaterhouseCoopers Accountants N.V. be appointed as the new auditor of the Company for a period of four years, starting with the audit of the financial year 2022/23 and ending with the audit of the financial statements for the period ending 31 March 2026.

Report of the Annual General Meeting of Shareholders

In view of the pandemic the 8 July 2021 Annual General Meeting of Shareholders was held virtually. In order to keep shareholders, employees and other stakeholders safe, the Company decided, in accordance with the Dutch Temporary COVID-19 Justice and Security Act (a.k.a. the 'Emergency Act'), that the Annual General Meeting would only be accessible to shareholders via a live video-webcast. Shareholders were given the opportunity to submit questions prior to the meeting, and those who did were also permitted to ask follow-up questions during the meeting itself. The answers to pre-submitted questions were published on the Company's website prior to the meeting and addressed during the meeting.

At the Annual General Meeting the Management Board gave an account of the general state of affairs at the Lucas Bols Company and of the Company's financial performance over the 2020/21 financial year. The meeting adopted the 2020/21 financial statements. The members of the Management Board were discharged from liability for their management and the members of the Supervisory Board for their supervision thereof.

The meeting re-appointed Ralph Wisbrun as a member of the Supervisory Board for a four-year term. The meeting authorised the Management Board to issue ordinary shares, limited to 10% of the total number of outstanding shares for a period of 18 months, and an additional 10% in connection with mergers and acquisitions, as well as to repurchase ordinary shares limited to 10% of the total number of shares outstanding. Ernst & Young Accountants LLP (EY), the auditor of the 2020/21 financial statements, gave a presentation on the audit and auditor's report. Pursuant to the revised EU Shareholder Rights Directive, the implementation of the remuneration policy was discussed with and put to the meeting for advice by vote. EY was re-appointed as auditor for the 2021/22 financial year.

Internal audit function

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

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

2021/22 Financial statements and dividend

The Supervisory Board has reviewed and discussed the 2021/22 Annual Report. The 2021/22 Financial Statements as prepared by the Management Board have been audited by EY, whose auditor's report is included in this Annual Report, and were extensively discussed by the Supervisory Board and the external auditor in the presence of the Management Board in May 2022.

The Supervisory Board believes the 2021/22 Financial Statements of the Lucas Bols Company meet all requirements for correctness and transparency. All members of the Supervisory Board and the Management Board have signed the 2021/22 Financial Statements pursuant to the statutory obligations under article 2:101 (2) of the Dutch Civil Code.

The Management Board will present the Financial Statements for 2021/22 and its report at the Annual General Meeting of shareholders on 7 July 2022. The Supervisory Board recommends that the Annual General Meeting adopts the 2021/22 Financial Statements and discharges the Management Board and the Supervisory Board from liability for their management and supervision, respectively, in the year under review. Given the current circumstances the Supervisory Board endorses the Management Board's proposal to refrain from paying out a dividend over the 2021/22 financial year.

The members of the Supervisory Board would like to thank both the existing and new Lucas Bols shareholders and business partners for their continued commitment to our Company. In particular, we wish to thank all our employees and the Management Board for their unwavering commitment and hard work. Despite extremely challenging times, the Company is currently in a much stronger position than before the Covid pandemic. We look forward to the times ahead, hoping that people all over the world people will be enjoying a Bols cocktail.

Amsterdam, 25 May 2022

On behalf of the Supervisory Board

René Hooft Graafland
Chair

The remuneration report flows from the remuneration policy of the Lucas Bols Company which is drawn up in accordance with the current Dutch Corporate Governance Code and the revised Shareholders Rights Directive of the European Parliament and the European Council (2017/828/EU). It was adopted at the Annual General Meeting of Shareholders of 10 July 2019. Pursuant to the Shareholders Rights Directive, the implementation of the remuneration policy in the 2020/21 financial year was discussed with and put to the Annual General meeting of Shareholders on 8 July 2021 for advice by vote. The implementation was supported by 99.7% of the votes cast by the shareholders.

Remuneration policy

The remuneration policy is aimed at attracting, motivating and retaining highly-qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package. This package focuses on sustainable results and is aligned with the Company's long-term strategy. The qualitative KPIs for the variable remuneration are linked to the long-term strategy aimed at leading the development of the cocktail market, worldwide growth of our cocktail brands, developing our Regional Liqueurs & Spirits and leveraging the Company's operational excellence with a sustainable approach.

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

The remuneration of the members of the Management Board consists of the following components:
- fixed annual base remuneration;
- variable annual remuneration in cash;
- allowance for pension and other benefits.

The remuneration policy does not provide for incentives by way of remuneration in shares in the capital of the Lucas Bols Company. The members of the Management Board are, however, allowed to participate in the Company's Employee Share Participation Plan, the specifics of which are described on page 77 of the Annual Report.

Scenario analyses are considered in setting the remuneration policy.

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

Positioning within the Company
In setting the remuneration levels for the Management Board, the Supervisory Board also considers the level of remuneration within the Company for positions below the Management Board. The Supervisory Board also takes the pay ratio into account, which provides a reflection of the total average 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, operating profit and net profit, a result of the Company's strategy. The qualitative criteria contribute to the Company's long-term strategy objectives and relate to the long-term objective of the Company to realise sustainable operational leverage.

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

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

Severance pay
In line with the Dutch Civil Code, the service agreement or employment agreement with the members of 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 of 3 months for Mr. Cocx and 6 months for Mr. Van Doorne and the Company. The agreements with the Management Board do not contain a change of control clause. Furthermore, the Company does not grant any personal loans or advances to or guarantees on behalf of the members of the Management Board.

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

Proposed change to the remuneration policy
The Supervisory Board shall propose certain changes to the remuneration policy to the General Meeting to be held on 7 July 2022, to replace the current remuneration policy. The new policy continues existing policy principles, is updated where necessary and introduces a new policy element. The new policy introduces a long-term incentive plan for the members of the Management Board, aimed to drive and reward sound business decisions for the long-term health of Lucas Bols, stimulate retention and improve market competitiveness. The plan is performance and time based, with annual rolling grants, a 3-year performance period with cliff vesting and uses phantom shares to create a direct link to the share price of Lucas Bols.

Remuneration of the Management Board in 2021/22

In the financial year ending 31 March 2022, Mr. van Doorne served the Lucas Bols Company via a service agreement with a management company controlled by Mr. Van Doorne. Mr. 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 held on 10 July 2019, as set out before. The remuneration costs for the Management Board members in 2021/22 are as follows:

REMUNERATION OF THE MANAGEMENT BOARD IN 2021/22

COMPENSATION (IN € '000)	H.L.M.P. VAN DOORNE	F.J. COCX	TOTAL
Salary	482	290	772
Variable remuneration	224	138	362
Pension	–	29	29
Other[1]	95	20	115
Total	**801**	**477**	**1,278**
Proportion of fixed and variable remuneration	**28.0%**	**28.9%**	**28.3%**

[1] Other benefits for 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 2021/22 financial year, the fixed base remuneration of Mr. Van Doorne and Mr. Cocx remained unchanged.

Annual variable remuneration
The performance targets and objectives for the variable remuneration were set by the Supervisory Board for each member of the Management Board, at the beginning of the 2021/22 financial year.

These performance targets and objectives constitute a balanced mix of financial, qualitative and personal performance criteria. During the 2021/22 financial year, the financial targets were aimed at revenue and operating profit (both of which have an equal weight). The financial targets made up 50% of the total performance criteria.

Achieving these targets contributes to the Lucas Bols strategy of building brand equity and accelerating Global Cocktail Brands growth whilst leveraging operational excellence. In the 2021/22 financial year, the maximum performance level was achieved for both targets, resulting in a 100% payout for the financial targets part of the variable remuneration.

The qualitative and personal performance measures accounted for 50% of the total criteria for each of the members of the Management Board. For the CEO these included growing the Global Cocktail Brands (both in performance and multi-year plans), the successful implementation of the Fit-for-Growth operating model, further developing the strategic direction of the Company and achieving cost reduction targets. Achievement as assessed by the Supervisory Board varied from 'not achieved' to 'maximum performance level', resulting in a pay-out of 85% of the maximum opportunity for this part of the variable remuneration. For the CFO the qualitative and personal performance measures included the successful implementation of the Fit-for-Growth operating model, the successful (operational) launch of the Bols Ready-to-Enjoy Cocktails portfolio, achieving cost reduction targets, cash generation and further developing the strategic direction of the Company (including de-leveraging the balance sheet). Achievement as assessed by the Supervisory Board varied from 'not achieved' to 'maximum performance level', resulting in a pay-out of 91% of the maximum opportunity for this part of the variable remuneration.

As a result, total variable remuneration over 2021/22 amounted to 93% of the maximum achievable bonus for Mr. Van Doorne, and 96% for Mr. Cocx.

Pay ratio
The Corporate Governance Code requires the Lucas Bols Company to report on the pay ratio within the Company. The pay ratio used by the Lucas Bols Company reflects the average total compensation of all Lucas Bols employees globally, excluding the CEO and CFO (€ 125,325 in 2021/22) (€ 129,351 in 2020/21) relative to the total average remuneration package (fixed and variable) of both the CEO and CFO (as included in this report). This resulted in a pay ratio for the CEO of 6.4 (4.5 for 2020/21) and for the CFO of 3.8 (2.6 for 2020/21).

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

REMUNERATION AND COMPANY PERFORMANCE IN LAST FIVE FINANCIAL YEARS

COMPENSATION (IN € '000)	2017/2018	2018/2019[1]	2019/2020[1]	2020/2021[1]	2021/2022[1]
Total remuneration CEO	710,000	659,000	574,000	577,000	801,000
Total remuneration CFO	469,000	439,000	380,000	339,000	477,000
LUCAS BOLS PERFORMANCE (ALL IN € MILLION)[2]	**2017/2018**	**2018/2019**	**2019/2020**	**2020/2021**	**2021/2022**
EBIT	23.6	19.6	17.7	0.2	22.6
Normalised net profit	14.7	12.8	11.3	3.3	14.7
Free operating cash flow	18.7	11.8	15.8	11.4	15.6
PAY RATIO	**2017/2018**	**2018/2019**	**2019/2020**	**2020/2021**	**2021/2022**
Pay ratio CEO	5.9	5.3	4.3	4.5	6.4
Pay ratio CFO	3.9	3.5	2.8	2.6	3.8
Average total remuneration of Lucas Bols employees[3]	120,334	123,940	134,134	129,351	125,325

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

[2] These items are non-GAAP measures, normalised numbers are excluding one-off items. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-GAAP measures as of page 168.

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

Remuneration of the Supervisory Board

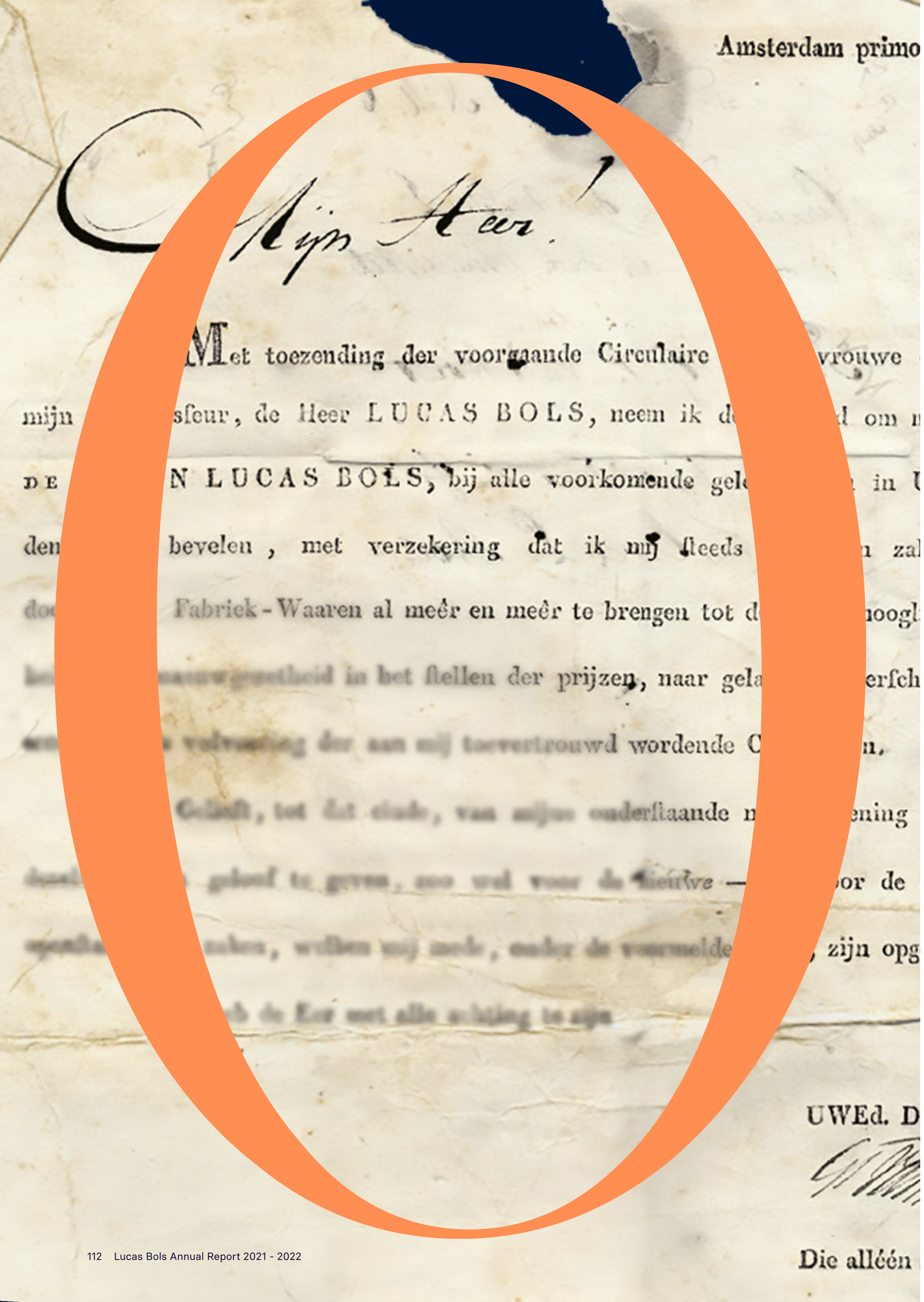
The Annual General Meeting determines the remuneration of the members of the Supervisory Board. On 7 September 2017 the General Meeting approved a proposal by the Supervisory Board to apply annual fixed fee levels for the individual Supervisory Board members in line with the Supervisory Board remuneration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

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

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

REMUNERATION SUPERVISORY BOARD IN LAST FIVE FINANCIAL YEARS

(IN €)	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Mrs. M.M. Wyatt	32,000	35,000	35,000	35,000	35,000
Mrs. A.L. Oldroyd	32,000	35,000	35,000	35,000	35,000
Mr. R. Wisbrun	32,000	38,000	40,000	40,000	40,000
Mr. D.R. Hooft Graafland			26,250	42,500	45,000



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Consolidated financial statements 2021/22

Consolidated statement of profit or loss

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2022	2021
Revenue	6	92,030	57,313
Cost of sales	6	(40,606)	(27,207)
Gross profit		**51,424**	**30,106**
Distribution and administrative expenses	7	(30,990)	(30,452)
Operating profit/(loss)		**20,434**	**(346)**
Share of profit of joint ventures	18	2,175	507
Finance income		29	188
Finance costs		(5,185)	(3,637)
Net finance costs	9	**(5,156)**	**(3,449)**
Profit/(loss) before tax		**17,453**	**(3,288)**
Income tax expense	12	(5,682)	(5,270)
Net profit/(loss)		**11,771**	**(8,558)**
Result attributable to the owners of the Company		**11,771**	**(8,558)**
Weighted average number of shares	10	13,238,276	12,477,298
Earnings per share			
Basic earnings per share (EUR)	10	0.89	(0.69)
Diluted earnings per share (EUR)	10	0.89	(0.69)

Consolidated statement of other comprehensive income

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2022	2021
Net profit/(loss)		**11,771**	**(8,558)**
Other comprehensive income – Items that will never be reclassified to profit or loss			
Remeasurement of net defined benefit liability/(asset)	11	10	(3)
Related tax	12	(3)	1
Equity accounted investees – share of other comprehensive income	18	(46)	(174)
		(39)	**(176)**
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences*		(52)	10
Equity accounted investees – share of other comprehensive income	18	–	–
Net change in hedging reserve	26	937	(233)
Related tax	12	(234)	58
		651	**(165)**
Other comprehensive income for the year, net of tax		**612**	**(341)**
Total comprehensive income for the year, net of tax		**12,383**	**(8,899)**
Total comprehensive income attributable to the owners of the Company		**12,383**	**(8,899)**

* Refer to note 3 of the company financial statements.

Consolidated statement of changes in equity

AMOUNTS IN EUR '000	NOTE	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	CURRENCY TRANSLATION RESERVE	HEDGING RESERVE	OTHER LEGAL RESERVES	RETAINED EARNINGS	RESULT FOR THE YEAR	TOTAL EQUITY
Balance as at 1 April 2021		1,248	129,695	–	(237)	(990)	7,630	56,014	(8,558)	184,802
Transfer result prior period		–	–	–	–	–	–	(8,558)	8,558	–
Total comprehensive income										
Profit (loss) for the year		–	–	–	–	–	–	–	11,771	11,771
Other comprehensive income		–	–	–	(52)	703	–	(39)	–	612
Total comprehensive income		**–**	**–**	**–**	**(52)**	**703**	**–**	**(39)**	**11,771**	**12,383**
Issue of share capital	20	249	28,648	–	–	–	–	–	–	28,897
Transaction costs, net of tax	20	–	(556)	–	–	–	–	–	–	(556)
Dividend paid		–	–	–	–	–	–	–	–	–
Purchase own shares (ESPP)		–	–	54	–	–	–	–	–	54
Own shares delivered (ESPP)		–	–	(54)	–	–	–	–	–	(54)
Transfer from legal reserves		–	–	–	–	–	0	(0)	–	–
Balance as at 31 March 2022		**1,497**	**157,787**	**–**	**(289)**	**(287)**	**7,630**	**47,417**	**11,771**	**225,526**

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

Consolidated statement of financial position

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2022	2021
Assets			
Property, plant and equipment	16	8,975	9,786
Intangible assets	17	306,864	298,213
Investments in equity-accounted investees	18	10,373	9,024
Other investments	19	232	831
Non-current assets		**326,444**	**317,854**
Inventories	13	17,624	13,295
Trade and other receivables	14	19,323	16,341
Other investments including derivatives	26	162	47
Cash and cash equivalents	15	25,588	18,827
Current assets		**62,697**	**48,510**
Total assets		**389,141**	**366,364**
Equity			
Share capital		1,497	1,248
Share premium		157,787	129,695
Treasury shares		–	–
Currency translation reserve		(289)	(237)
Hedging reserve		(287)	(990)
Other legal reserves		7,630	7,630
Retained earnings		47,417	56,014
Result for the year		11,771	(8,558)
Total equity	20	**225,526**	**184,802**
Liabilities			
Loans and borrowings	22	80,370	95,292
Other non-current financial liabilities	23	7,847	6,142
Employee benefits	11	–	505
Deferred tax liabilities	12	48,659	45,908
Total non-current liabilities		**136,876**	**147,847**
Loans and borrowings	22	5,750	15,703
Trade and other payables	24	18,174	16,457
Other current financial liabilities including derivatives	25	2,815	1,555
Total current liabilities		**26,739**	**33,715**
Total liabilities		**163,615**	**181,562**
Total equity and liabilities		**389,141**	**366,364**

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

Consolidated statement of cash flows

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2022	2021
Cash flows from operating activities			
Net profit/(loss)		**11,771**	**(8,558)**
Adjustments for:			
• Depreciation, amortisation and impairment	7	1,871	10,828
• Net finance costs	9	5,156	3,449
• Share of profit of joint ventures	18	(2,175)	(507)
• Income tax expense	12	5,682	5,270
• Provision for employee benefits	11	(505)	68
		21,800	**10,550**
Change in:			
• Inventories		(2,802)	(2,736)
• Trade and other receivables		(2,352)	8,578
• Trade and other payables		(522)	(3,397)
Net changes in working capital		**(5,676)**	**2,445**
Dividends from joint ventures	18	1,100	900
Interest received		151	188
Income tax paid		(1,591)	(2,002)
Net cash from operating activities		**15,784**	**12,081**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	5	(8,514)	(71,300)
Acquisition of/additions to associates and joint ventures	18	(250)	(850)
Acquisition of property, plant and equipment	16	(109)	(705)
Acquisition of intangible assets	17	(38)	–
Net cash from (used in) investing activities		**(8,911)**	**(72,855)**
Cash flows from financing activities			
Proceeds from issue of share capital, net of related cost		28,341	–
Proceeds from loans and borrowings	22	–	62,000
Repayment of loans and borrowings	22	(12,500)	(14,000)
Cash dividend paid to shareholders	20	–	–
Payments made in lease contracts	23	(870)	(832)
Interest paid		(3,356)	(2,028)
Net cash from (used in) financing activities		**11,615**	**45,140**
Net increase/(decrease) in cash and cash equivalents		**18,488**	**(15,634)**
Cash and cash equivalents at 1 April		5,624	21,183
Effect of exchange rate fluctuations		726	75
Net cash and cash equivalents as at 31 March	15	**24,838**	**5,624**
Cash and cash equivalents (asset)		25,588	18,827
Less: bank overdrafts included in current loans and borrowings		(750)	(13,203)
Net cash and cash equivalents as at 31 March		**24,838**	**5,624**

Notes to the consolidated financial statements

1. Reporting entity

Lucas Bols N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Paulus Potterstraat 14 in Amsterdam. The consolidated financial statements of the Company comprise the Company, its subsidiaries (together referred to as 'the Group') and the Group's interest in jointly controlled entities. A list of subsidiaries is included in note 27.

The Company is primarily involved in managing the product development, bottling, distribution, sales and marketing of the brands Bols, Passoã, Galliano, Vaccari, Damrak, Pisang Ambon, Henkes, Nuvo, Bokma, 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% ofthe shares of Pijlsteeg B.V. on 3 September 2013, respectively. On 1 December 2016, Lucas Bols Amsterdam B.V. acquired a 7% interest in Passoã SAS, over which it had, following shareholders agreements, full operational and financial control. Based on the contractual terms between the shareholders, the Company assessed that the voting rights in the Passoã SAS were not the dominant factor in deciding who controls the entity. Therefore, the Company concluded Passoã SAS was a jointly owned entity that the Company controlled with no non-controlling interests from 1 December 2016 onwards. On 2 December 2020 Lucas Bols Amsterdam B.V. executed the call/put option and acquired the remaining shares of Passoã SAS from Rémy Cointreau Group. On 31 December 2021 the Company acquired 100% of the membership interests of Tequila Partida LLC.

As from 4 February 2015 the shares of 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.

Although the COVID-19 crisis had an impact on the Company which may continue after balance sheet date, Lucas Bols' management is confident that its strong cash generation and the availability of significant undrawn committed bank facilities combined with the temporary amendments to its financing arrangements with the banks provide for sufficient liquidity to continue to navigate through this situation.

A war broke out in Ukraine in February 2022. Although management directly ceased all business with Russia and some input costs increased immediately, no material impacts apply to the 2021/22 financial year. After balance sheet date management anticipates to be impacted by the war in Ukraine. The combined Russia and Ukraine contribution to total revenue is limited to around 1% and consequently the direct business impact to Lucas Bols is relatively limited. Indirect risks because of the war in Ukraine could affect Lucas Bols more substantially after balance sheet date, however. Prices of important raw materials and logistics are expected to increase further and the geopolitical situation could also adversely impact consumer behaviour, for example in response to inflation and reduced purchasing power. Management has run various 'down-side' scenarios to model any such potential effects and identified mitigating actions that could be undertaken to minimise the impact on company performance and its financial position. In doing so, experience gained during the COVID-19 pandemic was leveraged. Management is of the view that the company's performance, positioning, financial health and suite of identified mitigating actions are sufficient to navigate through this situation.

Consequently, also considering the specific factors mentioned above, the consolidated financial statements have been prepared on the going concern assumption.

The consolidated financial statements were authorised for issue by all members of the Management Board and the Supervisory Board on 24 May 2022 and will be submitted for adoption to the Annual General Meeting of Shareholders on 7 July 2022.

(b) Basis of measurement
The consolidated financial statements have been prepared on each reporting date on a historical cost basis, except for the following material items in the consolidated statement of financial position:
- Derivative financial instruments are measured at fair value;
- Interests in joint ventures are accounted for using the equity method; and
- The defined benefit obligation is recognised at the present value of the defined benefit obligation less the fair value of the plan assets and is as explained in note 3(d).

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

(d) Impact of COVID-19 on the consolidated financial statements
Although recovery (and in some instances growth) was achieved in most markets, the impact of the COVID-19 pandemic on public life and the global industry continued to affect the demand for Lucas Bols' products in certain markets, mainly in those markets where stringent restrictions (including the closing of bars and restaurants and limited travel and tourism) were in place in (parts of) the 2021/22 financial year. In addition, the pandemic resulted in global supply disruptions, impacting pricing and availability of raw materials and logistics and hence our profit margins.

The reported net profit for the year ended 31 March 2022 was EUR 11,669 thousand (2020/21: EUR 8,558 thousand loss). In those markets still affected by COVID-19 during the 2021/22 financial mitigating actions such as reductions in Advertising & Promotional expenses continued to be in place.
To offset parts of the adverse global supply disruption effects various measures were taken to maximise product availability (including contingency plans, anticipation of longer lead times and safety stock building) and limit the impact on profit margins (for example through agreeing price increases with customers).

The potential impact of the war in Ukraine is described in note 2(a).

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

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

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

(I) Estimates and judgements
The below matters contain the most significant estimates and judgments.

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following note:
- Note 18 – classification of joint arrangements.

(II) Assumptions and estimation uncertainty
Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment are included in the following notes:
- Note 5: key assumptions underlying the recognition of a brand name and assumed contingent consideration in a business combination;
- Note 11: measurement of defined benefit obligations: key actuarial assumptions;
- Note 12: recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
- Note 17: impairment test: key assumptions underlying recoverable amounts of intangible assets.

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included note 26 – financial instruments.

(f) Changes in accounting policies
The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

No new standards and amendments to existing standards, effective in 2021/2022, had a significant impact on the Group's consolidated financial statements.

3. General accounting policies

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

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

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

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

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

(II) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it has power over the investee, is exposed or has the rights to variable returns from its involvement with that entity and has the ability to affect those returns through its power over the entity.

Control is generally obtained by ownership of more than 50% of the voting rights.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Foreign currency
(I) Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate on the transaction date.

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

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

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

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

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

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

If a foreign operation is disposed of in its entirety or in part such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, the relevant proportion of the cumulative amount is 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 either individually or as part of a brand portfolio if the brand or the brand portfolio meets the definition of an intangible asset and the recognition criteria are satisfied. Brands and brand portfolios can have either an indefinite life or a finite life. The brands and brand portfolios have an indefinite useful life when the period during which it is expected that the brands contribute to net cash inflows is indefinite. These brands are not amortised but tested for impairment annually and whenever there is an indication that the brand may be impaired. The brand and brand portfolio with an indefinite life are measured at cost less accumulated impairment losses when applicable. The brands and brand portfolios with a finite life are measured at cost and amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

(II) Goodwill

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

(III) Other intangible assets

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

(k) Financial instruments

Financial instruments

Financial assets

Initial recognition and measurement

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

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

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortised cost (loans and borrowings).

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

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.
For more information, refer to note 22.

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

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

Derivative financial instruments and hedge accounting
The Group continues to apply the existing hedge accounting requirements under IAS 39.

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

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

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

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

(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 2022.

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

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

Right-of-use assets are subject to impairment.

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

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

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

4. New standards and interpretations not yet adopted

Several new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated financial statements, including the *Reference to the Conceptual Framework – Amendments to IFRS 3*. These new standards, amendments and interpretations are not expected to have a material impact on our consolidated financial statements.

5. Business combinations

Acquisitions in 2021/22

Acquisition of Tequila Partida LLC

On 31 December 2021 the Group signed an agreement to acquire 100% of the outstanding membership interests in Tequila Partida LLC, a non-listed company based in the United States, from the Shansby Trust and Edrington USA, Inc. (together referred to as "Sellers") effective 1 January 2022. The purchase price consists of a fixed cash consideration of EUR 8,588 thousand (USD 9,581 thousand, fully paid in February 2022) and a contingent cash consideration currently estimated at EUR 2,360 thousand (USD 3,000 thousand). Tequila Partida is the world's highest rated ultra-premium tequila brand, mainly selling in the United States and Mexico. Adding Tequila Partida to the portfolio will enable the Group to further strengthen its portfolio of brands with tequila, one of the fastest growing spirits categories in the United States and a key ingredient in the leading Margarita cocktail.

As part of the transaction, other intangible assets have been recognised, mainly the brand for an amount of EUR 8,435 thousand. Receivables, inventories, cash and other assets acquired as part of the transaction were transferred for an amount of EUR 2,071 thousand at effective date. In addition, goodwill was recognised for an amount of EUR 441 thousand. None of the receivables were expected to be uncollectable at the date of acquisition.

For the three months period ended 31 March 2022, Tequila Partida did not contribute to revenue and had a negative impact on net result of EUR 181 thousand. In addition, the associated one-off transaction costs amount to EUR 288 thousand. Had the transaction occurred on 1 April 2021 and Tequila Partida would have been consolidated for the full year ended 31 March 2022, the estimated contribution to revenue would have been EUR 1,895 thousand and to net result a loss of EUR 634 thousand.

Fixed cash consideration

In February 2022, the Group paid the fixed cash consideration of EUR 8,588 thousand (USD 9,581 thousand).

The following table summarises the acquisition date fair value of each major class of the total consideration.

Purchase consideration

AMOUNTS IN EUR '000	NOTE	2021
Cash		8,588
Contingent consideration	23	2,360
Total purchase consideration		**10,948**

Contingent cash consideration

In addition to the fixed cash consideration a contingent cash consideration was agreed with Sellers. This contingent consideration depends on Tequila Partida's performance over the fiscal years 2022/23 and 2023/24 and is capped at EUR 6,216 thousand (USD 6,900 thousand) over the two years together. Performance with respect to the contingent consideration is determined by the following measures:

MEASURE	DESCRIPTION
Depletion volume (measured in 9.0 litre cases)	The depletion volume is the number of cases shipped from the distributor to its customers.
Average case rate (per 9.0 litre cases)	The average case rate is the average price per case paid by the distributor to Tequila Partida.

Estimated performance would result in a total variable compensation of EUR 1,351 thousand (USD 1,500 thousand) for each individual year. Accordingly, the Group recognised a liability for the fair value of the total contingent consideration of EUR 2,360 (USD 2,633 thousand). Also refer to note 23.

Identifiable assets acquired and liabilities assumed

The provisional fair value of the net identifiable assets and liabilities of Tequila Partida as at the date of acquisition were:

AMOUNTS IN EUR '000 AS AT 1 JANUARY 2022	NOTE	FAIR VALUE RECOGNISED ON ACQUISITION
Assets		
Property, plant and equipment	16	39
Intangible assets	17	8,435
Investments in equity-accounted investees	18	–
Other investments	19	–
Inventories	13	1,526
Trade and other receivables	14	703
Other investments including derivatives	26	–
Cash and cash equivalents	15	74
Total assets acquired		**10,777**

AMOUNTS IN EUR '000 AS AT 1 JANUARY 2022	NOTE	FAIR VALUE RECOGNISED ON ACQUISITION
Liabilities		
Loans and borrowings	22	–
Other non-current financial liabilities	23	–
Employee benefits	11	–
Deferred tax liabilities	12	–
Trade and other payables	24	271
Other current financial liabilities including derivatives	25	–
Total liabilities assumed		**271**
Total identifiable net assets at fair value		**10,506**
Goodwill arising on acquisition		441
Total purchase consideration		**10,948**

Because the total consideration (expected to be) transferred exceeds the fair value of the net assets acquired, goodwill was recognised for an amount of EUR 441 thousand (USD 492 thousand). This goodwill is mainly attributable to the workforce of Tequila Partida and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of EUR 288 thousand on legal fees and due diligence costs. These costs have been included in 'Other administrative expenses' and are considered one-off expenses.

Cash flows on acquisition

Analysis of cash flows on acquisition

AMOUNTS IN EUR '000	
Cash consideration paid (included in cash flows from investing activities)	(8,588)
Transaction costs of the acquisiton (included in cash flows from operating activities)	(288)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	74
Total cash flows on acquisition	**(8,802)**

Acquisitions in 2020/21

No acquisitions were made in 2020/21.

6. Operating segments

The Group develops, produces, sells and markets products which can be divided in two reportable segments. To further increase focus within the Company (amongst which a specific focus on cocktails), management re-aligned the naming of its two reportable segments and the allocation of individual brands to the two reportable segments effective 1 April 2021. Consequently, the comparative numbers have been restated.

More specifically, management redefined its brand portfolios from Global Brands and Regional Brands to Global Cocktail Brands and Regional Liqueurs & Spirits. Included in the Global Brands portfolio were Bols Cocktails, Passoã, Galliano, Damrak, Vaccari and Nuvo, whilst the Regional Brands portfolio consisted of all other brands.

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

Brand information

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

(I) Global Cocktail Brands

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

(II) Regional Liqueurs & Spirits

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

Management reviews, analyses and discusses internal reports of each reportable segment. Key information regarding each reportable segment is set out in the table below.

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	GLOBAL COCKTAIL BRANDS		REGIONAL LIQUEURS & SPIRITS		UNALLOCATED		TOTAL	
	2022	2021*	2022	2021*	2022	2021*	2022	2021*
Revenue	66,186	40,063	25,844	17,250	–	–	92,030	57,313
Cost of sales	(26,317)	(17,616)	(14,289)	(9,591)	–	–	(40,606)	(27,207)
Gross profit	**39,869**	**22,447**	**11,555**	**7,659**	**–**	**–**	**51,424**	**30,106**
A&P and distribution expenses	(12,793)	(7,514)	(3,587)	(1,683)	–	–	(16,380)	(9,197)
Personnel and other expenses	–	–	–	(8,911)	(14,610)	(12,344)	(14,610)	(21,255)
Total result from operating activities	**27,076**	**14,933**	**7,968**	**(2,935)**	**(14,610)**	**(12,344)**	**20,434**	**(346)**
Share of profits of joint ventures	665	257	1,510	250	–	–	2,175	507
EBIT	**27,741**	**15,190**	**9,478**	**(2,685)**	**(14,610)**	**(12,344)**	**22,609**	**161**

AMOUNTS IN EUR '000 AS AT 31 MARCH	GLOBAL COCKTAIL BRANDS		REGIONAL LIQUEURS & SPIRITS		UNALLOCATED		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
Intangible assets	213,013	213,013	93,851	85,200	–	–	306,864	298,213
Inventories	13,484	10,696	4,140	2,599	–	–	17,624	13,295
Other assets	–	–	–	–	64,653	54,856	64,653	54,856
Total segment assets	**226,497**	**223,709**	**97,991**	**87,799**	**64,653**	**54,856**	**389,141**	**366,364**
Total segment liabilities	**–**	**–**	**–**	**–**	**(163,615)**	**(181,562)**	**163,615**	**(181,562)**

* Comparative numbers have been restated to reflect the change in reporting segments.

Market cluster information (Regions)

Following the re-alignment discussed under Brand information, and again to further increase focus within the Company, management also redefined the way in which markets are clustered effective 1 April 2021. Markets used to be clustered mainly based on their geographical location, resulting in four regions: Western Europe, Asia-Pacific, North America and Emerging Markets.

Rather than on their respective geographical location, individual markets are allocated to a market cluster based on relative maturity of the cocktail and/or cocktail culture in that specific market. Three market clusters are now identified:

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	REVENUE BY MARKET CLUSTER	
	2022	2021
Sophisticated Cocktail Markets*	25,716	10,415
Developed Cocktail Markets**	52,258	39,023
Emerging Cocktail Markets	14,056	7,875
Consolidated totals	**92,030**	**57,313**

* of which revenue attributed to the USA: EUR 21,839 thousand (2020/21: EUR 8,288 thousand).

** of which revenue attributed to the Netherlands EUR 15,520 thousand (2020/21: EUR 11,702).

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	GROSS MARGIN BY MARKET CLUSTER	
	2022	2021
Sophisticated Cocktail Markets	13,749	4,965
Developed Cocktail Markets	29,910	20,857
Emerging Cocktail Markets	7,765	4,284
Consolidated totals	51,424	30,106

7. Distribution and administrative expenses

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2022	2021
Advertising and promotional expenses		(8,020)	(4,454)
Distribution expenses		(8,360)	(4,743)
Personnel expenses	8	(9,512)	(7,671)
Other administrative expenses		(3,227)	(2,756)
Amortisation	17	(263)	(223)
Impairment	17	–	(8,911)
Depreciation	16	(1,608)	(1,694)
		(30,990)	**(30,452)**

8. Personnel expenses

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2022	2021
Wages and salaries	(7,817)	(5,633)
Fringe benefits (including social premiums)	(1,266)	(1,320)
Contribution to pension plans	119	(156)
Expenses related to post-employment defined benefit plans	(12)	(312)
Temporary staff	(536)	(250)
	(9,512)	**(7,671)**

At 31 March 2022 the Group had 34.5 FTEs in the Netherlands (31 March 2021: 38 FTEs) and 31.9 FTEs abroad (31 March 2021: 24 FTE).

Personnel expenses include EUR 314 thousand of income from government grants in the USA, for which the Group has applied during the financial year ended 31 March 2022 (31 March 2021: EUR 1,762 thousand in the USA and the Netherlands).
Included in 'contributions to defined contribution plans' is a one-off gain of EUR 461 thousand realised on the curtailment of the defined benefit plan following the Company entering into a new pension arrangement. Reference is made to note 11.

For the disclosure on key management personnel remuneration reference is made to note 29.

9. Net finance costs

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2022	2021
Total interest income arising from financial assets measured at amortised cost	29	188
Finance income	**29**	**188**
Interest expenses on loans and borrowings	(2,780)	(1,991)
Interest expense on liability related to the Passoã call/put option	–	(799)
Interest expense on lease liablities	(151)	(131)
Finance expense relating to BolsKyndal loan and interest payments	(1,904)	–
Other finance costs	(350)	(716)
Finance costs	**(5,185)**	**(3,637)**
Net finance costs recognised in profit or loss	**(5,156)**	**(3,449)**

10. Earnings per share

Basic earnings per share
The calculation of basic earnings per share for the year ended 31 March 2022 is based on the profit attributable to ordinary shareholders of the Company of EUR 11,771 thousand (2020/21: EUR 8,558 thousand net loss) and a weighted average number of ordinary shares – basic outstanding during the year ended 31 March 2022 of 13,238,276 (2020/21: 12,477,298). Basic earnings per share for the year amounted to EUR 0.89 positive (2020/21 EUR 0.69 negative).

Diluted earnings per share
The calculation of diluted earnings per share for the period ended 31 March 2022 is based on the net profit attributable to ordinary shareholders of the Company of EUR 11,771 thousand (2020/21 EUR 8,558 thousand net loss) and a weighted average number of ordinary shares – basic outstanding after adjustment for the effects of all potentially dilutive ordinary shares of 13,238,276 (2020/21: 12,477,298). Diluted earnings per share for the year amounted to EUR 0.89 positive (2020/21: EUR 0.69 negative).

11. Employee benefits

Until 31 May 2021 the Group had two pension schemes in place for its qualifying members of staff in the Netherlands. One of them qualified as defined benefit plan with an average pay pension scheme. The other qualified as a defined contribution plan, which is applicable for any remuneration exceeding the threshold of the defined benefit plan up until a maximum as per applicable laws and regulations. Because both these pension schemes had a termination date of 31 May 2023 and in anticipation of the new pension law (the 'Nieuwe Pensioenwet') that is expected to become effective 1 January 2023, the Company entered into a new pension arrangement for its Dutch employees. Under that new arrangement the Company changed its pension scheme from a partly defined benefit, partly defined contribution pension scheme into one overall defined contribution pension scheme. The provision for employee benefits was curtailed during the year under review, positively impacting the statement of profit or loss with EUR 461 thousand and OCI with EUR 10 thousand.

Movement in net defined benefit (asset) liability

AMOUNTS IN EUR '000	DEFINED BENEFIT OBLIGATION		FAIR VALUE OF PLAN ASSETS		NET DEFINED BENEFIT LIABILITY (ASSET)	
	2022	2021	2022	2021	2022	2021
Balance at 1 April	5,524	4,510	(5,019)	(4,076)	505	434
Included in profit or loss						
Current service cost	57	312	–	–	57	312
Curtailment	(461)	–	–	–	(464)	–
Past service cost and (gain)	(45)	–	–	–	(42)	–
Interest cost/(income)	51	69	(56)	(70)	(5)	(1)
	(398)	**381**	**(56)**	**(70)**	**(454)**	**311**
Included in OCI						
Effect of changes in economic assumptions	(860)	826	–	–	(860)	826
Effect of changes in demographic assumptions	–	(116)	–	–	–	(116)
Effect of experience adjustments	(66)	(95)	–	–	(66)	(95)
Costs of asset management	–	–	25	20	25	20
Premium correction	–	–	(47)	(185)	(47)	(185)
Return on plan assets (excluding interest)	–	–	938	(447)	938	(447)
	(926)	**615**	**916**	**(612)**	**(10)**	**3**
Other						
Contributions paid by employee	8	46	(8)	(46)	(39)	–
Contributions paid by the employer	–	–	(47)	(276)	(8)	(276)
Benefits paid	(32)	(28)	32	28	–	–
Administration costs	–	–	6	33	6	33
	(24)	**18**	**(17)**	**(261)**	**(41)**	**(243)**
Balance at 31 March	**4,176**	**5,524**	**(4,176)**	**(5,019)**	**–**	**505**

Plan assets
Plan assets comprise qualifying insurance policies.

Defined benefit obligation
Actuarial assumptions
At the reporting date (except for the future salary growth, which is the curtailment date) the principal actuarial assumptions (expressed as weighted averages) were as follows:

AS AT 31 MARCH	2022	2021
Discount rate	1.65%	1.00%
Future salary growth	2.10%	1.50%
Future pension growth	0.00%	0.00%
Price inflation	2.10%	1.50%

Assumptions regarding future mortality are based on published statistics and mortality tables. For financial year 2021/22 table *Prognosetafel AG 2020* is used (2020/21: *Prognosetafel AG 2020*).

The duration of the defined benefit obligation is 28.2 years (2020/21: 30.5 years).

The Group expects no contributions to be paid to its defined benefit plan in the 2022/23 financial year (31 March 2021: EUR 342 thousand). The defined benefit obligation does remain subject to indexation.

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

Defined benefit obligation as at 31 March 2022

AMOUNTS IN EUR '000	INCREASE	DECREASE
Discount rate (+/- 1%)	(1,128)	1,232
Future salary growth (+/- 1%)	–	–
Future price inflation (+/- 1%)	–	–
Future pension growth (+ 1%)	1,292	–

12. Income taxes

Income tax recognised in profit or loss

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2022	2021
Current tax expense	(2,992)	(1,966)
Deferred tax expense		
Tax loss and tax credit carry forward/(reduction of)	(1,465)	825
Origination and reversal of temporary differences	(330)	(192)
Adjustment for prior years (incl. tax credits carry forward)	(35)	–
Remeasurement DTA and DTL due to rate changes	(860)	(3,937)
	(2,690)	**(3,304)**
Income tax expense	**(5,682)**	**(5,270)**

Income tax expense excludes the Group's share of tax expense of the Group's equity-accounted investees of EUR 394 thousand (2020/21: EUR 57 thousand), which has been included in 'share of profit of joint ventures'.

In 2021/22 the Company ceased the application of the research & development tax incentive. Consequently no gain was recorded in the income tax expense (2020/21: EUR 16 thousand).

The 2021/22 income tax expense include a one-off loss of EUR 860 thousand, due to the negative impact resulting from the increase of the Dutch corporate income tax rate, which changes from 25.0% to 25.8%, on the Company's deferred tax liabilities. The 2020/21 income tax expense included a one-off loss of EUR 3.9 million, mainly due to the negative impact resulting from the cancellation of reductions of the Dutch corporate income tax rate on the companies deferred tax liabilities.

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

Reconciliation of effective tax rate

FOR THE YEAR ENDED 31 MARCH	2022		2021	
	%	EUR 1,000	%	EUR 1,000
Profit/(loss) before tax		17,453		(3,288)
Tax at the Company's domestic tax rate	25.8	(4,503)	25.0	822
Effect of tax rates in foreign jurisdictions	1.4	(236)	(8.0)	(262)
Non-deductible expenses	4.3	(754)	(69.5)	(2,284)
Effect of share of profits of equity-accounted investees	(3.2)	560	15.2	501
Changes in estimates related to prior years	(0.6)	111	(3.8)	(126)
R&D tax incentive	–	–	0.5	16
Remeasurement DTA and DTL due to rate changes	4.9	(860)	(119.7)	(3,937)
	32.6	**(5,682)**	**(160.3)**	**(5,270)**

Included in the 2020/21 non-deductible expenses is the impairment of EUR 8,911 thousand, amongst others.

Tax

Movement in deferred tax balances

RELATED TO 2021/22 AMOUNTS IN EUR '000	NET BALANCE AT 1 APRIL 2021	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSIFI-CATION/OTHER	NET BALANCE AT 31 MARCH 2022	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	(31,121)	(1,218)	–	–	**(32,339)**	–	(32,339)
Acquisition related deferred taxes	(18,155)	–	–	–	**(18,155)**	–	(18,155)
Derivative financial liability	(8)	–	(33)	–	**(41)**	–	(41)
Derivative financial asset	342	4	(206)	–	**140**	140	–
Employee benefits	118	(115)	(3)	–	**–**	–	–
Tax loss carry forward	2,351	(1,359)	–	–	**992**	992	–
Tax credits carry forward	565	(2)	181	–	**744**	744	–
Tax assets (liabilities)	**(45,908)**	**(2,670)**	**(61)**	**–**	**(48,659)**	**1,876**	**(50,535)**

RELATED TO 2020/21 AMOUNTS IN EUR '000	NET BALANCE AT 1 APRIL 2020	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSIFI-CATION/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)**

On 31 March 2022 the total tax loss carry forward amount of EUR 3.8 million has been capitalised as deferred tax asset (31 March 2021: EUR 9.5 million). Tax credits carry forward of EUR 2.9 million have been recognised and will not expire (31 March 2021: 2.3 million). The deferred tax asset for capitalised tax losses is expected to be gradually realised in the course of the next two years.

Uncertain tax positions

Because the Company operates in a number of countries, its income is subject to taxation in different jurisdictions and at different tax rates. The authorities in the Dutch tax jurisdiction have reviewed the Company's tax returns from 2016/17 through 2018/19 and have taken the view that the interest expense related related to the Passoã call/put option is not deductible.

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

13. Inventories

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Finished goods	15,373	12,852
Raw materials	2,251	443
	17,624	**13,295**

During 2021/22 inventories of EUR 381 thousand were written down to net realisable value (2020/21: EUR 39 thousand). The write-down is included in 'Cost of sales'.

14. Trade and other receivables

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Trade receivables	16,943	12,743
Prepaid expenses and accrued income	1,955	2,051
Other receivables	425	1,547
	19,323	**16,341**

The entire balance of trade and other receivables is classified as current. As at 31 March 2022 an insignificant allowance for doubtful trade receivables was recognised (2020/21: nil). The Company did not experience a significant increase in credit risk as a result of COVID-19.

Trade and other receivables denominated in currencies other than the functional currency amounted to EUR 11,245 thousand at 31 March 2022 (31 March 2021: EUR 8,575 thousand).

Information about the Group's exposure to credit and currency risks as well as impairment losses for trade and other receivables is included in note 26.

15. Cash and cash equivalents

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Bank balances	25,572	18,817
Cash balances	16	10
Cash and cash equivalents in the statement of financial position	**25,588**	**18,827**
Bank overdrafts	(750)	(13,203)
Cash and cash equivalents in the statement of cash flows	**24,838**	**5,624**

All cash and cash equivalents are available on demand.

16. Property, plant and equipment

AMOUNTS IN EUR '000	RIGHT-OF-USE ASSETS	EQUIPMENT	FIXTURES AND FITTINGS	FURNITURE	TOTAL
Cost					
Balance at 1 April 2021	8,139	2,843	3,921	183	**15,086**
Additions	–	77	26	6	**169**
Additions through acquisitions	5	86	8	–	**99**
Lease modifications and remeasurements	615	–	–	–	**615**
Disposals	–	–	–	–	**–**
Reclassification	–	–	–	–	**–**
Effect of movement in exchange rates	40	2	1	–	**43**
Balance at 31 March 2022	**8,799**	**3,008**	**3,956**	**189**	**15,952**
Accumulated depreciation					
Balance at 1 April 2021	(2,038)	(1,294)	(1,852)	(116)	**(5,300)**
Depreciation for the year	(787)	(413)	(403)	(5)	**(1,608)**
Additions through acquisitions	(4)	(54)	(2)	–	**(60)**
Disposals	–	–	–	–	**–**
Reclassification	–	–	–	–	**–**
Effect of movement in exchange rates	(28)	(1)	26	(6)	**(9)**
Balance at 31 March 2022	**(2,857)**	**(1,762)**	**(2,231)**	**(127)**	**(6,977)**
Carrying amounts					
At 1 April 2021	**6,101**	**1,549**	**2,069**	**67**	**9,786**
At 31 March 2022	**5,942**	**1,246**	**1,725**	**62**	**8,975**

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 modifications and remeasurements	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**

The carrying value of right-of-use assets mainly consists of buildings and includes an amount of EUR 37 thousand relating to office equipment (31 March 2021: EUR 58 thousand) and EUR 46 thousand relating to lease cars (31 March 2021: EUR 59 thousand). Short-term lease expenses and low-value lease expenses of EUR 54 thousand (31 March 2021: EUR 64 thousand) are included in Other administrative expenses. Refer to note 23 and note 25 for further details on the lease liability.

Security

At 31 March 2022 properties with a carrying amount of EUR 3,033 thousand (31 March 2021: EUR 3,685 thousand) were subject to a registered debenture that serves as security for bank loans (see note 22).

17. Intangible assets

AMOUNTS IN EUR '000	BRANDS	GOODWILL	OTHER	TOTAL
Cost				
Balance at 1 April 2021	286,760	20,202	555	**307,517**
Additions	–	–	38	**38**
Additions through acquisitions	8,435	441	–	**8,876**
Balance at 31 March 2022	**295,195**	**20,643**	**593**	**316,431**
Accumulated amortisation				
Balance at 1 April 2021	(209)	–	(184)	**(393)**
Amortisation	(129)	–	(134)	**(263)**
Balance at 31 March 2022	**(338)**	**–**	**(318)**	**(656)**
Accumulated impairment				
Balance at 1 April 2021	(8,911)	–	–	**(8,911)**
Impairment	–	–	–	**–**
Balance at 31 March 2022	**(8,911)**	**–**	**–**	**(8,911)**
Carrying amounts				
At 1 April 2021	**277,640**	**20,202**	**371**	**298,213**
At 31 March 2022	**285,946**	**20,643**	**275**	**306,884**

AMOUNTS IN EUR '000	BRANDS	GOODWILL	OTHER	TOTAL
Cost				
Balance at 1 April 2020	286,760	20,202	555	**307,517**
Additions	–	–	–	**–**
Balance at 31 March 2021	**286,760**	**20,202**	**555**	**307,517**
Accumulated amortisation				
Balance at 1 April 2020	(170)	–	–	**(170)**
Amortisation	(39)	–	(184)	**(223)**
Balance at 31 March 2021	**(209)**	**–**	**(184)**	**(393)**
Accumulated impairment				
Balance at 1 April 2020	–	–	–	**–**
Impairment	(8,911)	–	–	**(8,911)**
Balance at 31 March 2021	**(8,911)**	**–**	**–**	**(8,911)**
Carrying amounts				
At 1 April 2020	**286,590**	**20,202**	**555**	**307,347**
At 31 March 2021	**277,640**	**20,202**	**371**	**298,213**

Goodwill

Goodwill was recognised as a result of the acquisition of Pijlsteeg B.V. in September 2013, Passoã in December 2016 and Tequila Partida in December 2021. The difference between the purchase price and the fair value was recognised as goodwill, which is subject to an annual impairment test.

AMOUNTS IN EUR '000	2022	2021
Balance at 1 April	20,202	20,202
Additions through acquisition	441	–
Balance at 31 March	**20,643**	**20,202**

Impairment testing for cash-generating units (CGUs) containing brand value and goodwill

The total brand value per the Group's CGUs is as follows:

AMOUNTS IN EUR '000	2022	2021
Bols	102,138	102,138
Passoã	70,300	70,300
Galliano	39,076	39,076
Dutch brands	40,922	40,922
Other brands	33,510	25,204
	285,946	**277,640**

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

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

Key assumptions applied to the impairment test are as follows:

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

PERCENTAGE AS AT 31 MARCH	2022	2021
Discount rate	6.8	6.7
Pre-tax WACC	8.46–9.44	8.29–9.31
Terminal value growth rate	0.00–2.00	0.00–2.00

During the year no impairment loss was recorded. In 2020/21 an impairment loss of EUR 8.9 million was recorded in relation to the CGU Dutch brands.

In addition, management performed a sensitivity analysis on (i) a revenue decrease of 5%, (ii) a discount rate increase of 100bps, or (iii) if applicable, a terminal growth rate of 0% for each CGU (apart from the Dutch Brands CGU where -1% is applied in the sensitivity analysis). The recoverable amounts of the CGUs would still be in excess of the carrying amounts with sufficient and reasonable headroom, except for the Dutch Brands CGU because it was subject to an impairment last year. If the discount rate would have been 100bps higher or the terminal growth rate would be set at -1% a limited impairment of brand value would arise for that CGU.

18. Equity-accounted investees

AMOUNTS IN EUR '000	2022	2021
Opening balance	9,024	7,316
Share in profit	2,175	507
Dividend received	(1,100)	(900)
Additions to joint ventures	–	2,376
Investments/(divestments) in joint ventures	250	(50)
Actuarial result through OCI	(46)	(174)
Other adjustments	70	(51)
Balance at 31 March	**10,373**	**9,024**

AMOUNTS IN EUR '000	2022	2021
Avandis (CV & BV) (50%)	8,750	8,138
Maxxium Nederland BV (50.0%)	1,027	586
Maxxium BeLux NV (50.0%)	296	–
BolsKyndal India Pvt Ltd (50.0%)	–	–
Other	300	300
Balance as at 31 March	**10,373**	**9,024**

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.

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	2022	2021
Revenue	53,735	40,902
Profit from continuing operations	819	(28)
Other comprehensive income	–	–
Total comprehensive income	**819**	**(28)**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Current assets	16,296	16,495
Non-current assets	26,504	28,625
Current liabilities	(14,682)	(14,427)
Non-current liabilities	(10,618)	(14,416)
Net assets (100%)	**17,500**	**16,277**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Group interest in net assets of investee at beginning of year	8,138	5,557
Share of total comprehensive income	612	(1,516)
Changes during the year (including gain from bargain purchase price)	–	4,097
Group interest in net assets of investee at year-end	**8,750**	**8,138**
Elimination of unrealised profit on intercompany sales	–	–
Carrying amount of interest in investee at year-end	**8,750**	**8,138**

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	2022	2021
Revenue	71,503	66,178
Profit from continuing operations	2,385	2,077
Other comprehensive income	549	(347)
Total comprehensive income	**2,934**	**1,730**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Current assets	20,754	18,045
Non-current assets	3,301	1,035
Current liabilities	(19,623)	(16,686)
Non-current liabilities	(1,911)	(892)
Net assets (100%)	**2,521**	**1,502**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Group interest in net assets of investee at beginning of year	586	673
Share of total comprehensive income	1,467	865
Dividends received during the year	(1,100)	(900)
Group's interest in net assets of investee at year-end	**953**	**638**
Elimination of unrealised profit on intercompany sales	74	(52)
Carrying amount of interest in investee at year-end	**1,027**	**586**

Maxxium BeLux N.V.

In 2021/22 the Group together with Edrington incorporated Maxxium BeLux N.V., which became operational on 1 October 2021. Maxxium BeLux N.V. is structured as a separate entity and the Group has a 50.0 percent interest in the net assets of Maxxium BeLux N.V. The Group has classified its interest in Maxxium BeLux N.V. as a joint venture. The principal activity of Maxxium BeLux N.V. is the distribution of distilled products in Belgium and Luxembourg.

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

In 2020/21 the Group impaired the carrying value of the joint venture by EUR 736 thousand, reflecting the worsened adverse economic, political and market circumstances in India. Also refer to note 25.

19. Other investments

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Loan to Avandis C.V. joint venture	–	599
Other related party loans	232	232
	232	**831**

The loan to Avandis C.V. was repaid by Avandis C.V. in March 2022. The loan related to payment conditions agreed with Avandis C.V., had an undefined duration and bore an interest of 4.0% per annum.

Information about the Group's exposure to credit and market risks and fair value measurement is included in note 26.

20. Capital and reserves

At 31 March 2022 the authorised share capital comprised 21.0 million ordinary shares of EUR 0.10 each.
A total of 14.97 million of these shares was issued and fully paid at the balance sheet date.

AMOUNTS IN EUR '000	2022	2021
In issue at 1 April	1,248	1,248
Issue of share capital	249	–
In issue at 31 March – fully paid	**1,497**	**1,248**
Authorised – par value in EUR	**0.10**	**0.10**

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

NUMBER OF SHARES IN THOUSANDS	2022	2021
Balance at 1 April	12,477	12,477
Issue of share capital	2,495	–
Balance at 31 March	**14,973**	**12,477**

Treasury shares
In 2021/22 and 2020/21 the Group purchased own shares under the Employee Share Purchase Plan (see note 3(e)). All purchased own shares have been delivered to employees.

Share premium

AMOUNTS IN EUR '000	2022	2021
Balance at 1 April	129,695	129,695
Issue of share capital	28,648	–
Transaction costs, net of tax	(556)	–
Balance at 31 March	**157,787**	**129,695**

In order to finance the acquisition of Tequila Partida LLC and to strengthen its balance sheet the Group issued new shares. As a result of the issuance of shares shareholders' equity increased by EUR 28,341 thousand of which share premium increased with EUR 28,092 thousand. Total gross transaction costs amount to EUR 736 thousand. Transaction cost, net of tax, of EUR 556 thousand are deducted from the share premium.

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

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

Other legal reserve
Prior to the acquisition of the remaining shares of 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 2021: EUR 7.6 million).

Dividends on common shares
The Management Board, with the approval of the Supervisory Board, has decided to refrain from proposing dividend to be paid in 2022 with respect to the 2021/22 financial year.
The net profit shall be allocated to retained earnings, subject to the approval of Supervisory Board and the Annual General Meeting of Shareholders.

21. Capital management

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

- Net debt is the net of (i) the sum of bank loans drawn (at face value) and (ii) cash and cash equivalents.

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

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2022	2021
Bank loans drawn (at face value)		85,500	98,000
Interest-bearing debt		**85,500**	**98,000**
Less: cash and cash equivalents	15	(25,588)	(18,827)
Plus: bank overdrafts	15	750	13,203
Net debt		**60,662**	**92,376**

Lucas Bols' strong cash generation and the availability of significant undrawn committed bank facilities provided for sufficient liquidity to manage the COVID-19 crisis.

22. Loans and borrowings

Non-current liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Secured bank loans	80,370	95,292
	80,370	**95,292**

At 31 March 2022 the facility arrangement in place consists of EUR 30 million term loan facilities (31 March 2021: EUR 30 million), EUR 40 million revolving credit facilities (31 March 2021: EUR 40 million) and EUR 47.5 million acquisition facility (31 March 2021: EUR 50 million) which was used for the funding of Passoã transaction. These committed facilities have a maturity of five years. There is no FX impact on the loans.

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

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

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

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

Based on the definitions in the facility agreement and the (extended) amendments thereto, the actual liquidity level per 31 March 2022 was EUR 56.8 million (31 March 2021: EUR 27.6 million), whilst EBITDA (per the definition in the facility agreement) for the year ended on that date was EUR 22.2 million (31 March 2021: EUR 11.1 million).

Information about the Group's exposure to interest rate and liquidity risks is included in note 26.

Current liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Current portion of secured bank loans	5,000	2,500
Bank overdrafts	750	13,203
	5,750	**15,703**

Movement schedule

AMOUNTS IN EUR '000	TERM LOAN	REVOLVING CREDIT FACILITY	ACQUISITION FACILITY	TOTAL SECURED BANK LOANS (FACE VALUE)	UNAMORTISED REFINANCE FEES	CARRYING AMOUNT	VENDOR LOAN	TOTAL REPAYMENT
As at 1 April 2021	30,000	18,000	50,000	98,000	(208)	97,792	–	
Amortisation	–	–	–	–	78	78	–	–
Proceeds	–	–	–	–	–	–	–	–
Repayments	–	(10,000)	(2,500)	(12,500)	–	(12,500)	–	(12,500)
As at 31 March 2022	**30,000**	**8,000**	**47,500**	**85,500**	**(130)**	**85,370**	**–**	**(12,500)**

Movement schedule

AMOUNTS IN EUR '000	TERM LOAN	REVOLVING CREDIT FACILITY	ACQUISITION FACILITY	TOTAL BANK SECURED LOANS (FACE VALUE)	UNAMORTISED REFINANCE FEES	CARRYING AMOUNT	VENDOR LOAN	TOTAL REPAYMENT
As at 1 April 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)**

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.		2022	2022	2022	2021	2021
Secured bank loan – Term loan	EUR	Euribor + 2.65 %	2023	–	30,000	29,954	30,000	29,936
Secured bank loan – Revolving Credit Facility	EUR	Euribor + 2.65 %	2023	22,000	8,000	7,988	18,000	17,962
Secured bank loan – Acquisition Facility	EUR	Euribor + 2.65 %	2023	–	47,500	47,428	50,000	49,894
Total interest-bearing liabilities				**22,000**	**85,500**	**85,370**	**98,000**	**97,792**

* 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 2022 a total of approximately EUR 1.7 million (31 March 2021: EUR 8.0 million) was used for guarantees, leaving an extra amount of EUR 8.3 million of the facility unused at 31 March 2022 (31 March 2021: EUR 2.0 million).

The repayment schedule of current outstanding loans is as follows:

AMOUNTS IN EUR '000	CURRENCY	YEAR OF MATURITY	FACE VALUE 31 MARCH 2022	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	8,000	–	(8,000)	–	–
Secured bank loan – Acquisition Facility	EUR	2023	47,500	(5,000)	(42,500)	–	–
Total interest-bearing liabilities			**85,500**	**(5,000)**	**(80,500)**	**–**	**–**

Floating rates were hedged for a substantial part by means of interest-rate swap agreements. The bank loans are secured for approximately EUR 117.5 million (31 March 2021: EUR 120 million) by a pledge on most non-current assets and material intellectual property of the Group, as well as trade receivables and stock.

23. Other non-current financial liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Lease liabilities	5,408	5,618
Contingent consideration	2,360	–
Fair value of derivatives	79	524
	7,847	**6,142**

As part of the total consideration for the acquisition of Tequila Partida LLC the Group recognised a contingent consideration of EUR 2,360 thousand. The fair value of the liability is determined using a discounted cash-flow model; the sum of anticipated payments of USD 1.5 million for each year is discounted using a rate of 9.3%. Refer to note 5.

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

The movement in the lease liability is as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Opening balance	6,330	6,635
Additions	–	195
Lease modification	615	270
Accretion of interest	151	131
Payments	(870)	(832)
Exchange rate results	(40)	(69)
	6,186	**6,330**
Current portion of lease liabilities (note 24)	778	712
Non-current portion of lease liabilities	5,408	5,618

Included in Finance costs is an amount of EUR 151 thousand (2020/21: EUR 131 thousand) related to interest expenses on lease liabilities; refer to note 9. A maturity analysis of lease liabilities is included in note 26. The assets related to leases are included in note 16.

24. Trade and other payables

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Trade payables	8,993	8,947
Accrued expenses	7,462	6,818
Accrued interest payable	314	583
Wage tax payable	97	222
Corporate income tax payable	1,308	(113)
	18,174	**16,457**

At 31 March 2022 trade payables denominated in currencies other than the functional currency amounted to EUR 4,437 thousand (31 March 2021: EUR 2,737 thousand).

25. Other current financial liabilities, including derivatives

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Lease liabilities	778	712
Fair value of derivatives	467	843
Other financial liabilities	1,570	–
	2,815	**1,555**

Derivative financial instruments recognised in Other current financial liabilities of in total EUR 467 thousand (31 March 2021: EUR 843 thousand) consist of hedged foreign exchange contracts and interest rate swaps, both valued at 31 March 2022. The duration of these foreign exchange contracts and interest contracts is less than one year.

The Group recognised a liability of EUR 1,570 thousand relating to the financing of its BolsKyndal joint venture in India. The local bank in India providing part of BolsKyndal's financing will cease business. Consequently, and to prevent a significant interest cash drain in case of re-financing, the joint-venture partners agreed in principle to settle all outstanding loans pro rata and account for a corresponding loan to the partners in BolsKyndal's local accounts. Because COVID-19 recovery is taking place too slowly whilst complexity, costs and unpredictability of doing business in India have increased further, the loan (EUR 1,570 thousand) as well as the pre-paid interest that was recognised under 'Other receivables' (EUR 334 thousand) are not considered recoverable and hence expensed. Refer to note 26 for more information on the guarantee issued by the Company in relation to the financing of BolsKyndal.

See note 26 for disclosure on financial instruments. Information about the Group's exposure to currency and liquidity risks is also included in note 26.

26. Financial instruments

Accounting classifications and fair values

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

AMOUNTS IN EUR '000 AS AT 31 MARCH 2022	NOTE	FAIR VALUE -HEDGING INSTRUMENTS	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets measured at fair value								
Forward exchange contracts used for hedging		162	–	–	**162**	–	162	–
		162	**–**	**–**	**162**	**–**	**162**	**–**
Financial assets not measured at fair value								
Loan to joint venture Avandis CV	19	–	–	–	**–**	–	–	–
Other related party loans	19	–	232	–	**232**	–	232	–
Trade and other receivables	14	–	19,323	–	**19,323**	–	19,323	–
Cash and cash equivalents	15	–	25,588	–	**25,588**	–	25,588	–
		–	**45,143**	**–**	**45,143**	**–**	**45,143**	**–**
Financial liabilities measured at fair value								
Contingent consideration		–	–	(2,360)	**(2,360)**	–	–	(2,360)
Interest rate swaps used for hedging		(233)	–	–	**(233)**	–	(233)	–
Forward exchange contracts used for hedging		(312)	–	–	**(312)**	–	(312)	–
		(545)	**–**	**(2,360)**	**(2,905)**	**–**	**(545)**	**(2,360)**
Financial liabilities not measured at fair value								
Secured bank loans	22	–	–	(85,370)	**(85,370)**	–	(85,370)	–
Lease liabilities (non-current)	23	–	–	(5,408)	**(5,408)**	–	(5,408)	–
Lease liabilities (current)	25	–	–	(778)	**(778)**	–	(778)	–
Other financial liabilities (current)	25	–	–	(1,570)	**(1,570)**	–	(1,570)	–
Bank overdrafts	15	–	–	(750)	**(750)**	–	(750)	–
Trade and other payables	24	–	–	(18,174)	**(18,174)**	–	(18,174)	–
		–	**–**	**(112,050)**	**(112,050)**	**–**	**(112,050)**	**–**

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	19	–	599	–	**599**	–	599
Other related party loans	19	–	232	–	**232**	–	232
Trade and other receivables	14	–	16,341	–	**16,341**	–	16,341
Cash and cash equivalents	15	–	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	22	–	–	(97,792)	**(97,792)**	–	(97,792)
Other financial liabilities	23	–	–	–	**–**	–	–
Lease liabilities (non-current)	23	–	–	(5,618)	**(5,618)**	–	(5,618)
Lease liabilities (current)	25	–	–	(712)	**(712)**	–	(712)
Bank overdrafts	15	–	–	(13,203)	**(13,203)**	–	(13,203)
Trade and other payables	24	–	–	(16,457)	**(16,457)**	–	(16,457)
		–	**–**	**(133,782)**	**(133,782)**	**–**	**(133,782)**

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

Financial instruments measured at fair value:

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

Financial instruments not measured at fair value:

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

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

Financial risk management
The Group has exposure to the following risks arising from financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk.

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

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

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

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

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

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

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

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

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

AMOUNTS IN EUR '000 AS AT 31 MARCH	CARRYING AMOUNT 2022	CARRYING AMOUNT 2021
Sophisticated Cocktail Markets	4,821	2,988
Developed Cocktail Markets	7,786	6,603
Emerging Cocktail Markets	4,336	3,152
	16,943	**12,743**

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

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
Not past due	15,325	11,278
1 – 30 days past due	1,016	591
31 – 90 days past due	318	(26)
90 days and more past due	284	900
	16,943	**12,743**

Management believes that the unimpaired amounts that are more than 30 days past due are still collectible in full based on historic payment behaviour and extensive analysis of customer credit risk, including the underlying customers' credit ratings, if available. The Company did not experience a significant increase in credit risk as a result of COVID-19.

An insignificant impairment loss on trade receivables was recognised in 2021/22 (2020/21: nil).

Cash and cash equivalents
The Group held cash and cash equivalents of EUR 24,838 thousand as at 31 March 2022 (31 March 2021: EUR 5,624 thousand). The cash and cash equivalents are held with bank and financial institution counterparties which are at least A-rated based on ratings assigned by rating agencies.

Derivatives
Derivatives are entered into with bank and financial institution counterparties which are rated AA- to AA+ based on ratings assigned by rating agencies. The carrying amount of financial assets of EUR 162 thousand represents the maximum credit risk exposure (2020/21: EUR 47 thousand).

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

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

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

- A guarantee in relation to the financing of the BolsKyndal joint venture in India (EUR 1.6 million); and
- A guarantee for one of our lessors (EUR 0.1 million).

During 2021/22 the Group recognised a financial liability in relation to the financing of the BolsKyndal joint venture in regard to which the guarantee was issued. Upon settling this financial liability the guarantee will be cancelled. The financial liability is recognised under 'Other current financial liabilities, including derivatives'. Refer to note 25.

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

AMOUNTS IN EUR '000 31 MARCH 2022		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	(233)	**(233)**	(232)	(1)	–	–
Forward exchange contracts	(312)	**(312)**	(312)	–	–	–
Non-derivative financial liabilities						
Secured bank loans	(85,370)	**(85,500)**	(5,000)	(80,500)	–	–
Interest related to secured bank loans	–	**(2,784)**	(1,699)	(1,085)	–	–
Contingent consideration	(2,360)	**(2,360)**	–	(1,231)	(1,129)	–
Lease liabilities	(6,186)	**(6,359)**	(778)	(621)	(1,039)	(3,920)
Bank overdrafts	(750)	**(750)**	(750)	–	–	–
Trade payables	(18,174)	**(18,174)**	(18,174)	–	–	–
	(113,385)	**(116,472)**	**(29,946)**	**(83,438)**	**(2,168)**	**(3,920)**

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)	–
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)**

The Group has a secured bank loan that contains a loan covenant. A breach of this covenant may require the Group to repay the loan earlier than indicated in the above table. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or be significantly different amounts. See note 22 for disclosure on covenants.

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

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

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

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

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

Exposure to currency risk

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

Trade and other receivables

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
EUR	8,078	7,766
USD	5,732	3,465
JPY	556	612
AUD	1,607	2,137
GBP	55	630
Other currencies	3,295	1,731
	19,323	**16,341**

Trade and other payables

AMOUNTS IN EUR '000 AS AT 31 MARCH	2022	2021
EUR	13,737	13,720
USD	3,545	2,463
JPY	98	30
AUD	131	56
GBP	540	362
Other currencies	123	(174)
	18,174	**16,457**

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	
	2022	2021	2022	2021
USD	1.1623	1.1675	1.1101	1.1725
JPY	130.53	123.75	135.17	129.91
AUD	1.5723	1.6254	1.4829	1.5412
GBP	0.8504	0.8927	0.8460	0.8521

Sensitivity analysis

A strengthening of the JPY, USD, AUD and GBP against the euro at 31 March 2022 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. A weakening would have the same, but opposite effect. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Currencies other than JPY, USD, AUD and GBP are considered not material.

AMOUNTS IN EUR '000	PROFIT OR LOSS, NET OF TAX IMPACT
31 March 2022	
JPY (1% movement)	11
USD (1% movement)	8
AUD (1% movement)	39
GBP (1% movement)	29
31 March 2021	
JPY (1% movement)	10
USD (1% movement)	34
AUD (1% movement)	41
GBP (1% movement)	30

Interest rate risk

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

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.

27. 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	
		2022	2021
Lucas Bols Amsterdam B.V.*	Amsterdam, The Netherlands	100%	100%
DELB B.V.*	Amsterdam, The Netherlands	100%	100%
Galliano B.V.*	Amsterdam, The Netherlands	100%	100%
Vaccari B.V.*	Amsterdam, The Netherlands	100%	100%
Pisang Ambon B.V.*	Amsterdam, The Netherlands	100%	100%
Bokma Distillateurs B.V.*	Amsterdam, The Netherlands	100%	100%
Beleggingsmaatschappij Honthorst II B.V.	Amsterdam, The Netherlands	100%	100%
Pijlsteeg B.V.*	Amsterdam, The Netherlands	100%	100%
Lucas Bols USA Inc.	Wilmington, U.S.A.	100%	100%
Passoã SAS	Paris, France	100%	100%
Tequila Partida B.V.*	Amsterdam, The Netherlands	100%	0%
Tequila Partida LLC	Oakland, U.S.A.	100%	0%

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

28. Commitments and contingencies

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

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

As part of the transaction, Lucas Bols made an upfront payment of USD 0.5 million and shall pay London Group yearly royalties. The upfront payment is capitalised in intangible assets and is amortised over 6.5 years.
The agreement also includes a put and call option structure that enables Lucas Bols to acquire the brand in 2023/24 (expected in June 2023). The put and call option has an exercise price based on the brand's financial performance of the Group's financial year ending 31 March 2023.

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

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

29. Related parties

Transactions with key management personnel
The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to the remuneration report in the annual report.
The Management Board and the Supervisory Board member's compensation (including the pension obligations as referred to in Section 2:383(b) of the Netherlands Civil Code) that was charged to the Company and Group companies in 2021/22 is as follows:

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	
	2022	2021	2022	2021	2022	2021	2022	2021
Compensation of the Management Board								
Salary	482	482	290	290	–	55	772	827
Variable remuneration	224	–	138	–	–	–	362	–
Pension	–	–	29	29	–	6	29	35
Other	95	95	20	20	–	23	115	138
Total	**801**	**577**	**477**	**339**	**–**	**84**	**1,278**	**1,000**

The total compensation of the Management Board in 2021/22 amounted to EUR 1.3 million (2021/22: EUR 1.0 million).

Huub L.M.P. van Doorne has no separate pension agreement with the Company. Frank J. Cocx participated in the Company's pension arrangements as referred to in note 11 and Joost K. de Vries had a defined contribution pension agreement.

The Management Board of the Company controls 5.28% of the voting shares of the Company.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2022	2021
Compensation of the Supervisory Board		
Derk Doijer*	–	11
Ralph Wisbrun	40	40
Marina Wyatt	35	35
Alexandra Oldroyd	35	35
René Hooft Graafland**	45	43
Total	**155**	**164**

* 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	
	2022	2021	2022	2021
Sale of goods and services				
Joint ventures	16,471	13,373	1,429	976
Purchase of goods, services and brands				
Joint ventures	(29,401)	(23,356)	(1,717)	(3,784)
Others				
Joint ventures dividends received	1,100	900	–	–
Joint ventures capital contribution	–	2,598	–	–
Joint ventures loan and related interest	24	24	–	599
Other related party loans	–	–	232	232

Balances are expected to be settled in cash within two months of the end of the reporting period.

None of the balances is secured. An expense was recognised in the current year in respect of amounts owed by related parties. Refer to note 25. In relation to the financing of the joint venture in India a guarantee has been issued for an amount of EUR 1.6 million (INR 132 million).

30. Subsequent events

There were no material events after 31 March 2022.

Company financial statements 2021/22

Company balance sheet of Lucas Bols N.V.

Before profit appropriation

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2022	2021
Assets			
Investments in subsidiaries	3	171,677	130,953
Deferred tax assets	4	2,670	2,670
Total non-current assets		**174,347**	**133,623**
Receivables from group companies	5	51,179	51,179
Cash and cash equivalents		–	–
Total current assets		**51,179**	**51,179**
Total assets		**225,526**	**184,802**
Equity			
Share capital		1,497	1,248
Share premium		157,787	129,695
Treasury shares		–	–
Currency translation reserve		(289)	(237)
Hedging reserve		(287)	(990)
Other legal reserves		7,630	7,630
Retained earnings		47,417	56,014
Result for the year		11,771	(8,558)
Total equity	6	**225,526**	**184,802**
Liabilities			
Other non-current liabilities		–	–
Total non-current liabilities		–	–
Trade and other payables		–	–
Total current liabilities		**–**	**–**
Total liabilities		**–**	**–**
Total equity and liabilities		**225,526**	**184,802**

Company profit and loss account of Lucas Bols N.V.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2022	2021
Revenue*		1,433	1,164
Cost of sales		–	–
Gross profit		**1,433**	**1,164**
Distribution and administrative expenses*		(1,433)	(1,164)
Operating profit		**–**	**–**
Share of profit of participating interests, after income tax	3	11,771	(8,558)
Finance income		–	–
Finance costs		–	–
Net finance costs		**–**	**–**
Profit before tax		**11,771**	**(8,558)**
Income tax expense		–	–
Other profit after income tax		–	–
Net profit /(loss)		**11,771**	**(8,558)**

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

Notes to the Company financial statements ended 31 March 2022 and 2021

1. Basis of preparation

The Company's financial statements are prepared in accordance with the provisions of Part 9, Book 2, of the Netherlands Civil Code. The Company uses the option of Article 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	2022	2021
Balance at 1 April	130,953	139,852
Issue of share capital	28,341	–
Effective portion of changes in fair value of cash flow hedges, net of tax	703	(175)
Currency translation of foreign interests	(52)	10
Actuarial gains / (losses) through equity	(39)	(176)
Profit/(loss) of subsidiaries	11,771	(8,558)
Balance at 31 March	**171,677**	**130,953**

The Company only holds a direct interest in Lucas Bols Amsterdam B.V. A list of other (indirect) participating interests is disclosed in note 27 of the consolidated financial statements.

4. Deferred tax asset

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

5. Receivables from Group companies

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

6. Equity

For a specification of shareholders' equity, see note 20 of the consolidated financial statements. The retained earnings at 31 March 2022 amount to EUR 47.4 million (31 March 2021: EUR 56.0 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 2021: EUR 7.6 million).

The Management Board, with the approval of the Supervisory Board, have decided to refrain from proposing a final dividend to be paid in 2022 with respect to 2021/22 financial year.
The net profit shall be allocated to retained earnings, subject to the approval of Supervisory Board and the Annual General Meeting of Shareholders.

7. Compensation of the Management Board and the Supervisory Board

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to note 29 of the consolidated financial statements.

At 31 March 2022 Lucas Bols N.V. had zero persons employed (31 March 2021: zero).

8. Fees for audit and other services

In accordance with article 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	
	2022	2021	2022	2021	2022	2021
Fees for audit of financial statements and other services						
Audit of financial statements	287	258	27	27	314	285
Other assurance services	–	28	–	–	–	28
Total	**287**	**286**	**27**	**27**	**314**	**313**

Audit fees of Ernst & Young Accountants LLP amount to EUR 287 thousand (2020/21: EUR 258 thousand) for Lucas Bols N.V. and no other assurance services of Ernst & Young Accountants LLP have been provided (2020/21: EUR 28 thousand). No other non-audit services were rendered by Ernst & Young Accountants LLP (2020/21: nil).

9. Contingent liabilities

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

10. Subsequent events

There were no material events after 31 March 2022.

Amsterdam, 24 May 2022

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

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

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	2022	2021
Net profit/(loss)	11,771	(8,558)
Add back:		
- Income tax expense	5,682	5,270
- Net finance costs	5,156	3,449
EBIT	**22,609**	**161**

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	2022	2021
Net profit/(loss)	11,771	(8,558)
Add back:		
- Income tax expense	5,682	5,270
- Net finance costs	5,156	3,449
- Depreciation	1,608	1,694
- Amortisation	263	223
- Impairment	–	8,911
EBITDA	**24,480**	**10,989**

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	2022	2021
Net cash from operating activities	15,784	12,081
-/- Acquisition of property, plant and equipment	(109)	(705)
-/- Acquisition of intangible assets	(38)	–
Free operating cash flow	**15,637**	**11,376**

Cash conversion ratio
Cash conversion ratio is defined as (i) FOCF divided by (ii) operating profit excluding depreciation, amortisation and impairment expenses. We believe this measure is an important financial health indicator, providing valuable information on the actual liquidity of Lucas Bols, and more specifically on its ability to convert operating profits (excluding depreciation, amortisation and impairment expenses) into cash. It helps investors and other stakeholders to assess the quality of Lucas Bols' earnings.
- 2021/22: EUR 15,637 thousand / (EUR 20,434 thousand + EUR 1,871 thousand) = 70.1%; and
- 2020/21: EUR 11,376 thousand / (-/- EUR 346 thousand + EUR 10,828 thousand) = 108.5%

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

Net debt is calculated as follows:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2022	2021
Bank loans drawn (at face value)	85,500	98,000
Bank overdrafts	750	13,203
Less: cash and cash equivalents	(25,588)	(18,827)
Net debt	**60,662**	**92,376**

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	2022	2021
Inventories	17,624	13,295
Trade and other receivables	19,323	16,341
Trade and other payables	(18,174)	(16,457)
Less: accrued interest payable	314	583
Working capital	**19,087**	**13,762**

Net changes in working capital in the consolidated statement of cash flows is the movement in working capital from the table aforementioned adjusted for trade and other payables and trade and other receivables that do not relate to operating activities. The adjustments for 2021/22 amount to EUR 351 thousand negative (2020/21: EUR 2,045 thousand negative).

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

Refer to note 26 of the consolidated financial statement for further information on primary foreign currencies and significant exchange rates applied during the year.

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

2021/22 one-offs are:

- Setup costs of Maxxium BeLux N.V. of EUR 78 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 18;
- Costs relating to the Fit-for-Growth operating model of EUR 248 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 7;
- Acquisition costs relating to the acquisition of Tequila Partida LLC of EUR 288 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 5;
- Gain relating to the curtailment of our defined benefit pension plan due to the change in pension scheme of EUR 461 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 11;
- Expenses of EUR 1,904 thousand relating to the financing of the BolsKyndal joint venture in India (included in net finance costs, hence affecting net profit and (net) earnings per share). The local bank in India providing part of BolsKyndal's financing will cease business. Consequently, and to prevent a significant interest cash drain in case of re-financing, the joint-venture partners agreed to settle all outstanding loans pro rata and account for a corresponding loan to the partners in BolsKyndal's local accounts. Because COVID-19 recovery is taking place too slowly whilst complexity, costs and unpredictability of doing business in India have increased further, the loan (EUR 1,570 thousand) and interest pre-paid on behalf of BolsKyndal (EUR 334 thousand) are not considered recoverable and hence expensed. Refer to note 25 and 26; and
- Income tax expense following the remeasurement of deferred tax liabilities as a consequence of a change in the future Netherlands tax rate of EUR 860 thousand (in income tax expense, hence affecting net profit and (net) earnings per share). Refer to note 12.

The 2021/22 one-offs relating to the curtailment of our defined benefit pension plan, BolsKyndal pre-paid interest and the remeasurement of deferred tax liabilities are non-cash items. The 2021/22 one-off relating to the BolsKyndal loan is a non-cash item for 2021/22, but is expected to lead to a cash outflow after the year under review.

2020/21 one-offs are:

- Impairment of EUR 8,911 thousand (in distribution and administrative expenses, hence affecting operating profit, EBIT, net profit and (net) earnings per share). Refer to note 17;
- 'Bargain buy' gain on increased shareholding Avandis of EUR 1,721 thousand (in profit of share of joint ventures, hence affecting EBITDA, EBIT, net profit and (net) earnings per share). Refer to note 18;
- Impairment of the 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 18; and
- Income tax expense following the remeasurement of deferred tax liabilities as a consequence of a change in the future Netherlands tax rate of EUR 3,937 thousand (in income tax expense, hence affecting net profit and (net) earnings per share). Refer to note 12.

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

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

Five-year overview

AMOUNTS IN EUR MILLION FOR THE YEAR ENDED 31 MARCH	2022	2021	2020	2019	2018
Results					
Revenue	92.0	57.3	84.0	87.0	92.2
Gross profit	51.4	30.1	47.7	49.3	57.1
Gross margin	55.9%	52.5%	56.7%	56.6%	62.0%
Normalised operating profit	20.6	8.6	17.6	19.9	22.6
Normalised operating profit margin	22.4%	14.9%	20.9%	22.8%	24.6%
Normalised EBIT	22.8	8.1	18.6	20.8	23.6
Normalised net profit/(loss)	14.7	3.3	11.3	12.8	14.7
Net profit/(loss)	11.8	(8.6)	9.2	16.5	20.4
Cash flow					
Free operating cash flow	15.6	11.4	15.8	11.8	18.7
Cash conversion ratio	70.1%	108.5%	82.2%	58.9%	81.0%
Balance sheet					
Working capital	19.1	13.8	18.3	18.8	14.4
Total equity	225.5	184.8	193.7	192.2	183.6
Net debt	60.7	92.4	99.3	103.6	104.2
Results					
# of shares issued at 31 March	14,972,756	12,477,298	12,477,298	12,477,298	12,477,298
Weighted average # of shares	13,238,276	12,477,298	12,477,298	12,477,298	12,477,298
Normalised earnings per share	1.11	0.26	0.90	1.02	1.18
Net earnings per share	0.89	(0.69)	0.74	1.32	1.64
Total dividend per share	–	–	0.35	0.60	0.60
Employees					
Number of FTEs	66	62	71	74	73

Independent auditor's report

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

Report on the audit of the financial statements 2021/22 included in the annual report

Our opinion
We have audited the financial statements for the year ended 31 March 2022 of Lucas Bols N.V. based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2022 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2022
- the following statements for the year ended 31 March 2022: the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 March 2022
- the company profit and loss account for the year ended 31 March 2022
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business
Lucas Bols N.V. is a listed company based in Amsterdam and through its subsidiaries and joint ventures, primarily involved in the development, bottling, distribution, sales and marketing of liqueurs and spirits worldwide. The group is structured in components and we tailored our group audit approach accordingly.
During the year 2021/22, the company acquired 100% of the membership interests of Tequila Partida LLC. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

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

Materiality

Materiality	€835,000 (2020/21: €700,000)
Benchmark applied	Approximately 5% of profit before tax (2020/21: 5% of normalized profit before tax)
Explanation	Based on our professional judgement we consider an earnings-based measure the most appropriate basis to determine materiality. The users of the financial statements of listed entities tend to focus on profit before tax (PBT). We believe that PBT is an important metric for the financial performance of the company. In comparison with previous year, the materiality benchmark is no longer normalized nor adjusted as we consider the impact of COVID-19 on the company less significant.

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

We agreed with the supervisory board that misstatements in excess of € 41,750, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit
Lucas Bols N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements. Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

In establishing the overall approach to the audit, we determined the audit procedures required to be performed by us, as group auditors or by Ernst & Young Global member firms and other audit firms, both operating under our instructions.

We have performed full scope audit procedures at the entities in the Netherlands, France and United States of America. We used the work of other EY auditors when auditing the non-consolidated joint ventures Avandis B.V. and Avandis C.V. 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 99% of revenue.

By performing the procedures mentioned above at entities of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming and use of specialists
We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the consumer products industry. We included specialists in the areas of IT audit, accounting, forensics and income tax and have made use of our own actuaries and valuation experts.

Our focus on climate risks and the energy transition
Climate objectives will be high on the public agenda in the next decades. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint. The management board of Lucas Bols N.V. discusses in section Corporate Social Responsibility of the Report of the management board its sustainable development goals.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in estimates and significant assumptions by Lucas Bols N.V., including those related to the valuation of long-lived and indefinite life assets. Furthermore, we read the Report of the management board and considered whether there is any material inconsistency between the non-financial information in section Corporate Social Responsibility and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks or the energy transition to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 March 2022.

Our focus on fraud and non-compliance with laws and regulations
Our responsibility
Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks
We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the management board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to the section on risk management and control of the management board report for management's (fraud) risk assessment and the supervisory board report in which the supervisory board reflects on this (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. For the presumed risk of fraud in revenue recognition, we refer to our audit response in the key audit matter 'Revenue recognition'. For the risk related to management override of controls we have used data analysis to identify and address high-risk journal entries. We also performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 (e) to the financial statements, including key assumptions underlying the recognition of a brand name in a business combination. We refer to our audit response in the key audit matter 'Accounting for the acquisition of Tequila Partida LLC'.

We considered available information and made enquiries of relevant executives, directors, legal counsel and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities, if any, and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As disclosed in section '(a) statement of compliance in note 2 to the consolidated financial statements and the 'in control statement' in the annual report, the management board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months.

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional skepticism. We considered whether the management board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the company's ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter on the COVID-19 pandemic, which was included in our last year's auditor's report, is not considered a key audit matter for this year as we deem the estimation uncertainties no longer significantly increased because of the COVID-19 pandemic. Following the acquisition of Tequila Partida LLC, a new key audit matter for accounting of the acquisition of Tequila Partida LLC has been identified.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
Accounting for the acquisition of Tequila Partida LLC During the financial year 2021/22, the acquisition of Tequila Partida LLC by Lucas Bols N.V. was completed. The acquisition was accounted for as a business combination and the consideration was € 10.948 thousand, as disclosed in Note 5 of the financial statements. The company allocated the consideration primarily to brands € 8.435 thousand, inventories € 1.526 thousand and goodwill of € 441 thousand. Accounting for business combinations involves a number of judgments, such as the identification of intangible assets, the choice of valuation techniques and underlying assumptions, as well as the allocation to cash generating units. The use of different techniques and assumptions could produce significantly different estimates. The significant assumptions used within the valuation model for intangible assets included revenues, royalty rates, and discount rates. We considered the potential risk of management override of controls or other inappropriate influence over the financial reporting process and also given the size of the amounts involved and the inherent complexity, we considered this as a key audit matter.	We obtained an understanding of the business acquisition and evaluated the company's process regarding the accounting for the acquisition of Tequila Partida LLC, including the valuation model, the completeness and accuracy of the data used within the valuation model and of the underlying significant assumptions used to develop such fair value measurement estimates. We evaluated the applied accounting treatment in accordance with IFRS 3 'Business Combinations'. Furthermore, in order to test the fair value of brands, inventories and goodwill, our audit procedures included, among others, evaluating the company's valuation model, the methodology and the significant assumptions used, assessing the appropriateness of forecasts used and testing the completeness and accuracy of the underlying data supporting such assumptions and estimates. We involved our valuation specialists to assist with our assessment of the valuation. These valuation specialists also assessed the reasonability of certain significant assumptions, including the royalty rates and the discount rates, against market observable information. We performed a physical stock take to substantiate existence of the inventories. Lastly, we have evaluated the adequacy of the disclosures related to business combinations. In particular we evaluated the disclosures on provisional amounts for the items for which the accounting may be adjusted retrospectively.	We consider the identification and measurement of the identifiable assets and liabilities related to the acquisition and the remaining goodwill of Tequila Partida LLC reasonable. The disclosures of the business combination are adequate and in line with the requirements of EU-IFRS.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
Valuation of "Dutch brands" As at 31 March 2022 brands and related goodwill amount to € 307 million or 78% of total assets of which € 41 million is related to Dutch Brands. As disclosed in note 3 (j) and 17, the carrying amount of brands and related goodwill is not amortized, since the assets have an indefinite useful life. In accordance with IAS 36, these assets are tested for impairment at least annually. The management board performed their annual impairment test for brands and goodwill with a material carrying amount. The management board uses assumptions in respect of growth rates in the markets in which the company operates and economic conditions such as expected market share developments, pricing and margin developments, expected terminal growth rates, expected tax rate and discount rate. We consider these impairment tests a key audit matter because this process is complex and requires significant management judgments on future market and economic trends.	Our audit procedures included, amongst others, evaluating the appropriateness of the impairment methodology applied by management related to the valuation of intangible fixed assets in accordance with IAS 36 'Impairment of Assets' and whether the methodology has been applied consistently or whether changes, if any, are appropriate in the circumstances. We focused specifically on Dutch brands considering the prior year impairment. We obtained an understanding of the impairment assessment process and evaluated the design of key controls over the data and assumptions used in this area relevant to our audit. With the assistance of our valuation specialists we tested the discount rate, evaluated appropriateness and consistency of the valuation method and tested key assumptions used in the impairment tests including projected future income and earnings, performed a retrospective review, and tested the allocation of the assets, liabilities, revenues and expenses to each of the cash-generating units. Finally, we performed independent calculations to validate the sensitivity analysis as referred to in Note 17 of the consolidated financial statements and evaluated the disclosures.	We consider the management board's impairment tests as appropriate and conclude that key assumptions and estimates used in the impairment tests are reasonable and are adequately disclosed in line with the requirements of EU-IFRS.

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 6. Sales transactions are usually subject to "ex-works" or other common shipping terms based on which title and risks of ownership transfer to the buyer prior to delivery of the product at the client's premises. Appropriate revenue recognition requires careful evaluation of the status of deliveries as of the balance sheet date to determine which revenue should be recognized in the current year and which revenue should be recognized in the next year. This item was significant to our audit because revenue is an important measure to users of the financial statements and the recognition process requires proper cut-off of sales transactions. Moreover, when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition.	Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies related to revenue recognition, determination of transaction prices and satisfaction of performance obligations in accordance with IFRS 15 'Revenue from contracts with customers' and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. We obtained an understanding of the processes related to revenue recognition. We performed substantive audit procedures to address the risk through tests of details of samples of sales transactions, test of credit notes, cut-off testing, data-analytics and analytical procedures. We also ensured that assumptions included in the sales adjustments analyses are properly supported.	Based on the procedures performed, we did not identify any evidence of material misstatement in the revenue recognized for the year ended 31 March 2022 in accordance with EU-IFRS.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement
We were engaged by the general meeting as auditor of Lucas Bols N.V. on 3 September 2015 as of the audit for the year 2015/16 and have operated as statutory auditor ever since that date.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)
Lucas Bols N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Lucas Bols N.V., complies in all material respects with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:
- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities for the financial statements

Responsibilities of the management board and the supervisory board for the financial statements
The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

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

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

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

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.
The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication
We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the supervisory board, carrying out the duties of an audit committee, in accordance with Article 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, 24 May 2022

Ernst & Young Accountants LLP

Signed by D.K. Noort

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