ANNUAL REPORT 2018/19

LUCAS BOLS

1575

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ANNUAL REPORT

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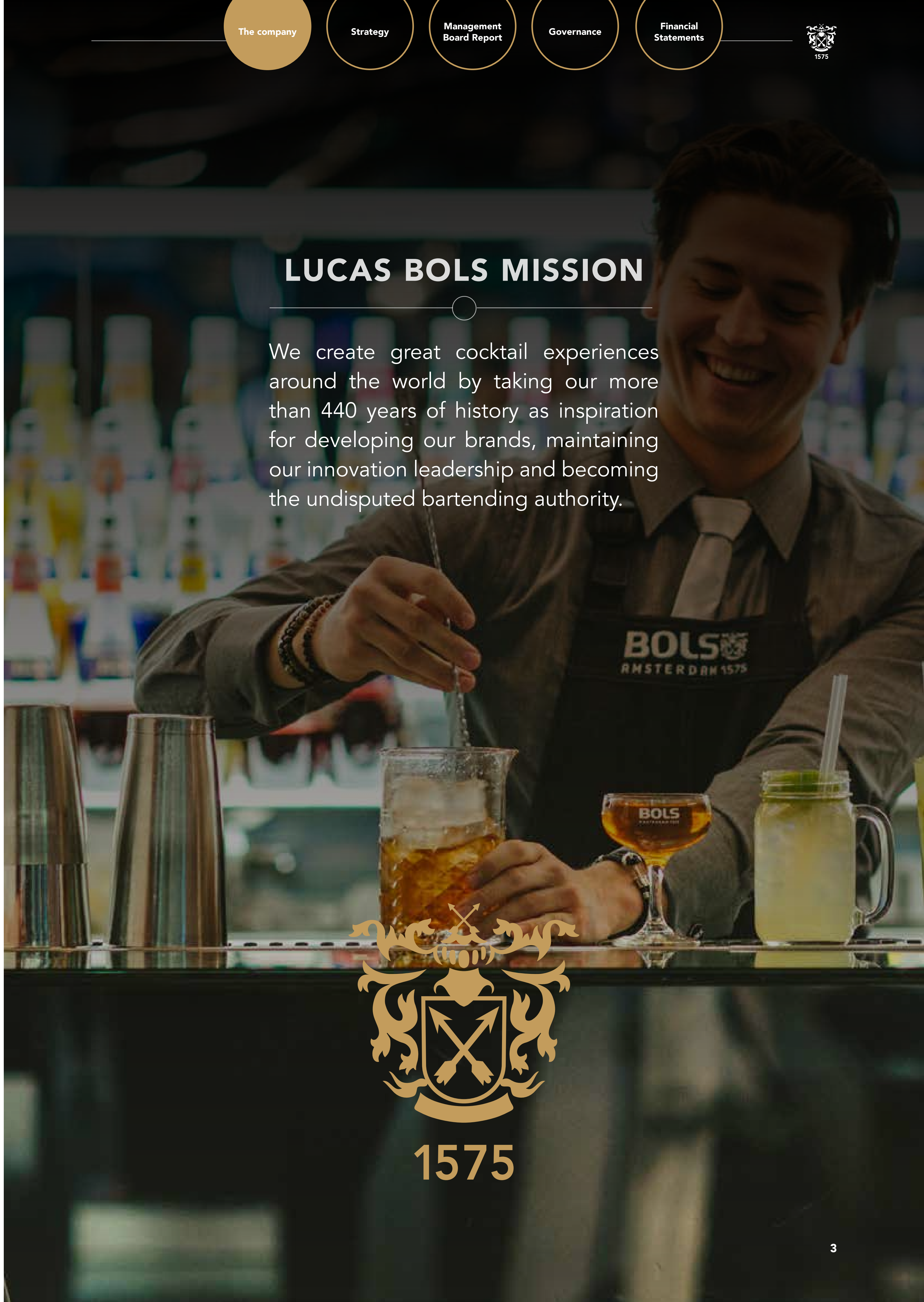
The paragraphs marked with a * are part of the report of the Management Board as defined in Title 9, Dutch Civil Code 2.

COMPANY PROFILE

Lucas Bols is a leading global cocktail and spirits player with a strong position in the bartending community and a unique heritage dating back to 1575 in Amsterdam. Our portfolio includes Bols, the world's oldest distilled spirits brand. Building on this heritage, we have mastered the art of distilling, mixing and blending, creating a portfolio of premium and super-premium global brands, together with strong regional brands. Lucas Bols is active in over 110 countries worldwide with the Bols brand as the number one liqueur range globally (outside the US). Lucas Bols is also the world's largest player in the genever segment and its portfolio includes the number one passion fruit liqueur Passoã.

Our flexible and asset-light business model enables us to focus fully on innovation and strategic marketing to build the Lucas Bols brands. At the Lucas Bols distillery we create new flavours and adapt old recipes, in line with the cocktail trends of today. The House of Bols Cocktail & Genever Experience and the Bols Bartending Academy play a leading role in the development of the cocktail market.



LUCAS BOLS MISSION

We create great cocktail experiences around the world by taking our more than 440 years of history as inspiration for developing our brands, maintaining our innovation leadership and becoming the undisputed bartending authority.

1575

OUR HERITAGE

For more than 440 years we have been mastering the art of mixing and blending, creating beautiful flavours for our genevers and liqueurs. We invite you to open your senses and experience the past, present and future of Lucas Bols.

1575

The Bols family establish their distillery 't Lootsje in Amsterdam and start distilling liqueurs. The grandson Lucas Bols turns the distillery into an international company.

1664

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

1816

The widow of the last male Bols heir sells the company on condition that the Bols name be used in perpetuity on all its products, thereby ensuring its status as the world's oldest distilled spirits brand.

20th century

Acquisition of additional regional brands, such as Dutch genevers, Pisang Ambon and Coebergh.

2004-06

Return of the Lucas Bols head office to Amsterdam. Relaunch of the Bols Liqueurs bottle, made by & for bartenders and addition of new bartender brands such as Galliano.

2007-08

Opening of the House of Bols Cocktail & Genever Experience and the Bols Bartending Academy. International relaunch of Bols Genever, based on the original recipe from 1820.

2015

Celebration of 440 years of Lucas Bols history and listing on the Euronext Amsterdam stock exchange.

2017-19

Lucas Bols adds Passoã, the Passion fruit liqueur, and Nuvo, the sparkling liqueur, to its global brands portfolio.

KEY FIGURES*

	Revenue	Normalised EBIT	Normalised Net Profit	Dividend Per Share
Change	+1.2%	–7.6%	–5.2%	–
2018/19	92.5	20.8	12.9	0.60
2017/18	92.2	23.6	14.7	0.60
Unit	In million euros	In million euros	In million euros	In euros

* The numbers presented on this page are pre-IFRS and the comparisons are on an organic basis, i.e. at constant currencies and excluding one-off items

SHARING MOMENTS EXPERIENCE THE UNUSUAL

BRANDS HIGHLIGHTS

1575

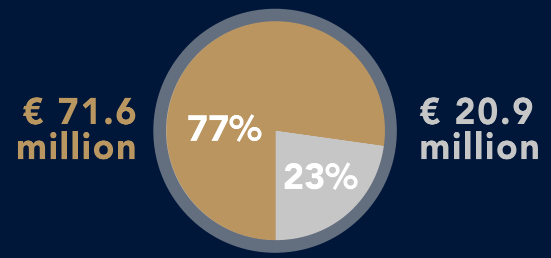
Oldest distilled spirits brand in the world

444

More than 440 years of craftsmanship & cocktail history

More than **25** brands

Revenue split 2018/19 *



Global brands Regional brands

+110

Sold in more than 110 countries around the world

* These numbers are pre-IFRS.

SHARING CRAFTSMANSHIP EXPERIENCE QUALITY

MARKET POSITION

LIQUEURS

#1

World's No.1
liqueurs range*

*outside the US

GENEVER

#1

World's No.1
genever

> 40,000

The Bols Liqueurs range is sold in more than 40,000 bars in the US

The No.1 Passion Fruit liqueur Passoã

INTERVIEW WITH THE MANAGEMENT BOARD

> "Our ability to partner with leading distributors is a reflection of our strong position in the industry"
>
> **JOOST DE VRIES**

WHAT CHARACTERISED THE 2018/19 FINANCIAL YEAR FOR YOU?

Huub van Doorne, CEO of Lucas Bols starts off. "2018/19 was a year in which we accomplished a lot strategically and strengthened the base for further growth. We are pleased to see the global brands grow by 3.5%, driven by strong growth in the US, the UK and China. However the retail environment in Western Europe was more challenging and the liqueurs market in Japan was in decline. We are glad to see that we outperformed the market in the US and China, which are both important growth areas for our global brands. In the US we saw revenue growth of 20%, reflecting the strength of Lucas Bols USA. Passoã contributed to this accelerated growth, not only through expansion to new states, but also on strong recurring sales. Also contributing to our growth in the US was the launch of Nuvo in ten states, rebuilding it on our platform from scratch. In China we were able to capitalise on positive market developments, resulting in significant revenue growth in this strategically important market."

Joost de Vries, CFO of Lucas Bols, continues. "At the same time we were confronted with adverse developments in Western Europe as the retail (off trade focused) markets in France, Germany and Belgium have become more challenging. This negatively impacted results in Western Europe which the strong growth of Passoã in the UK, benefiting from the ongoing success of the Porn Star Martini, could not compensate. Foreign currency fluctuations also negatively impacted our results."

> "We outperformed the market in the US and China, both important growth areas for our global brands"
>
> **HUUB VAN DOORNE**

WHAT ARE YOU MOST PROUD OF?

"In the past year we did a lot to strengthen the base for further growth", says Huub van Doorne. "This required tremendous hard work from our whole organisation. We renewed a major part of our route to market by signing new distribution contracts, securing and optimising our access to important markets for the years to come." Joost de Vries adds: "We are also satisfied with the new five-year credit facility at improved terms and conditions agreed in the second half of the year. We extended the maturity at lower rates and welcomed an additional bank to the lender group. This new facility offers a significant increase in operational flexibility at attractive conditions, while securing a strong financial foundation for the coming years."

"Furthermore the integration of Distillery Cooymans into our Avandis supply joint venture went smoothly and efficiently and enables us to build on the creation of a state-of-the-art bottling plant", Joost de Vries continues. "Last but not least, we completely renovated our head office in Amsterdam and also took the opportunity to integrate our new agile way of working", Huub van Doorne enthusiastically adds. "I am proud that we achieved all this with our small team. All the hard work has significantly strengthened the foundation of the Lucas Bols company."

WHAT CHANGES WERE MADE IN THE ROUTE TO MARKET?

"In 2018/19 we renewed the distribution contracts with a large number of distributors with whom we have partnered for many years", Huub van Doorne explains. "We also signed distribution agreements with new partners, for example in Spain and Canada. All these steps enable us to secure and optimise our route to market for the coming years. Maintaining a strong distribution network – vital to our licence to operate – is quite an achievement in the increasingly challenging current economic climate", stresses Joost de Vries. "Our ability to partner with leading distributors is a reflection of our strong position in the industry, to which the addition of Passoã had a positive contribution."

CAN YOU ELABORATE ON THE INTEGRATION AT AVANDIS?

"Following the acquisition of the Distillery Cooymans in 2016, the operations were fully integrated into the Avandis operation in Zoetermeer this past financial year", Joost de Vries explains. "Closing the plant in Tilburg inevitably meant saying goodbye to a number of people, which we obviously very much regret", Huub van Doorne continues. "We are grateful for the unrelenting loyalty that was shown by all during the transition process, a process that went smoothly thanks in part to the hard work of everyone involved."
"Together with our joint venture partners we support the ongoing modernisation of the Zoetermeer plant while anticipating stricter environmental legislation", Joost de Vries clarifies. "These are important steps in the creation

of a leading North European spirits bottling plant that will safeguard the bottling and blending of the Lucas Bols products for the years to come."

ARE YOU ENJOYING THE NEW WORK SPACE?

"Definitely", both gentlemen enthusiastically agree. "Our offices are fully equipped to conquer the world with a small team", according to Huub van Doorne. "This means that we adopted a flexible and agile way of working. The latest communication technology facilitates seamless cooperation around the world. Not only with colleagues but also with our distributors and other partners." "Above all, Joost de Vries adds, the office is inspiring and stimulating, creating an attractive working environment, which makes it easier to attract talent. It really reflects our identity, being welcoming and creating a positive experience."

WHAT WERE THE GREATEST CHALLENGES THIS PAST YEAR?

"I think you could say that the retail environment in Western Europe was the greatest challenge with an increasing cost of doing business in a very competitive environment", analyses Huub van Doorne. "We need to establish a business model that ensures sustainable long-term value creation in these important retail markets by identifying and seizing the opportunities these markets offer."

WHAT MARKET TRENDS DID YOU SEE?

"The spirits category is still a growing category around the world with premiumisation and authenticity as the leading trends. Within spirits, the cocktail market continues to be a growing market. The positive vibe for spirits is attracting new consumers into our world of mixes and cocktails", says Huub van Doorne. "Another trend is the growing consumer preference for craft brands. We have seen many small craft brands and distilleries pop up in Western Europe and the US, especially in gin. Our Damrak Gin is benefitting from that."

"Furthermore we are seeing a trend towards lower alcohol, especially in Western Europe", adds Joost de Vries. "This new trend has been picked up by bars and bartenders worldwide and leading bars and restaurants are increasingly offering low-alcohol cocktails."

HOW IS LUCAS BOLS RESPONDING TO THIS LOW-ALCOHOL TREND?

"We welcome this trend and take responsibility to deliver products that are in keeping with the growing global trend towards health awareness while at the same time acknowledging that every person in the world deserves a fantastic cocktail experience", Huub van Doorne thoughtfully explains. "We have created the best of both worlds: LowBols. LowBols provides the base for low-alcohol cocktails based on the Bols Liqueurs range. LowBols comes in exciting flavour pairings, such as Bols Cucumber with tonic or Bols Ginger with soda water. These are attractive cocktails with a great flavour, offering a genuine cocktail experience with a low alcohol content."

WHAT ARE YOUR PRIORITIES IN 2019/20?

"At Lucas Bols we want to add flavour to the world and to provide great cocktail experiences", Huub van Doorne begins. "We will continue to activate and grow our global brands with innovative drink strategies and by acting on upcoming trends around the world. By focusing more on our top brand market units (BMUs) and by operating in truly integrated multidisciplinary teams. Furthermore, in June we will organise the final of our Bols Around the World competition in Amsterdam to select the world's best bartending team."

"Our focus in 2019/20 will also be on a thorough and smooth implementation of changes in our route to market in various markets, so that we can immediately seize opportunities", Joost de Vries adds.

"We will continue to capitalise on growth in the US and China by further strengthening our market position so that we can outperform the market. Strengthening our position in the US will reinforce the global market leadership of our Lucas Bols branded liqueurs range", Huub van Doorne concludes.

THREE YEAR OVERVIEW

IN € MILLION UNLESS OTHERWISE STATED FOR THE YEAR ENDED 31 MARCH	2019 [1]	2019 [1]	2018	2017
	(POST-IFRS 15/16)	(PRE-IFRS 15/16)		
Results				
Revenue	87.0	92.5	92.2	80.5
Gross profit	49.3	54.7	57.1	48.4
Gross margin	56.6%	59.2%	62.0%	60.1%
EBIT [2]	19.6	19.6	23.6	18.2
Normalised EBIT [3]	20.8	20.8	23.6	18.2
Normalised EBIT margin	24.0%	22.5%	25.6%	22.7%
Normalised net result [4]	12.8	12.9	14.7	12.3
Net result	16.5	16.6	20.4	15.1
Cash flow				
Operating free cash flow	11.8	11.0	18.7	17.5
Cash conversion ratio [5]	58.9%	57.1%	81.0%	106.2%
Balance sheet				
Working capital [6]	18.8	18.8	14.4	12.7
Total equity	192.2	192.2	183.6	170.8
Net debt [7]	48.8	48.8	46.8	50.7
Net debt/EBITDA ratio	3.4	3.4	2.8	2.8
Shares				
# of shares issued at 31 March	12,477,298	12,477,298	12,477,298	12,477,298
Weighted average # of shares	12,477,298	12,477,298	12,477,298	12,477,298
Net earnings per share	1.32	1.33	1.64	1.21
Total dividend per share [8]	0.60	0.60	0.60	0.57
Employees				
Number of FTEs	74	74	73	70

This overview contains certain non-GAAP financial measures and ratios, such as EBIT, EBITDA, operating free cash flow and net debt, which are not recognized measures of financial performance under IFRS. These non-GAAP measures are further discussed at page 136 of this report.

1 A bridge between the pre-IFRS 15/16 and post-IFRS 15/16 results is provided in note 2 of the consolidated financial statements on page 92 of this report.
2 EBIT is defined as operating profit plus share of joint ventures.
3 Normalised EBIT is EBIT excluding one-off items (i.e. one-off restructuring costs of € 0.6 million (net) at Avandis, one-off advisory costs of € 0.6 million in 2018/19).
4 Normalised net profit is net profit excluding one-off items (i.e. one-off tax benefit of € 5.3 million, one-off advisory costs and finance costs totalling € 1.0 million and one-off restructuring costs of € 0.6 million (net) at Avandis in 2018/19, a one-off tax benefit of € 5.6 million in 2017/18 and tax benefit of € 3.2 million, one-off transaction and advisory costs of € 2.0 million and one-off gain of € 1.4 million related to the acquisition of Distillery Cooymans by Avandis in 2016/17).
5 Cash conversion ratio defined as Operating free cash flow / (operating profit + depreciation); Operating FCF defined as net cash from operating activities minus CAPEX.
6 Working capital defined as 'investories + accounts receivable trade – accounts payable trade'.
7 Net debt is calculated as per the financing agreements (excluding impact of Passoã).
8 Assuming the proposed final dividend is approved by the AGM.

SHAREHOLDER INFORMATION

SHARE LISTING

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

THE LUCAS BOLS SHARE

	2018/19	2017/18
Number of outstanding ordinary shares at 31 March	12,477,298	12,477,298
Share price low	€ 14,90	€ 17.00
Share price high	€ 18,50	€ 20.79
Closing share price on 31 March	€ 16.00	€ 18.00
Proposed total dividend per share	€ 0.60	€ 0.60
Market capitalization at 31 March	€ 199,636,768	€ 224,591,364

SHARE CAPITAL

All of the issued shares of Lucas Bols are ordinary shares with a nominal value of € 0.10 each. At 31 March 2019 the share capital of Lucas Bols consisted of 12,477,298 ordinary shares which have been fully paid-up.

MAJOR SHAREHOLDERS

Pursuant to the Dutch Financial markets Supervision Act (Wet op het financieel toezicht) shareholders are obliged to give notice of interests exceeding or falling below certain thresholds, starting with 3%, to the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten (AFM)). AFM was notified of the following statements of interests of 3% and over in Lucas Bols up to 31 March 2019:

SHAREHOLDER	SHAREHOLDING
Dreamspirit B.V. (controlled by mr. H.L.M.P. van Doorne)	6.06%
Enix NV	5.41%
FMR LLC	3.14%
John and Marine Van Vlissingen Foundation	5.01%
Lazard Frères Gestion SAS	5.04%
Lucerne Capital Management LLC	8.74%
NN Group N.V.	5.73%
Nolet Holding B.V.	25.00%

DIVIDEND POLICY

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

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

FINANCIAL CALENDAR

JULY 2019 10	Annual General Meeting of Shareholders
NOVEMBER 2019 21	Publication half year results 2019/20
MAY 2020 28	Publication full year results 2019/20
JULY 2020 09	Annual General Meeting of Shareholders

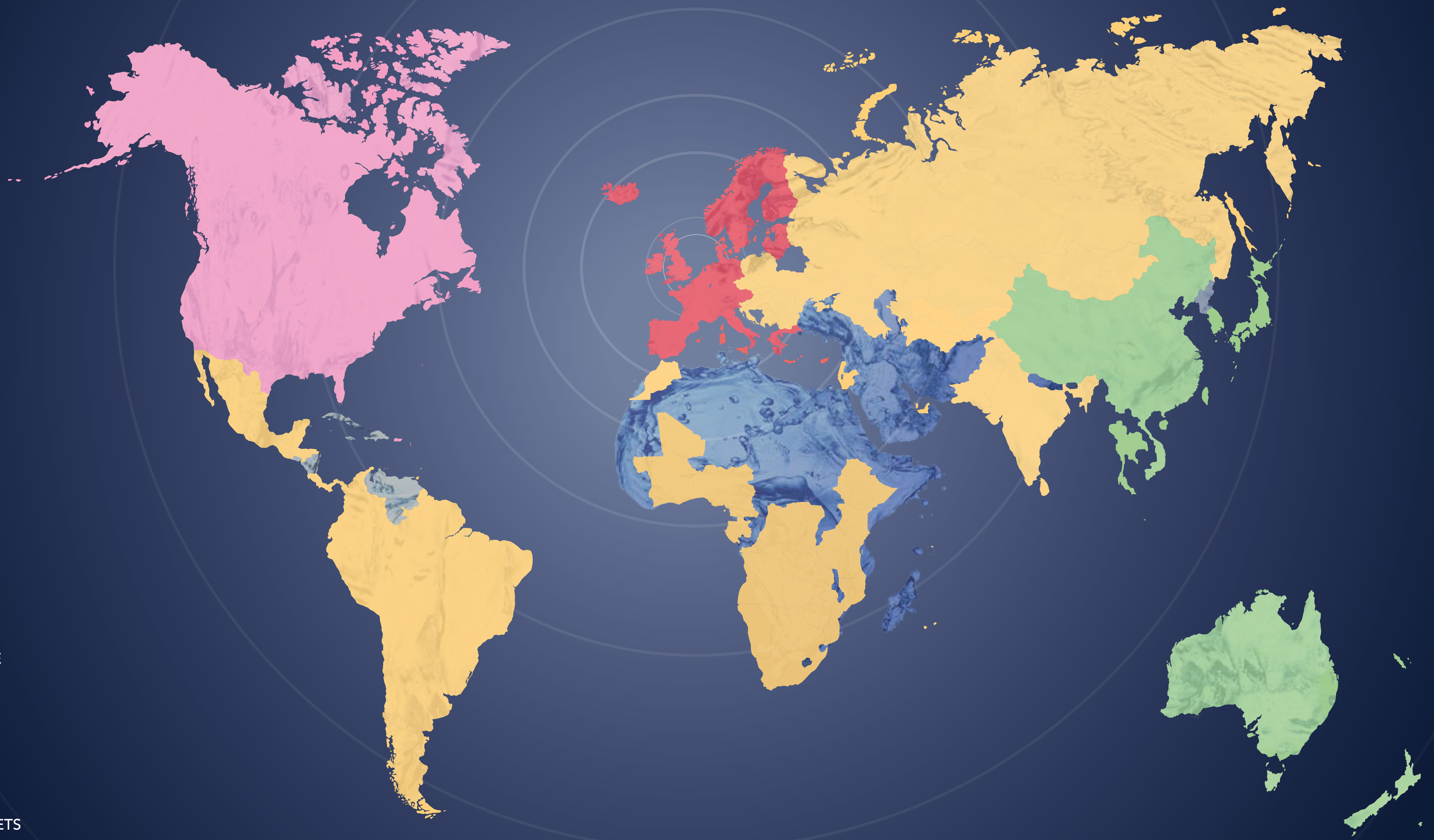
PREVENTION OF INSIDER TRADING

In consequence of its listing on Euronext Amsterdam Lucas Bols is obliged to have a regulation in place to prevent the use of insider knowledge by its managers, employees or other 'insiders'. Lucas Bols has adapted its existing insider trading regulation to comply with the regulations for listed companies in the Netherlands. Mr. Joost de Vries (CFO) serves as the company's compliance officer and 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 57).

INVESTOR RELATIONS

Lucas Bols attaches great importance to maintaining an active dialogue with its shareholders. The aim is to give existing and potential shareholders, analysts and the financial press a broader insight into the company and the sector we operate in. We do this by providing relevant financial and other information in a timely manner and to the best of our ability. To this end Lucas Bols ensures that relevant information is provided equally and simultaneously to all interested parties and that they can access it. Analyst presentations following the half year and full year results publications are webcasted to provide broad and easy access. From time to time Lucas Bols engages in bilateral contacts with existing and potential shareholders and analysts. These contacts can have the form of investor conferences, company visits and one-on-ones. The purpose of these contacts is to explain the strategy and performance of Lucas Bols and thus ensure that correct and adequate information is disseminated about the company.

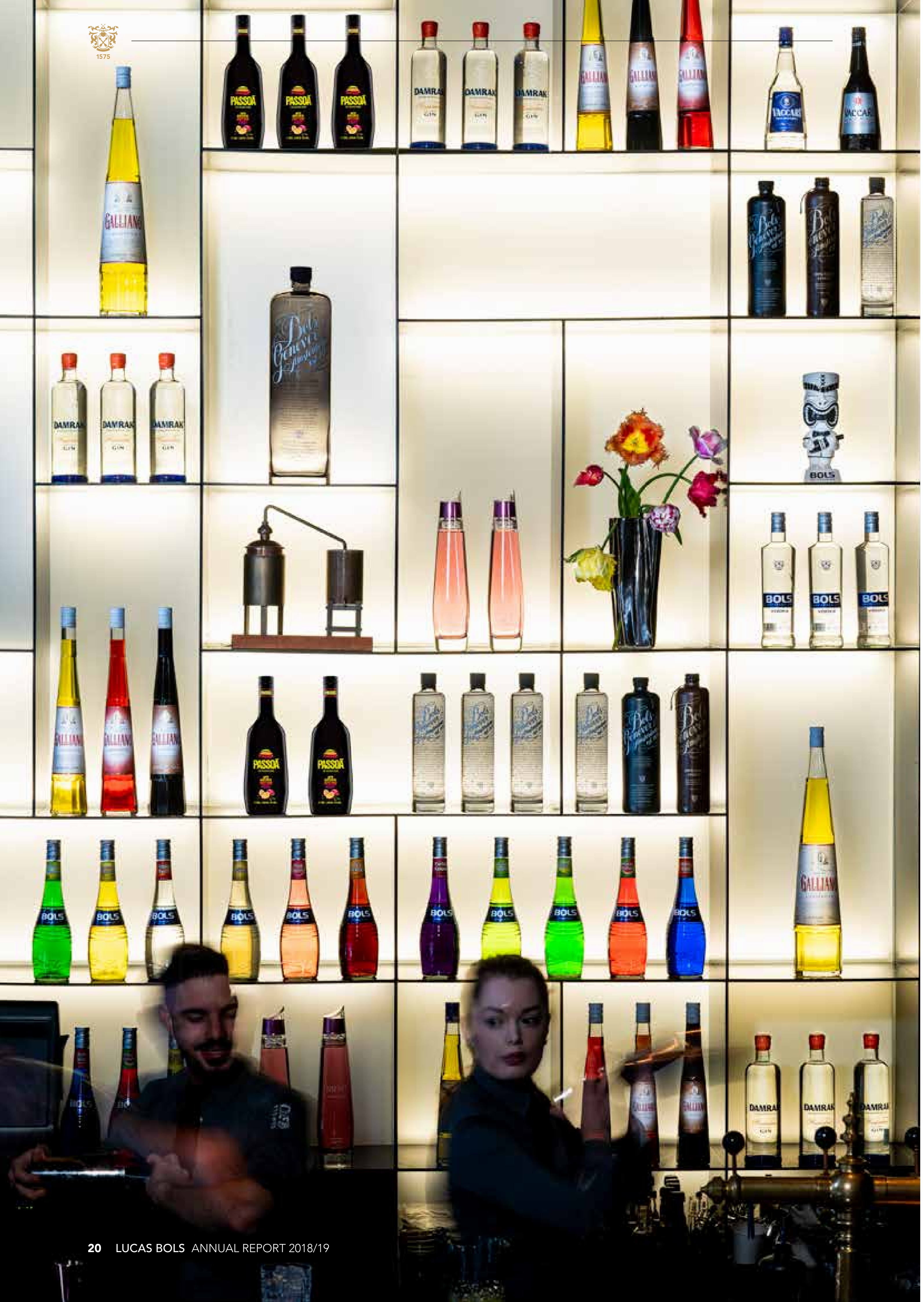
LUCAS BOLS BRANDS GLOBAL PRESENCE



GLOBAL REVENUE SPLIT *

* These numbers are pre-IFRS.

49.6%	WESTERN EUROPE
21.1%	NORTH AMERICA
16.5%	ASIA-PACIFIC
12.8%	EMERGING MARKETS



LUCAS BOLS
GLOBAL BRANDS

The global brands portfolio consists of the Bols brand (Bols Liqueurs, Bols Genever and Bols Vodka), Damrak Gin, Passoã, Galliano, Vaccari and Nuvo. All these brands hold significant or leading positions in the spirits industry. Bols has the number one global range liqueur portfolio (outside the US). Bols Genever, hailed the Original Spirit of Amsterdam, was first created in 1664 and leads the genever category worldwide. Passoã is the number one passion fruit liqueur worldwide.

BOLS

Bols is the world's oldest distilled spirits brand. In 1575 the Bols family began distilling liqueurs in the heart of Amsterdam, adding genever in 1664 and Bols Vodka in the 20th century. Bols' high quality products blend over four centuries of recipes, craftsmanship and experience living up to its centuries-old family motto *semper idem*. A real bartender brand, Bols engages with the international bartender community to create new drinks and experiences for their customers with its wide variety of products and flavours.

The Original Spirit of Amsterdam

BOLS LIQUEURS

Bols Liqueurs comprises more than 40 unique premium liqueurs, widely used by bartenders to create cocktails and also consumed in mixed drinks at home. Made from high-quality natural ingredients such as herbs, spices and fruits. The key markets for the Bols Liqueurs range are the US, Argentina, Japan, China, Germany, the Netherlands, the UK and Russia.

BOLS GENEVER

The Bols family first produced genever in 1664. Genever played an important part in the rise of the cocktail in 19th-century America. It is the rich content of our unique Bols malt spirit that makes it perfect for mixing and making cocktails. Nowadays Lucas Bols is the leading genever player in the world and is back in cocktail bars in over 30 countries around the world with the US, the UK and the Netherlands as the most important markets.

BOLS VODKA

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

PASSOÃ

Created in 1985 and now the world's number one passion fruit liqueur, Passoã is perfect for making easy mixes and professional cocktails. The natural and refreshing flavours of Passoã's unique Brazilian passion fruits shine through in any mix and cocktail and are right on-trend. Passoã is known for its iconic black bottle, which was upgraded last year with a new sunset logo and fresh passion fruit visuals, and its attractive red colour. The key countries for Passoã are France, the UK, the Netherlands, Belgium, Puerto Rico, the US and Japan.

The Passion Drink

PASSOÃ FRESH

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

PASSOÃ PORN STAR MARTINI

Made with Passoã, the Porn Star Martini is the number one cocktail in the UK. Often the best-selling cocktail at the bar, this sweet and aromatic drink is a shaken cocktail traditionally served with a shot of champagne. The Porn Star Martini is gaining consumer popularity both in and outside the UK, also growing in countries like Spain and Portugal where Brits tend to vacation. Passoã has clearly found its way back to the professional bartender with this signature cocktail.

DAMRAK

Made in our distillery near Damrak square in the heart of Amsterdam, Damrak Gin combines 17 botanicals and is distilled five times to provide ultimate purity and an exquisite taste. The botanicals used include juniper berry, Valencia orange peel and coriander, as well as a few of the Lucas Bols Master Distiller's secret botanicals. In the Golden Age the Damrak harbour was the mooring place for merchant ships carrying herbs, fruits and spices, some of which are still used in Damrak Gin today. Exceptionally smooth with a twist of orange, Damrak Gin is a widely appreciated and easy-mixing gin. The US and the Netherlands are the most important markets for Damrak Gin.

The Best DAM Gin

NUVO

Nuvo Sparkling Liqueur defines luxury and is the ultimate accessory when celebrating life with friends and family. Crafted with ultra-premium French vodka, a touch of delicate sparkling white wine and infused with our proprietary blend of fruit nectars, Nuvo is as delicious at it is luxurious. Nuvo's ultra-premium bottle stands out on any table or at home and makes the perfect gift for someone special. Nuvo can be enjoyed over ice or in a mix with tequila, vodka or champagne. The brand is primarily consumed by women and is mostly sold in the US.

L'esprit de Paris

GALLIANO

Galliano traces its roots back to 1896, when Arturo Vaccari first made the iconic liqueur in Tuscany. The liqueur gained international fame in the 1970s as a key ingredient in the Harvey Wallbanger cocktail. Galliano owes its outstanding taste to a complex and unique process involving seven infusions and distillations from 30 meticulously selected herbs and spices. These infusions and distillates have been produced in Italy since 1896. Besides the classic Galliano L'Autentico, the Galliano range comprises Galliano Ristretto, Vanilla, Amaretto and L'Aperitivo. Galliano is used in cocktails and as a single serve and is one of the 'must-have' stock brands in any bar around the world. Galliano's key markets are the US, Australia, New Zealand, Scandinavia, Canada, Germany and the UK.

Spirito Italiano

VACCARI

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

From the family to the world

LUCAS BOLS
REGIONAL BRANDS

In addition to the global brands, Lucas Bols offers a wide range of more than 15 regional brands, the largest of which are Pisang Ambon, Coebergh, Kontiki, Bokma, Henkes and Hartevelt.
Consisting of the Dutch genever portfolio, regional liqueurs and value brands, the regional brand portfolio has proved to be a resilient business with strong and stable cash generation. Lucas Bols believes some of the regional brands with their strong heritage (such as Henkes) have the key attributes needed to develop internationally, particularly in emerging markets. Other regional brands and products include the Wynand Fockink brand (with a range of artisanal genevers and over 70 liqueurs), the exclusive Bols KLM Delft Blue miniature houses and the spirits concentrates.

DUTCH GENEVER PORTFOLIO

Lucas Bols is market leader in the Netherlands with its Dutch genever portfolio. This portfolio consists of a range of domestic Dutch genever and vieux brands, including Hartevelt, Floryn, Parade, Hoppe, Henkes and Legner. Within the Dutch genever portfolio, the local Bols genever range and the Bokma brand are the key and premium brands.

BOLS GENEVER

The local Bols genever range consists of four products. This past year the packaging of the full range was updated, building on the iconic clay jug, creating a strong Bols family look and shelf presence while ensuring cues of the high quality and craftsmanship within the range. A new and much-liked campaign was launched to promote the best way of enjoying a Bols genever: paired with a craft beer. The 'Bols komt met een Biertje' (Bols comes with a beer) campaign is geared towards a new, and for genever untapped male target audience which enjoys drinking craft beers.

Bols komt met een Biertje!

BOKMA GENEVER

Bokma is a strong local Dutch brand with a very distinctive square bottle and a rich heritage from Friesland, the province in the north of the Netherlands and home to the Bokma family. This year the packaging was updated to convey the strong heritage of Bokma and the craft behind the brand. In addition we released the Bokma 5 year-old Bourbon Cask, a special edition Bokma genever aged in American oak casks resulting in a slightly sweet bourbon flavour with a fresh juniper berry finish.

Vierkant achter Bokma

REGIONAL LIQUEURS & VALUE BRANDS

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

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

PISANG AMBON

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

Let's go Bananas

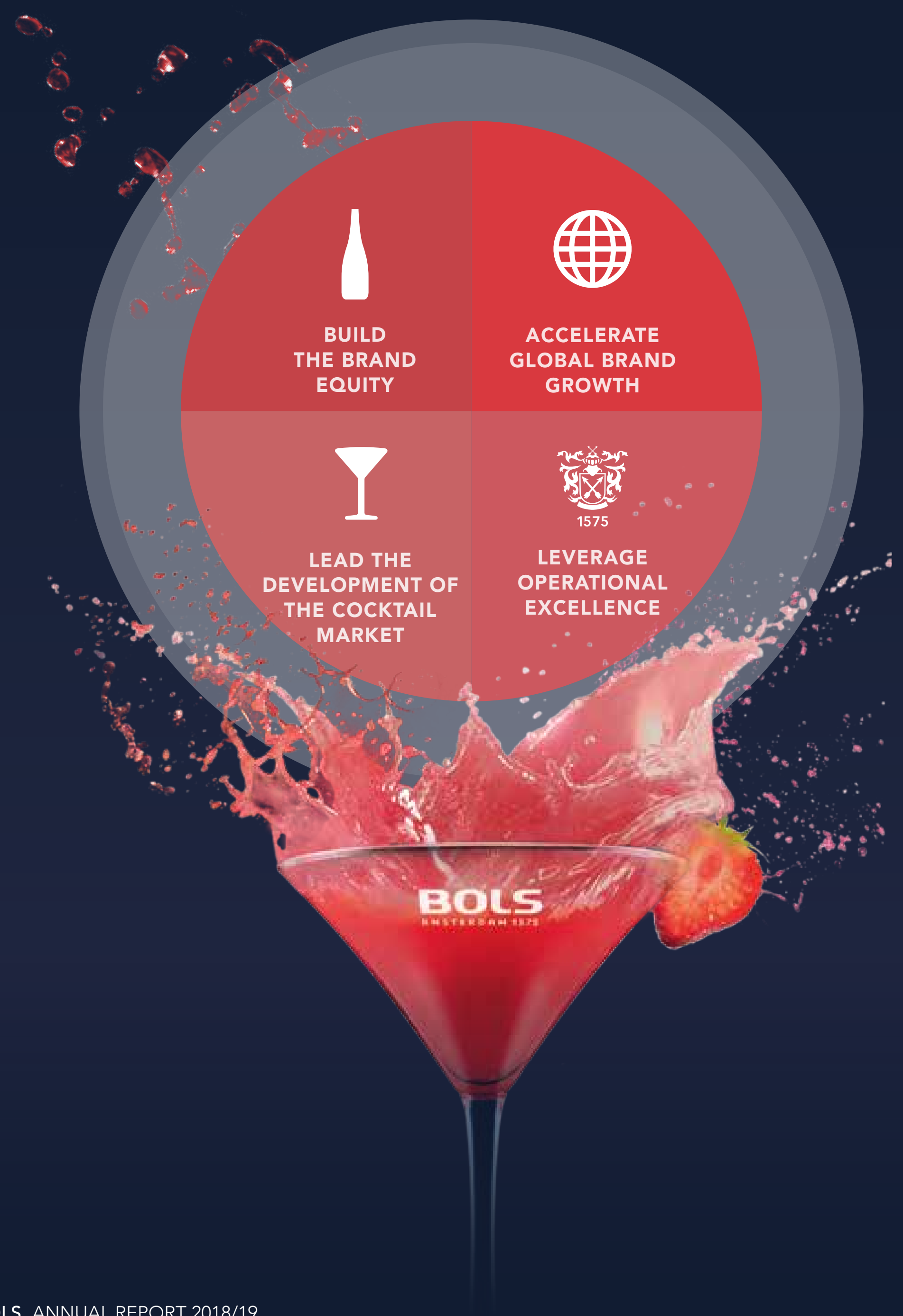
HENKES

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

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

STRATEGY

It is our objective to strengthen and grow our global brands in the international cocktail market, aiming for an average annual revenue growth of 3-4% for the global brands, while maintaining the competitiveness of our regional brands in local markets. Building brands is the essence of what we do at Lucas Bols, that is how we create long term value. To accomplish this, we focus on the key strategic initiatives set out below.



BUILD THE BRAND EQUITY

Enhance the market position of our global brands and maintain the competitiveness of our regional brands

We position our global brands as leading brands for the international cocktail market. We closely engage with the global bartending community, creating new trends in the cocktail market together. We share our knowledge and expertise through our extensive network of brand ambassadors. We continuously optimise our global brands portfolio and extend our global brands into new and developing markets. Our established regional brands have strong positions in regional and local markets.

ACCELERATE GLOBAL BRAND GROWTH

Tailor growth strategies for the brands to the markets within four geographic segments

We aim to grow our global brands in all geographic markets. Our wholly-owned subsidiary Lucas Bols USA plays an important role in increasing our market share in key market the US. In the different regions around the world we aim for continued growth of our global brands and pursue selective growth opportunities for the regional brands.

LEAD THE DEVELOPMENT OF THE COCKTAIL MARKET

Use marketing techniques and strategic innovation to optimise the product offering and positioning

Lucas Bols has an active innovation program, continuously updating and launching new flavours and introducing new concepts. Initiatives such as the Bols Bartending Academy and the Bols Around The World global competition capture the interest of the bartending community, while the House of Bols Cocktail & Genever Experience raises awareness of Lucas Bols' products among consumers. Social media presence on various platforms enables direct communication with our communities.

LEVERAGE OPERATIONAL EXCELLENCE

Optimise and leverage the current business model with a mix of in-house and outsourced activities

Our current business model with a mix of in-house and outsourced activities provides optimum flexibility and creates a strong platform. We believe we can further leverage our strong platform by adding brands, as we have done with the addition to our portfolio of the world's number one passion fruit liqueur Passoã and Nuvo sparkling liqueur. We believe our platform allows for more selective add-ons to support the further execution of our strategy.

BUSINESS MODEL

At Lucas Bols the brands are at the heart of our business model. We conquer the world with our brands using our age-old craftsmanship, unique brand marketing and strategic partnerships. Our experience from over four centuries of craftsmanship is key to creating the perfect products for today's bartenders and consumers. With unique brand marketing – full of inspiration, education and experiences – we tell our story to bartenders and consumers. Furthermore we are working in long-term partnerships which are essential to supplying our products and brands around the world.

CRAFTSMANSHIP

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

What we call 'the art of distilling, mixing and blending' is based on four pillars:

- craftsmanship, expertise and knowledge of the Lucas Bols master distiller and his team;
- original recipes that have been handed down for more than 400 years, as well as innovative concepts created by our team today;
- high-quality natural ingredients that have been carefully selected by the Lucas Bols master distiller and his team;
- three flavour extraction methods that we have been practising for over four centuries: distillation, maceration and percolation.

Extracting flavours

The Lucas Bols master distiller and his team combine the art of selecting the right ingredients with their expertise and curiosity to create hundreds of recipes suited to modern-day consumers and bartenders. The art of mixing and blending has been passed down for generations of master distillers and continues to be an internally trained craft. At our Lucas Bols distillery in the centre of Amsterdam, our master distiller and his team produce the essential flavour distillates for the various Bols Genevers, Bols Liqueurs, Damrak Gin and other brands. This is where their craftsmanship comes to life by extracting flavours from natural ingredients through the centuries-old methods of distillation, percolation and maceration.

The distillation of herbs and spices extracts the flavour molecules into a clear and flavourful distillate through heated evaporation. Maceration extracts both colour and flavour essences from fruit peels and herbs through an alcohol and water mixture in a process similar to making tea, while percolation also extracts flavour and colour from natural ingredients by continuously pouring hot alcohol and water over a filter with ingredients.
This provides yet another taste and colour profile for the master distiller to create new flavours with.

Innovation

Product innovation has been key to the success of Lucas Bols in the past four centuries. It is a continuous process at Lucas Bols, meaning that the pipeline is always filled with new flavours and spirits to be launched at the appropriate time and in a relevant market.
The creative process can start with a trend that is identified through our international network of bartenders, a trend observed by a local market team or an idea originating from the creative minds of the master distiller and his product development team. At Lucas Bols we have an experienced R&D team that operates in an agile way and acts quickly with relevant innovation programmes, tapping into the needs of bartenders and consumers. The marketing team, local market team and commercial directors develop new products and create and test signature drinks that are launched in one or several markets when opportune.

Semper idem

The original Lucas Bols recipes have been passed on from master distiller to master distiller and are updated to suit contemporary tastes. Using our rich heritage and history as an inspiration for the future, we experiment to create new flavours and exciting new products. The ingredients that are the basis of all our recipes are sourced from around the world, as they were at the beginning in the 16th century. We look for the ingredients with the best quality and most interesting flavours when creating products.

Our products are based on the Bols family motto: 'semper idem' ('always the same'). This means that we always follow the recipe and use first-class ingredients for the extraction of flavours. The result is high-quality products with the same characteristics and taste, time and time again. This process of ensuring the same quality is even more complicated for our aged products, such as Bols Corenwyn, Bokma 5 year-old Bourbon Cask and Bols Barrel Aged Genever with their soft, complex and more pronounced taste. To create that unique taste, we apply the art of aging and blending, an approach that requires the Lucas Bols master distiller and his blending team to lean on their years of knowledge and experience.

BRAND BUILDING

It is our aim to truly be the number one cocktail brand for bartenders and consumers alike. Brand marketing is key to achieving this.

Sharing the experience

The House of Bols Cocktail & Genever Experience in Amsterdam plays a key role in marketing the Bols brand. For over a decade it has helped create Bols fans and brand ambassadors among consumers, distributors and bartenders from around the world. The House of Bols provides a journey into the history of the Bols brand and the craftsmanship used to create our products. It initiates visitors into the world of cocktails and the Dutch spirit of genever. We also ensure brand visibility at events, festivals, bars and clubs because we are convinced that tasting is believing. Furthermore we provide cocktail workshops to consumers at the House of Bols to show how fun and easy it is to create cocktails, lowering the threshold for consumers to make cocktails at home.

Education

Bartenders are trained to make the best cocktails and create the best cocktail experience by our Bols Bartending Academy in Amsterdam and by our Bols Global Brand Ambassadors on Tour around the world. Bartenders are trained in all aspects of the bartending profession, from industry-wide knowledge of drinks and spirits to responsible serving and of course cocktail mixology. These programmes reinforce Bols as a true cocktail brand and authority. In addition to the Bols Bartending Academy on Tour we also travel around with Bols Business Class, a day of inspiring and educational talks for bar owners and managers provided by leading industry figures who share their enthusiasm, knowledge and experience. Our most innovative way of training is the Bols Bartending Academy e-learning tool, which is globally accessible. Through this tool, we reach out to our bartender audiences via live digital seminars all over the world – anytime, anywhere with our most recent programmes, insights and cocktail inspiration.

Inspiration

Adding to the inspiration provided by the Bols Bartending Academy and Bols Business Class, we offer bartenders and consumers everything needed to 'add flavour' through our cocktail programmes. We provide bartenders with new products and innovative drink recipes, such as the Red Light Negroni with genever, but also our new LowBols cocktails and Passoã Fresh drinks that serve lighter and low-alcohol drinks to a new target group. We also aim to inspire consumers to become bartenders at home with programmes such as the 'Add flavour to your margarita' promotions with Bols Liqueurs in retail stores across the US. While inspiring bartenders around the world, we also have a programme where bartenders around the world inspire us. Each year we organise our Bols Around the World competition, one of the largest bartending competitions in the world. For this year's contest, bar teams can submit their most special cocktail and compete for the title of World's Best Bar Team. The finale of this global contest is held in Amsterdam, the home base of our Bols brand.

Trend enforcement

Trends in our sector are unpredictable and not easy to grasp. Something is stirring in the market, something happens between the bartender and the consumer. And then several things come together and all of a sudden it takes off. Sometimes we initiate, sometimes we respond. The Porn Star Martini, with Passoã as the key ingredient, is an excellent example of how a drink and a product come together in a perfect cocktail that becomes a hit. The Porn Star Martini is the most researched cocktail online on Difford's Guide and one of the fastest growing cocktails in the world. Its name, great taste and beautiful presentation make it a favourite with bartenders and consumers alike. Passoã and its marketing programmes promote the Porn Star Martini around the world and the cocktail has given the Passoã brand new leverage in the bar scene.

Our LowBols programme is focused at a new breed of consumers for whom lower alcohol is a choice. The one thing they will not compromise on is flavour. For this group we have created our LowBols drinks programme. The cocktails in this programme are tasty, easy-to-make cocktails where Bols Liqueurs serve as the base spirit. The result is drinks that are high in flavour and low in alcohol, right on-trend. With LowBols we transform our Bols Liqueurs into a base spirit and we offer a fun, creative and exciting low-alcohol alternative.

The Negroni trend is another example where we responded with our own signature cocktail: the Red Light Negroni made with Bols Genever, the Original Spirit of Amsterdam. We add a complex and smooth edge to an already popular drink and serve it in an eye-catching bulb glass – a nod to Amsterdam.

LONG-TERM PARTNERSHIPS

Lucas Bols operates an asset light business model, whereby distillation, product development, strategic marketing and distribution in the US are core inhouse activities and especially blending and bottling and distribution activities are done by partners. Therefore long-term partnerships form an integral part of Lucas Bols' business model. There are three areas where such partnerships are essential to achieve our business objectives: the blending and bottling of our products, the distribution of our brands and the influencing of our key target groups, bartenders and bar owners.

Blending and bottling partners

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

Distribution partners

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

With our distributor partners around the world we aim to create one community: one global team with one goal. We create strong brand strategies for both our global and regional brands and provide our local marketing teams at distributors around the world with sales and promotion tools. During a yearly distributor summit we engage with our local partners and take them through our brand programmes. Together we continue to build on the future of our brands.

Bartending partners

Lucas Bols operates in the business-to-business market with bartenders and bar owners as our key target groups. Our network of Bols brand ambassadors – key players in the bartender community – is vital in developing the Lucas Bols brands. The brand ambassadors (all bartenders themselves) are fully dedicated to transferring knowledge and promoting the Lucas Bols brands among their network of bartenders and bar owners.

In addition to these official brand ambassadors we have a group of Bols fans who act as unofficial ambassadors, i.e. people who have been trained by the Bols Bartending Academy team, who have experienced a Bols Business Class or who have visited the House of Bols. We see that our programmes create a lot of loyalty and fans for our brands. We also create strong relationships and ambassadors with our yearly Bols Around the World programme in which bartenders from around the world this year will compete for the title of World's Best Bar Team.

COMPOSITION OF THE MANAGEMENT BOARD

HUUB VAN DOORNE
CHIEF EXECUTIVE OFFICER

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

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

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

JOOST DE VRIES
CHIEF FINANCIAL OFFICER

MR. J.K. (JOOST) DE VRIES – CFO
(current term expires in 2022).

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

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

REPORT OF THE MANAGEMENT BOARD

2018/19 was a year in which we saw strong growth in the US, driven by the strength of Lucas Bols USA. The expansion of Passoã to new states and the launch of Nuvo both contributed to the acceleration of growth. Lucas Bols also outperformed the market in China, the other important growth area for the spirits industry. Supported by strong brand awareness for the Bols brand, we were able to benefit from the positive market developments. At the same time the performance in Western Europe was impacted by an increasingly challenging retail environment in a number of markets. Foreign currency fluctuations also negatively impacted our results. All in all overall revenue growth was 1.2% for the 2018/19 financial year, with the global brands delivering on our strategic objectives with a growth of 3.5%.

CONSOLIDATING AND STRENGTHENING OUR ROUTE TO MARKET

In 2017/18 we started preparing for important changes in the route to market in many of the regions in which we operate. In the year under review we renewed an important number of distribution agreements, including with the Edrington Group in Scandinavia, China, South Korea, Hong Kong and Europe Travel Retail. The contract with Asahi was renewed in Japan, as was the contract with Beam Suntory in Australia and New Zealand. The existing contracts were renewed in the UK, Ireland, Switzerland and Portugal, while in Germany and Scandinavia we consolidated the Lucas Bols brands with one distributor. We are convinced that the position of our brands in these markets will benefit from this.

In Spain we combined the portfolio with a new distributor, who is more focused on the on-trade, creating new growth opportunities for the Lucas Bols brands. With the new arrangement in Canada, where contracts were signed with two new distributors, we aim to create more synergies with our own US business. And lastly we successfully changed our route to market in South America. By transforming from a royalty structure into direct sales in eight markets we gained more control over our South American business.

All these steps enable us to secure and optimise the route to market for the coming years, providing a solid base for further growth of our brands.

NEW AND INSPIRING WORKING ENVIRONMENT

A major renovation of our head office in Amsterdam took place last year and was completed in January 2019, meaning that all staff could return to Paulus Potterstraat from temporary office space. We are very pleased with the new working environment which will inspire employees and future talent alike. The new office makes an efficient use of the space and is fit for growth. The openness of the space provides an array of possibilities that promote teamwork, in line with our new agile and transparent way of working.

STRENGTHENING OF AVANDIS THROUGH INTEGRATION OF DISTILLERY COOYMANS

In 2018/19 the operations of Distillery Cooymans (acquired in 2016) were fully integrated into the Avandis blending and bottling operation in Zoetermeer. The process of integrating the activities into the Zoetermeer location and closing the Tilburg plant went smoothly. The cooperation of the Works Council and the hard work and commitment of everyone involved contributed greatly to this. As part of the agreed social plan some of the staff at the Tilburg plant were transferred to Avandis or another joint venture partner. All operational activities in Tilburg were terminated in December 2018 and the building was sold for an attractive price in March 2019.

The integration of the Cooymans Distillery and the ongoing modernisation of the Zoetermeer plant, including the addition of a can line, creates a leading North European spirits blending and bottling plant. This will safeguard the production of Lucas Bols products for years to come.

GLOBAL BRANDS

The Bols brand

The Bols brand with its distinct focus on the bartending community is clearly one of the leading brands in the global cocktail market. The Bols Bartending Academy, both in Amsterdam and On Tour, plays an important role in educating and inspiring bartenders and strengthening the role of Lucas Bols as a leading authority on cocktails. Our new, innovative e-learning tool makes our training globally accessible. Lucas Bols again organised Bols Business Class events for bar owners in various locations in 2018/19, including in Poland where the event was live-streamed, reaching bar owners and bartenders on a much broader scale.

10th edition of Bols Around the World

This past year we launched the 10th edition of our well-known bartending competition Bols Around the World (BATW) entirely via social media. We invited international bar teams to take part in the contest. The bar teams were asked to create a unique recipe and creative theatrical concept using one or more products from Lucas Bols' complete global portfolio. Six talented bar teams, selected from participants from more than 40 countries worldwide, will compete for the title of Bols Master Bar Team 2019 in Amsterdam in June 2019. The BATW competition is one of the leading global bartender competitions and a valuable source of inspiration for the bartending community around the world.

Signature drinks

Within the Bols Liqueurs range we focus on a number of signature drink strategies. In 2018/19 the innovative LowBols campaign was launched in response to the low-alcohol trend. Bols Liqueurs serve as the base spirit for creating tasty, easy-to-make cocktails. Examples are Bols Cucumber with tonic and Bols Watermelon with bitter lemon. We are actively promoting this new concept, offering consumers new and exciting low-alcohol alternatives. The campaign was initially launched in the Netherlands, Germany, the UK, the US and Switzerland. In Switzerland we also successfully activated a cross-flavour concept: Bols Sprizz, a Bols liqueur mixed with prosecco or cava. The third drink strategy is the 'Add flavour to your margarita' programme in the US. We are continuing to roll out this concept, championing the Bols Watermelon, Peach, Pomegranate, Pineapple Chipotle and Mango flavours.

We also launched a number of initiatives in Japan, where the market for liqueurs has become challenging. The introduction in February 2019 of Bols Pink Grapefruit, with the Pink Fizz cocktail as signature drink, was well received. This cocktail is clearly on-trend as it is less sweet compared to regular drinks.

Development of the cocktail market

Looking at the individual regions, each at a different phase in the development of the cocktail market, we see China clearly progressing with more and more modern outlets popping up. As a result and following distribution expansion at wholesale level, the Bols Liqueurs range is showing strong growth in the Chinese market. In markets such as Russia, Poland and South Africa, where the cocktail market is further developed, our market strategy is focused more on the bartender community with our brand ambassadors. And in the US, the most developed cocktail market in the world where consumers are used to making cocktails at home, we are not only focused on on-trade but also on the retail market, having expanded our distribution in a number of regional and national retail chains. In the UK we have become the number 1 liqueur range in on-trade.

Genever crusade

In the US we embarked on a multiple-year campaign to further build the genever category. We are fulfilling this mission together with other Dutch industry partners. This promotion of genever, also as an ingredient in cocktails, clearly reflects the uniqueness of genever as 'the Dutch spirit'. Furthermore, we are gradually growing Bols Genever in key US cities with the activation and expansion of our signature cocktail, the Red Light Negroni.

Passoã

Passoã, the number one passion fruit liqueur around the world, performed very well, mainly driven by growth in the UK, the US and the Netherlands.

Passoã has two main signature drinks: the cocktail proposition featuring the Porn Star Martini and the Passoã Fresh proposition in easy and light mixes, including Passoã soda, a light and less sweet drink. Both propositions have an on-trade and a retail approach.

The brand sees continued listing gains with the Porn Star Martini in the UK (the cocktail has become the number 1 selling cocktail in the market, outperforming the mojito). Listing programmes at tourist destinations where the British go on holiday are also showing promising results.

The brand was present at festivals across France, Belgium and the Netherlands with the Passoã Fresh proposition. 2018/19 also saw the launch of the Passoã Sparkling Water & Orange can in a number of markets. These initiatives all support the rejuvenation of the Passoã brand in the more traditional markets.

The Passoã packaging was renewed with an upgraded design showcasing the natural passion fruit that forms the base of the liqueur. Reinforcing the brand identity, the switch to the new packaging will be completed in the US, Puerto Rico and Japan in the first half of the 2019/20 financial year.

The brand's social media strategy was also strengthened, with a balance of global and local content resulting in improved reach and engagement.

In the US the distribution of Passoã grew to 45 states, with the number of distribution points being greatly expanded together with the local distributor's sales force. In addition, Passoã secured listings on the menu at a growing number of on-trade national and regional chains, and saw its first retail listings in the US. All this resulted in a doubling of revenue in the US (from a relatively low base). Puerto Rico also contributed to this growth as the market recovered from the devastating hurricane in 2017.

Furthermore, global distribution was expanded to over 50 countries.

Galliano

The Galliano range ('the Galliano Famiglia'), including Ristretto and L'Aperitivo, is fully on-trend. Galliano Ristretto is perfect for an Espresso Martini and Galliano L'Aperitivo, the highest rated bitter according to industry experts, makes a very tasty Spritz. At the same time the popularity of the Galliano Hot Shot is clearly growing in Scandinavia. The Galliano range is listed at Eataly, an important Italian speciality chain that is recognised all over the world. In the US a social media campaign last summer resulted in a doubling of Galliano's social media following.

Damrak Gin

Damrak Gin showed double-digit growth in its most important markets, the Netherlands and the US. The social media campaign 'Ride like an Amsterdammer' reached over 150,000 consumers in the US.
Outside these priority markets we also see opportunities for distribution expansion. Damrak Gin was launched in South Korea and was also listed at the Formula 1 Singapore Grand Prix in the 2018/19 financial year.

Nuvo

Nuvo was successfully launched in the US in the spring of 2018, with an initial focus on ten states. The brand had to be rebuilt from scratch from production to distribution. The launch was very much focused on the Latin community. For the activation programmes the brand cooperated with a number of Latin artists and rolled out a full-blown social media campaign resulting in over 300 million views. We also shipped the first cases to South America where Nuvo still has some brand awareness.

Vaccari

The Vaccari brand is active in the Sambuca niche category. In 2018/19 the new label design, which better reflects Vaccari's authenticity, was successfully rolled out. The brand shows growth based on the successful expansion of distribution to new markets.

REGIONAL BRANDS

Dutch genevers

In the 2018/19 financial year there were two important brand activations in the Dutch genever portfolio. These campaigns target new consumer groups in order to gradually compensate for the continuing decline in the traditional Dutch genever (the young genevers) and vieux segment. Following the restyling of the complete Dutch Bols genever family, the 'Bols komt met een biertje' (Bols comes with a beer) campaign successfully activated the traditional 'Kopstootje' (a Dutch take on the boilermaker). The campaign was aimed at pairing Dutch beers with a Bols genever, tapping into a new younger target group interested in authentic craft beer. More than 5,000 consumer tastings and a successful social media campaign added to the success. The second brand activation featured Bokma. The past year saw a restyling of the complete Bokma family and the launch of the Bokma 5-year-old Bourbon Cask. These activations are boosting the genever category, also among new target groups. The campaigns were positively received and we will keep focusing on these programmes.

Regional liqueurs portfolio

In the regional liqueurs portfolio, Coebergh rolled out a new drink strategy among accounts across the Netherlands while the Pisang Ambon strategy focused on activating the brand in its core markets of France and Belgium.

Value brands

In Western Africa we experienced temporary import restrictions for the Henkes brand into Togo and Benin in the first half of the financial year. The restrictions were lifted in the second half of the year and the Henkes business normalised. The increased brand activation of Henkes Gin and Whisky further strengthened our market position in Western Africa. Furthermore, we increased the price of Bols Brandy in Southern Africa, leading to a better gross margin.

FINANCIAL REVIEW

KEY FIGURES

IN € MILLION UNLESS OTHERWISE STATED, FOR THE FULL YEAR ENDED	PRE-IFRS 15/16				POST-IFRS 15/16
	31 MARCH 2019	31 MARCH 2018	Δ REPORTED	Δ ORGANIC [1]	31 MARCH 2019
Revenue	92.5	92.2	+0.3%	+1.2%	87.0
Gross margin	59.2%	62.0%	- 280 bps	-160 bps	56.6%
Normalised EBIT [2]	20.8	23.6	-11.9%	-7.6%	20.8
Normalised EBIT margin	22.5%	25.6%	-310 bps	-220 bps	24.0%
Normalised net profit [3]	12.9	14.7	-12.5%	-5.2%	12.8
Reported EBIT	19.6	23.6			19.6
Reported net profit	16.6	20.4			16.5
Earnings per share (in €)	1.33	1.64			1.32
Total dividend per share (in €)	0.60	0.60	–		

1 At constant currencies and excluding one-off items.

2 Normalised EBIT is EBIT (defined as operating profit plus share of profit of joint ventures) excl. one-off items (i.e. one-off restructuring costs of € 0.6 million (net) at Avandis, one-off advisory costs of € 0.6 million in 2018/19).

3 Normalised net profit is net profit excl. one-off items (i.e. one-off tax benefit of € 5.3 million, one-off advisory costs and finance costs totalling € 1.0 million and one-off restructuring costs of € 0.6 million (net) at Avandis in 2018/19 and a one-off tax benefit of € 5.6 million in 2017/18).

Please note that the results stated in this review are pre-IFRS 15/16 figures, unless otherwise mentioned. In the financial statements the post-IFRS 15/16 figures are reported and a bridge between the pre-IFRS 15/16 and post-IFRS 15/16 results is provided in note 2 of the consolidated financial statements on page 92 of this report.

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GLOBAL BRANDS

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

IN € MILLION UNLESS OTHERWISE STATED, FOR THE FULL YEAR ENDED	PRE-IFRS 15/16				POST-IFRS 15/16
	31 MARCH 2019	31 MARCH 2018	Δ REPORTED	Δ ORGANIC *	31 MARCH 2019
Revenue	71.6	69.9	+2.5%	+3.5%	66.4
Gross profit	45.4	46.9	-3.1%	-0.6%	40.2
Gross margin	*63.4%*	*67.1%*	*-370 bps*	*-270 bps*	*60.6%*
EBIT	27.6	29.5	-6.4%	-2.3%	27.6
EBIT margin	*38.5%*	*42.2%*	*-370 bps*	*-230 bps*	*41.5%*

* At constant currencies and excluding one-off items.

Revenue

Lucas Bols' revenue for the financial year ended 31 March 2019 amounted to € 92.5 million, an increase of 1.2% compared to last year at constant currencies. As a result of the stronger euro, foreign currencies had a negative impact of € 0.8 million on revenue.

Our global brands portfolio showed revenue growth of 3.5%, at constant currencies, mainly driven by a strong performance in the US, the UK and China. Revenue of the regional brands decreased by 5.9% compared to last year, mainly due to the challenging retail markets in the Benelux and France. In the second half of the year we saw a recovery of the regional brands, driven by Western Africa where temporary import restrictions that impacted the first half of the year were lifted in the second half.

Gross profit

At constant currencies gross profit for the 2018/19 financial year fell slightly to € 54.7 million from the year before, with a gross margin of 59.2%. Organically the gross margin declined by 160 bps as a result of geographical mix with lower shipments to higher margin markets and higher shipments to lower margin ones, and the introduction of Nuvo.

EBIT

Normalised EBIT for 2018/19 came in at € 20.8 million (€ 23.6 million in 2017/18), a decrease of 7.6% at constant currencies, as a result of the lower gross margin. As anticipated, currencies had a negative impact of € 1.1 million on EBIT. The normalised EBIT margin came in at 22.5%, compared to 25.6% in 2017/18.

Allocated D&A expenses were in line with the year before and included commission payments related to Nuvo. Following the introduction of IFRS 15 we further optimised our A&P spending, which is reflected in a small reduction (€ 0.7 million) compared to last year.

Total overhead costs (excluding one-off costs and depreciation) came in at 16.2% of revenue compared to 15.5% a year ago. This is mainly related to the expansion in the US with the addition of Nuvo.

Developments in the Lucas Bols brand portfolio

Global brands

Revenue of the global brands for the 2018/19 financial year amounted to € 71.6 million, an increase of 3.5% at constant currencies.

- The Passoã brand continued to perform strongly with mid-single-digit revenue growth. The growth was mainly driven by the expansion of distribution in the UK, the expansion of Passoã to 45 states in the US, a substantial rise in the number of distribution points, and recovery in Puerto Rico after the hurricane of 2017. Furthermore, global distribution was expanded to over 50 countries.
- Revenue of the Bols Liqueurs range showed a mixed performance with a decline in markets such as Germany and Canada where we will change distributor in the first quarter of 2019/20, and a declining market in Japan partly offset by continued growth in the US and accelerated growth in China and South Korea. Furthermore, we continued to reduce our shipments to traders following significant price increases.

REGIONAL BRANDS

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

IN € MILLION UNLESS OTHERWISE STATED, FOR THE FULL YEAR ENDED	PRE-IFRS 15/16				POST-IFRS 15/16
	31 MARCH 2019	31 MARCH 2018	Δ REPORTED	Δ ORGANIC *	31 MARCH 2019
Revenue	20.9	22.3	-6.4%	-5.9%	20.6
Gross profit	9.3	10.2	-9.2%	-5.0%	9.0
Gross margin	*44.5%*	*45.9%*	*-140 bps*	*+40 bps*	*43.9%*
EBIT	8.3	9.0	-7.5%	-2.7%	8.4
EBIT margin	*39.7%*	*40.2%*	*-50 bps*	*+140 bps*	*40.6%*

* At constant currencies and excluding one-off items.

- Overall the white spirits segment saw a low single-digit decline compared to last year. Damrak Gin continued to grow in its most important markets, the Netherlands and the US, while the focus for Bols Genever remained on key US cities with the activation and expansion of our signature cocktail, the Red Light Negroni. Bols Vodka continued to show good growth in the Netherlands, while fierce price competition is still negatively impacting the brand in Canada.
- The Italian Liqueurs returned to growth, resulting in overall revenue growth for the full year. Both Galliano and Vaccari contributed to this growth.
- Nuvo was successfully launched in the US with an initial focus on ten states, targeting the Latin community. The brand had to be rebuilt from scratch, from production to distribution.

Revenue of the global brands in Western Europe was slightly down from a year ago. The challenging retail environment, mainly in France, Belgium and Germany, negatively impacted revenue in this region. We also decided to stop loss-making price promotions in Germany and France which impacted revenue in these markets. The strong growth of Passoã in the UK and double-digit growth of the global brands in the Netherlands could not fully compensate for this.

At constant currencies revenue in Asia-Pacific was in line with last year, mainly driven by accelerated growth in China where the underlying positive market trends translated into significant revenue growth for Bols Liqueurs. South Korea showed good growth too. Revenue in Japan was down as a result of challenging market conditions. Australia/New Zealand showed low single-digit growth in a stable market environment.

In North America the positive growth trend continued with double-digit growth. The very strong performance in the US (+20% compared to last year) was mainly driven by Passoã, Damrak Gin and the introduction of Nuvo. Also, Bols Liqueurs achieved low single-digit revenue growth in a stable range liqueur market. In Canada heavy price competition continued with respect to Bols Vodka, resulting in lower revenue, while Passoã in Puerto Rico fully recovered and contributed to the revenue growth in North America.

Emerging Markets performed well, with the region returning to revenue growth in the second half, resulting in overall good growth for the full year. This was mainly driven by the good performance in South America, related to the positive impact of the change in route to market in a number of markets (from royalty to direct sales). Eastern Europe showed a decline compared to last year, mainly due to higher shipments in 2017/18 when we entered a number of new markets, but underlying depletions show mid-single-digit growth. The Africa/Middle East region showed healthy growth.

Gross profit of the global brands came in at € 45.4 million. The gross margin was down 270 bps on an organic basis, impacted by negative geographic mix with lower shipments to higher-margin markets and strong growth in some lower margin markets, and the introduction of Nuvo which has a lower than average gross margin. EBIT was down 2.3% year-on-year at constant currencies and excluding the one-off costs related to Avandis, while the EBIT margin came in at 38.5%. Currencies had a negative impact of € 0.9 million.

Regional brands
Revenue of the regional brands for the 2018/19 financial year amounted to € 20.9 million, down 5.9% from € 22.3 million for 2017/18. In Western Africa temporary import restrictions for the Henkes brand into Togo and Benin impacted revenue in the first half of the financial year. The restrictions were lifted in the second half of the year and the Henkes business normalised. The increased brand activation of Henkes further strengthened our market position in Western Africa.

Revenue of the Dutch domestic genever/vieux portfolio was down as a result of the continuously declining market, although the second half of the year showed an improvement over the first half. Two important brand activations took place in the second half of the year in the Dutch genever portfolio: 'Bols komt met een biertje' ('Bols comes with a beer'), and a restyling of the complete Bokma packaging range and the introduction of the Bokma 5-year-old Bourbon Cask, targeting new consumer groups in order to gradually compensate for the decline in the traditional young genever and vieux segment.

Gross profit decreased to € 9.3 million from € 10.2 million in 2017/18, in line with the revenue development. Organically the gross margin increased by 40 bps as a result of price increases in Africa. Excluding the one-off restructuring charge at Avandis and at constant currencies, EBIT for the regional brands was down 2.7% in 2018/19, while the EBIT margin was up 140 bps organically.

One-off items
The one-off items in 2018/19 comprise the € 0.6 million net restructuring charge at Avandis relating to the closure of the Cooymans distillery which was completed in the last quarter of 2018/19, and advisory costs and finance costs of € 1.0 million. Furthermore, in 2018/19 a tax gain of € 5.3 million was recognised relating to the deferred tax liability as a result of the upcoming reduction in the Dutch corporate tax rate. In 2017/18 a one-off profit of € 5.6 million was realised mainly due to the positive impact of reductions in the French corporate tax rate on the company's deferred tax liabilities.

Finance costs
Finance costs came in at € 3.7 million in 2018/19, compared to € 3.5 million the year earlier. The finance costs in 2018/19 include one-off costs related to the accelerated amortisation of financing costs associated with the previous credit facility (€ 0.4 million).

Taxes
Normalised tax expenses amounted to € 4.6 million in 2018/19 compared to normalised expenses of € 5.3 million in 2017/18, in both years excluding the abovementioned one-off tax gains. Reported tax income for 2018/19 amounted to € 0.7 million, compared to € 0.3 million in 2017/18.

The effective tax rate, excluding the one-off tax benefit, was 26.4% for the 2018/19 financial year (2017/18: 26.5%), above the Dutch nominal tax rate as profits of Passoã are taxed at a higher rate in France.

Profit for the period
Net profit came in at € 16.6 million in 2018/19, a decrease compared to € 20.4 million in 2017/18. Excluding the one-off items, net profit was € 12.9 million, down 5.2% at constant currencies compared to the normalised net profit of € 14.7 million in 2017/18. Normalised net profit per share came in at € 1.03 for 2018/19, compared to € 1.18 per share in 2017/18 (reported earnings per share for 2018/19: € 1.33 and for 2017/18: € 1.64).

Cash flow
The operating free cash flow decreased to € 11.0 million (2017/18: € 18.7 million) as a result of lower operating income (€ 2.8 million), higher taxes paid in France (€ 2.7 million, of which € 1.7 million was non-recurring as it relates to a change in the French tax collection system) and one-off higher capital investments (€ 1.4 million, mainly related to the renovation of the new office).

Financial position

Equity
Equity increased by € 8.6 million to € 192.2 million at the end of the 2018/19 financial year, mainly as a result of the recorded net profit of € 16.4 million and the € 7.5 million dividend distribution.

Net debt & liquidity position
Net debt increased by € 2 million to € 48.8 million at 31 March 2019 (31 March 2018: € 46.8 million). The net debt to EBITDA ratio stood at 3.4 on 31 March 2019 (2.8 on 31 March 2018).

In December 2016, as part of the Passoã transaction, the company assumed a debt related to the exercise of the call/put option with a net present value of € 69.3 million as of 31 March 2019. The total net debt of the company, including assumed debt, was reduced to € 103.6 million at 31 March 2019 (€ 104.2 million at 31 March 2018). The net debt to EBITDA ratio including assumed debt was 4.8 at 31 March 2019 (4.3 at 31 March 2018).

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

Dividend

Lucas Bols will propose to the Annual General Meeting of Shareholders on 10 July 2019 that a final dividend of € 0.25 per share in cash be distributed for the 2018/19 financial year. Following the distribution of an interim dividend of € 0.35 in November 2018, the total dividend for the financial year would amount to € 0.60, equal to last year. This represents a dividend pay-out ratio of 58% of the normalised net profit, in line with our dividend policy of a pay-out of at least 50% of net profit.

New credit facility

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

OUTLOOK

Despite the geopolitical uncertainty and volatility that characterises current times, the underlying market dynamics in the global cocktail market remain healthy. At Lucas Bols we want to add flavour to the world and to provide great cocktail experiences. We will continue to activate and grow our global brands in line with our strategy, with innovative drink concepts and by acting on upcoming trends around the world. We will further capitalise on the growth of our global brands in the US and China by further strengthening our market position. The retail markets in Western Europe are likely to remain challenging, continuing to impact the performance of the regional brands.

We see upward pressure in our raw material and logistics costs, which we aim to offset by premiumisation and revenue management initiatives while prudently managing the indirect cost base.

Taking into account the foreign currency position already hedged and assuming the current level of the euro, foreign currencies are expected to have a broadly neutral impact on EBIT in the 2019/20 financial year.

We expect the operating free cash flow and Capex to return to normal levels, as the financial year under review was impacted by a number of non-recurring items.

Given the recent tax adjustments we expect the effective tax rate for the 2019/20 financial year to be around 25%.

We will continue to monitor potential add-ons of brands which can be integrated into our production and distribution platform.

CORPORATE SOCIAL RESPONSIBILITY

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

The CSR focus areas for Lucas Bols are:

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

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

We believe that by conducting our business the way we do, Lucas Bols is able to contribute to a number of the Sustainable Development Goals (SDGs) defined in the context of the UN's 2030 Agenda for Sustainable Development, which promote the active participation of all stakeholders. The respective goals and how we believe we can contribute are outlined in the table below. We chose these particular SDGs based on the expected impact of our contribution.

SUSTAINABLE DEVELOPMENT GOAL
How Lucas Bols contributes

- Promote responsible alcohol consumption
- Actively offer low-alcohol alternatives with the LowBols campaign
- Promote a healthy lifestyle (both to own employees and in our bartending courses)
- Promote health and safety to our own employees and those of our partners

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

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

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

RESPONSIBLE DRINKING

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

Drink less but better

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

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

Promote low-alcohol drinks

At Lucas Bols we see the trend towards low-alcohol drinks strengthening and we are fully dedicated to promoting this. We launched a number of new flavours in our Bols Liqueurs range that are a perfect base for a light alcohol drink. For instance, our Bols Cucumber liqueur is an excellent fit with tonic to create a refreshing, low-alcohol cocktail. Another example is Bols Ginger with soda water, a low-alcohol and low-sugar cocktail with a rich and tasty flavour. We are actively promoting these new drink concepts in our LowBols campaigns aimed at offering consumers new and exciting low-alcohol alternatives.

STIVA

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

STIVA focuses on responsible marketing, responsible alcohol consumption and clear communication. This includes the anti-drink-drive campaign BOB, a joint initiative of the Dutch Ministry of Infrastructure and the Environment, STIVA and the Dutch traffic safety association Veilig Verkeer Nederland. Underage drinking is also an important theme in the campaigns. According to the National Drug Monitor for 2018 the use of alcohol in the Netherlands roughly halved among youngsters aged 12-16 between 2003 and 2015. The percentage of binge drinking also halved between 2003 and 2017. The percentage of excessive drinkers decreased by over 10% between 2014 and 2016 and average alcohol consumption per year (among people aged 15 or older) fell by over 15% from 10.4 litres in 2010 to 8.7 litres in 2016.

Dutch national prevention agreement

In November 2018 the Dutch national prevention agreement (Nationaal Preventieakkoord) was signed by more than 70 parties working together to make the Netherlands healthier and to reduce health inequality. The agreement – in which STIVA played an important role – also includes measures to reduce problematic alcohol use. In addition to promoting alcohol abstinence during pregnancy and prohibiting alcohol consumption under the age of 18, the agreement focuses on less excessive and heavy alcohol consumption and increased awareness of individual drinking behaviour and the effects of alcohol consumption. One outcome of the agreement is that STIVA is committed by way of self-regulation to additional rules in the Advertising Code for Alcoholic Beverages (RvA) aimed at preventing alcohol advertising from reaching minors on social media. Agreements with the four major social media platforms worldwide (YouTube, Snapchat, Facebook and Twitter) are already in place. An independent baseline measurement will be taken in 2019, followed by an independent effect measurement in 2021 to assess to what extent these steps have contributed to a further reduction in the number of minors who are confronted with alcohol marketing via social media.

International

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

Training bartenders

Responsible alcohol consumption is also an important topic at the Bols Bartending Academy, our bartending school where we train and teach bartenders. We educate bartenders on the principles of responsible drinking and responsible serving and how to promote them. During our training courses we also promote healthy living for bartenders, teaching them how they can live a responsible lifestyle. In the past year we implemented e-learning tools for bartenders worldwide. Using global webcasts, including a training on a healthy bartender lifestyle, we were able to reach many participants in various regions around the world.

SUSTAINABLE SUPPLY CHAIN

Lucas Bols focuses on its entire supply chain in its pursuit to be a driving force behind a more sustainable environment. The company manages the supply chain from raw materials to distributors but has outsourced the execution of many of the activities. This includes having the suppliers of raw materials and packaging materials managed by its Avandis joint venture in cooperation with its purchasing group Columbus, and logistics service provider NedCargo managing its warehousing and transportation operations.

In the context of our strategy for long-term value creation we invite our suppliers to be our partners in providing responsibly sourced materials and services which have a positive impact on the communities and environment in which we operate.

Suppliers of ingredients and packaging materials

For a number of years we have monitored our suppliers' annual progress in terms of sustainability and environmental impact. In our supply chain Avandis is responsible for all sourcing and buying of product-related raw materials, while purchasing group Columbus is our buyer of supporting goods, including packaging materials. Suppliers are asked to commit to the Supplier Code of Columbus. This Supplier Code includes a declaration on environmental and social impact. All suppliers signed up and agreed to commit.

As far as the logistics footprint concerned, the vast majority of our ingredients are sourced in the Netherlands and other countries in Western Europe.

Ingredients

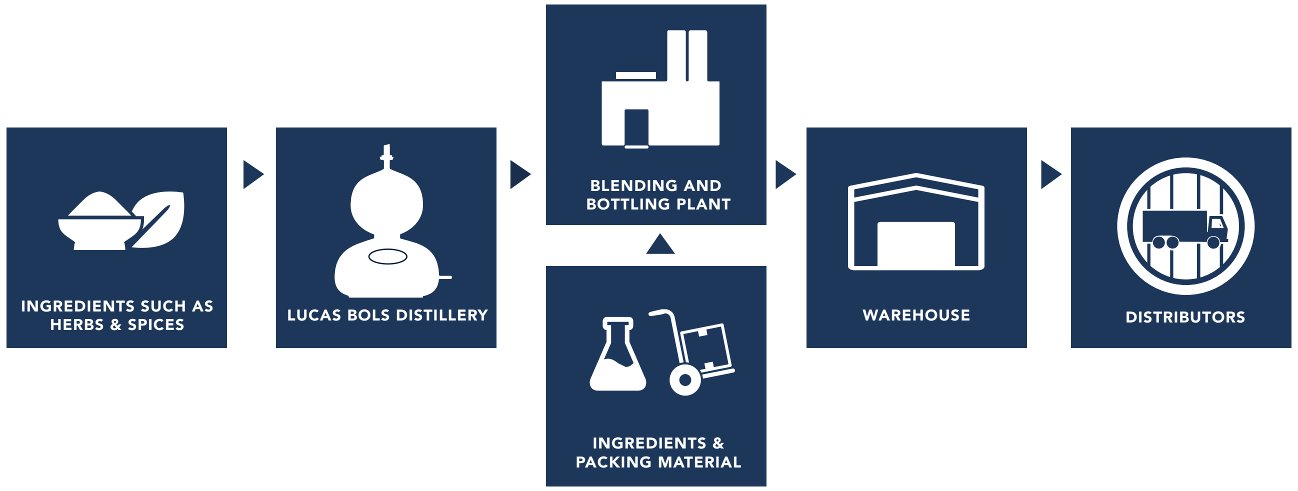
Our ingredients include grains, herbs and spices, sugar and alcohol. Our suppliers all have sustainability high on the agenda. Our supplier of sugar is awarded the gold status by Ecovadis, sustainability ratings for global sustainable procurements, for the fourth consecutive year and guaranteed onwards.

Packaging

The main components of our packaging materials are glass and paper-based materials. One of our glass suppliers is the first food and beverage packaging company to achieve a gold rating in material health on the cradle-to-cradle product scorecard.

Importantly, glass is made from natural ingredients so all Lucas Bols bottles can be recycled. All our paper-based products are made from a renewable resource and are 100% recyclable.

LUCAS BOLS SUPPLY CHAIN FROM RAW MATERIAL SUPPLIERS TO DISTRIBUTORS



Avandis production site

Environmental impact

The advanced bottling plant in the Netherlands operated by the Avandis joint venture is working to minimise its environmental footprint. The initiatives undertaken in 2018/19 included:

- Reducing energy consumption and improving the working environment by implementing LED lights system in the bottling hall.
- Generating renewable energy – Avandis is in consultation with another company to generate biogas from the waste stream.
- Reducing waste – as part of the requirements for Avandis' environmental permit for its Zoetermeer plant, a waste scan was performed and various opportunities and possibilities were identified. The goal is to deposit zero waste (as defined in the Lansink's ladder).

Employee engagement

In 2018 the management of Avandis introduced monthly townhall meetings for all staff aimed at enhancing the commitment of employees by communicating on the future plans and goals. This initiative is supported by a weekly 'Message in a bottle' (Flessenpost) newsletter and team meetings.

The closure of the production location in Tilburg was discussed and planned together with the Works Council. A social plan was agreed and the closure of the plant and integration into the location in Zoetermeer went smoothly.

Health and safety

An intensified approach on safe workplace management was rolled out at the Zoetermeer plant, resulting in increased reporting of dangerous situations. New initiatives on the safe use of industrial vehicles (keeping forklift trucks away from pedestrians) and the effective use of hearing protection aids have since been implemented. Substantial capital investment projects were realised for working safely at heights in the liquid preparation section and for safe roof access.

In the year under review two lost time incidents (LTIs) were reported (compared to three in the previous financial year). One LTI resulted in medical treatment and one in absenteeism.

Warehousing and transport

Environmental impact

The main storage location of Lucas Bols products next to the production site in the Netherlands is operated by NedCargo. A member of the Lean & Green sustainable logistics programme, NedCargo reduced its energy consumption by 50% by investing in LED lighting at the entire location. All electricity used in the warehouse is sourced from wind farms, resulting in 100% energy-neutral operations.

Furthermore, in 2018 Nedcargo signed a contract with Shell with regard to a compensation programme for diesel by planting trees, making the transport greener. The 21% reduction in CO_2 emissions achieved by Nedcargo in 2014-2018 meant it was awarded a Lean & Green Star.

Health and safety

Safety awareness is part of Nedcargo's e-learning for employees. The focus on reporting dangerous situations will continue in 2019. At the Zoetermeer location no accidents occurred in 2018 (including accidents that resulted in absenteeism). In January 2019 the milestone of 1,000 days without an accident (resulting in absenteeism) was reached at this location.

Lucas Bols head office

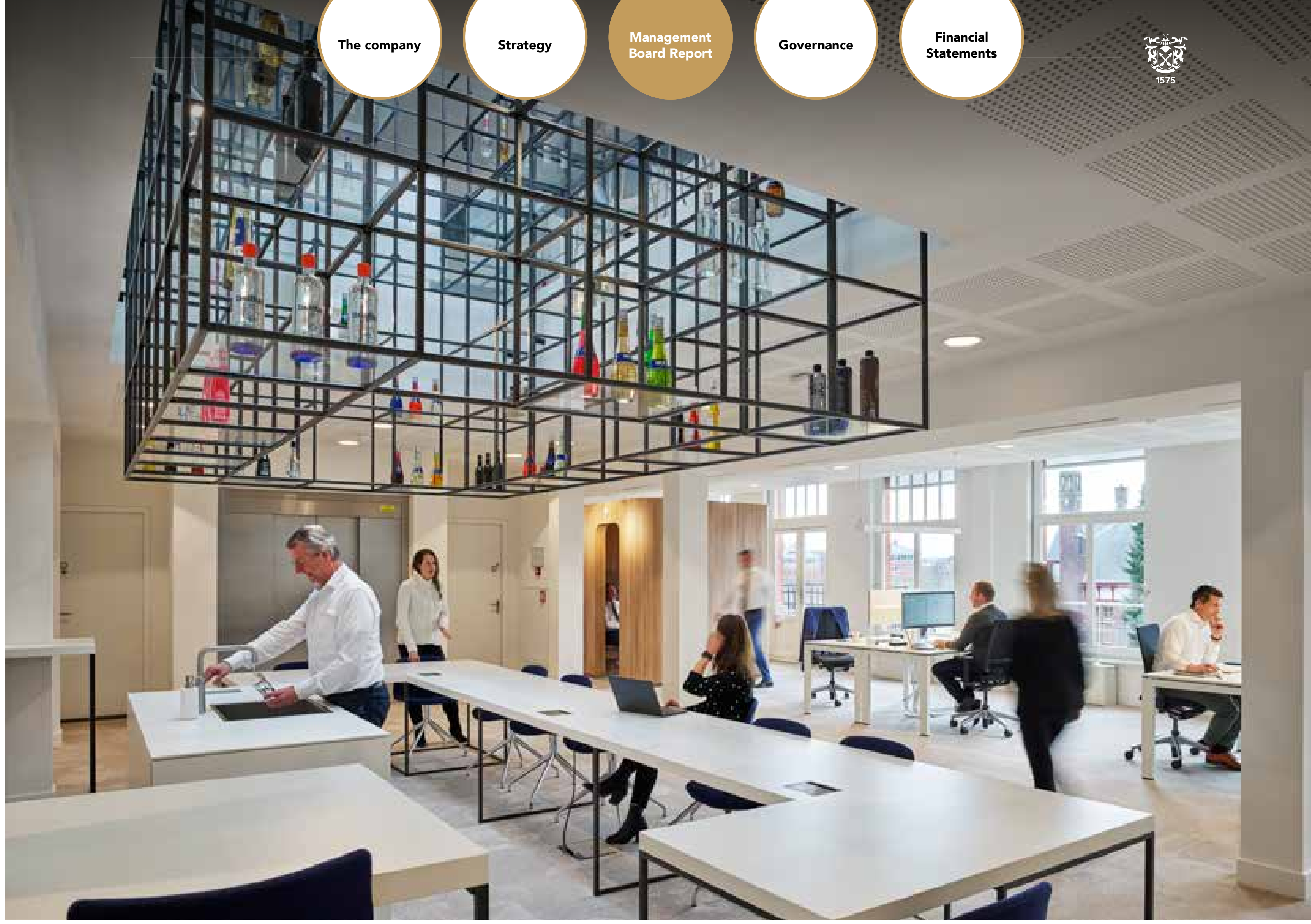
After the renovation, that was completed in January 2019, our head office is fully compliant with the new requirements related to energy use. We also comply with the energy-saving obligation, whereby energy-saving measures with a payback time of 5 years or less are implemented. All new appliances are also energy-efficient electrical appliances that meet the so-called 'Energy Star' specification.

BEING A GOOD EMPLOYER

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

Our values and working principles

We believe that our values and working principles contribute to a culture that is focused on long-term value creation. These values and principles form the essence of our code of conduct which outlines the way in which we advocate responsible alcohol consumption and encourage socially responsible communication on this. Respect for human rights is also embedded in the



code of conduct. Discrimination, sexual harassment or other intimidation, aggressiveness, violence and bullying are unacceptable and will not be tolerated. Lucas Bols strives to deal with all of its customers, suppliers and business partners in a straightforward and above-board manner and in strict compliance with any and all legal requirements.

In 2017/18 we further defined our organisation and culture and redefined our way of working. We initiated an extensive programme based on the Management Drives tool to gain insights into the drive and motivation of all team members and to increase mutual understanding within the teams. This programme was extended in 2018/19 and greatly strengthened team spirit throughout the organisation. In implementing the new way of working we were guided by the following principles:

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

Newly-renovated headquarters

In the course of 2018/19 the head office of Lucas Bols was completely renovated. This was an extensive project that provided the opportunity to translate our new way of working principles into the architecture and interior design of our new office. To this end an open office space was created with a focus on diverse teamwork possibilities to stimulate an agile and transparent way of working that fits a target and objective-driven organisation. New ICT tools and infrastructure were implemented to facilitate (international) teamwork and create a paperless office. The new office makes efficient use of space and is fit for growth. The way the workspaces are set up also offers room for our partners to work at our office. Last but not least the new office is an inspiring and stimulating working environment for employees and young talent. Our brands clearly come to life in the look and feel of our renovated office.

Personal development and training

Last year a new performance review cycle was introduced, focused on personal development and setting objectives. In this new set-up employees are coached to set clear objectives and translate them into smaller targets spread out over the year. The feedback from the employees has been positive.

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

Employee well-being

We aim to create a healthy work environment for our employees. The new workspaces support and stimulate an agile and flexible new way of working. Alternating one's working posture is encouraged – from sitting down to standing and moving around the office – as it promotes increased activity throughout the working day. The new office architecture provides much more daylight, which is beneficial to people's wellbeing. Using the stairs is very actively promoted in the new floor plans and we are already seeing a significant drop in the use of the lift. People are encouraged to walk down to the work café for their coffee, with only water and tea provided on the work floor. Healthy lunch options and fresh fruit also promote a healthier lifestyle.

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

Work enjoyment is also high on our agenda. Various staff events are held throughout the year to increase unity and build team spirit within the group.

In the year under review the average rate of absenteeism among Lucas Bols' Dutch employees was 1.56% (2017/18: 1.68%). Our continued focus on prevention and internal support, combined with good cooperation with the external health and safety service had a positive impact on this rate.

Diversity

At Lucas Bols we believe in a diverse workforce. Inclusion is the foundation of a strong and sustainable culture. We constantly seek to create a positive corporate culture where all employees have equal rights and opportunities, regardless of their gender, age, sexual orientation or background. Our attitude to diversity and inclusion also reflects our business values and how we interact with our colleagues, partners and consumers. With respect to gender equality we continue to be fairly balanced, with 43 male employees and 37 female employees (in 2017/18: 41 male and 37 female employees).
Furthermore Lucas Bols employees represent a great number of nationalities and the age composition within the organisation is quite balanced.

People in numbers

At the end of the year under review Lucas Bols had a total staff base of 74 FTEs (80 employees), an increase compared to the 73 FTEs (78 employees) at year-end 2017/18.

In the Netherlands Lucas Bols employed 47 people (year-end 2017/18: 48 employees), as well as additional flexible staff, particularly at The House of Bols and Wynand Fockink. Another 33 people work for Lucas Bols outside the Netherlands (year-end 2017/18: 30 employees). The majority of these employees are located in the US and France. The number of employees is expected to remain more or less stable in 2019/20.

Employee Share Participation Plan

As of 24 June 2015 qualifying Lucas Bols employees are eligible to invest in Lucas Bols shares via the Employee Share Participation Plan (ESPP). The objective is to increase involvement and engagement by making employees owners of the company. Under the plan shares can be purchased twice a year at a 13.5% discount to the share price, up to a maximum amount of one annual salary per three years. The shares purchased are subject to a three-year lock-up period during which the employee is entitled to receive dividends. In the year under review five employees participated in the plan, bringing the total number of participants since the start of the plan to 18.

dance 4 life
start dancing stop aids

LUCAS BOLS IN SOCIETY

Lucas Bols supports various social initiatives in the Netherlands and other countries where our products are distributed, both with and through our local partners. These programmes range from providing support for senior citizens to sustainability programmes. Our partnership with Dance4Life is the company's most important programme.

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

The curriculum is delivered by young people called Champions4Life who are trained in both general sexual and reproductive health and rights, and in how to facilitate personal transformation. These Champions4Life empower young people rather than educate them by leading a process of experiential learning and serving as role models. In doing so they are able to create a safe place to facilitate sharing and learning through discussions and active participation.

Dance4Life sets itself apart as an organisation with a highly innovative business model known as social franchising. Independent local NGOs become owners and executors of their Journey4Life. To ensure the sustainability of programmes and limit the dependency on Dance4Life, partners are responsible for raising their own funds to operate the model, co-investing in the start-up package and paying Dance4Life an annual commitment fee. Together with their partners, Dance4Life works towards one long-term goal: 'Empowering more than five million young people to lead healthy sexual lives and feel confident about their future'.

Lucas Bols is inspired by Dance4Life's objective to empower and change the behaviour of young people and, in doing so, to help them build healthy and positive lives. We also recognise the franchise model that empowers local partners to execute the centrally-created programmes, as we do with our brands and local distributors. We are a Dance4Life corporate partner, providing donations and advice and supporting the Friends4Life donor network with Bols cocktails at festive fundraising events.

RISK MANAGEMENT AND CONTROL

There are inherent risks related to Lucas Bols' business activities and organisation. We see sound risk management as an integral element of good business practice, which is why the Management Board promotes a transparent, company-wide approach to risk management and internal controls, allowing the company to operate effectively.

This approach is aimed at finding the right balance between maximising the business opportunities and managing the risks involved. The Management Board considers this to be one of its most important tasks. The risk management committee that was installed in the previous financial year was fully operational in the year under review. Under the new reporting lines the risk reporters reported on the existing risks and mitigating actions on a quarterly basis. Based on their assessment the Management Board concluded that there were no significant changes compared to the risk management landscape presented in the previous annual report. A priority in the past year was to update the staff manual, which includes all the compliance policies.

RISK MANAGEMENT APPROACH

General

Our risk management policies are designed to identify and analyse the risks facing Lucas Bols, to set appropriate risk limits and controls, and to monitor any developments in the risk environment of the company.

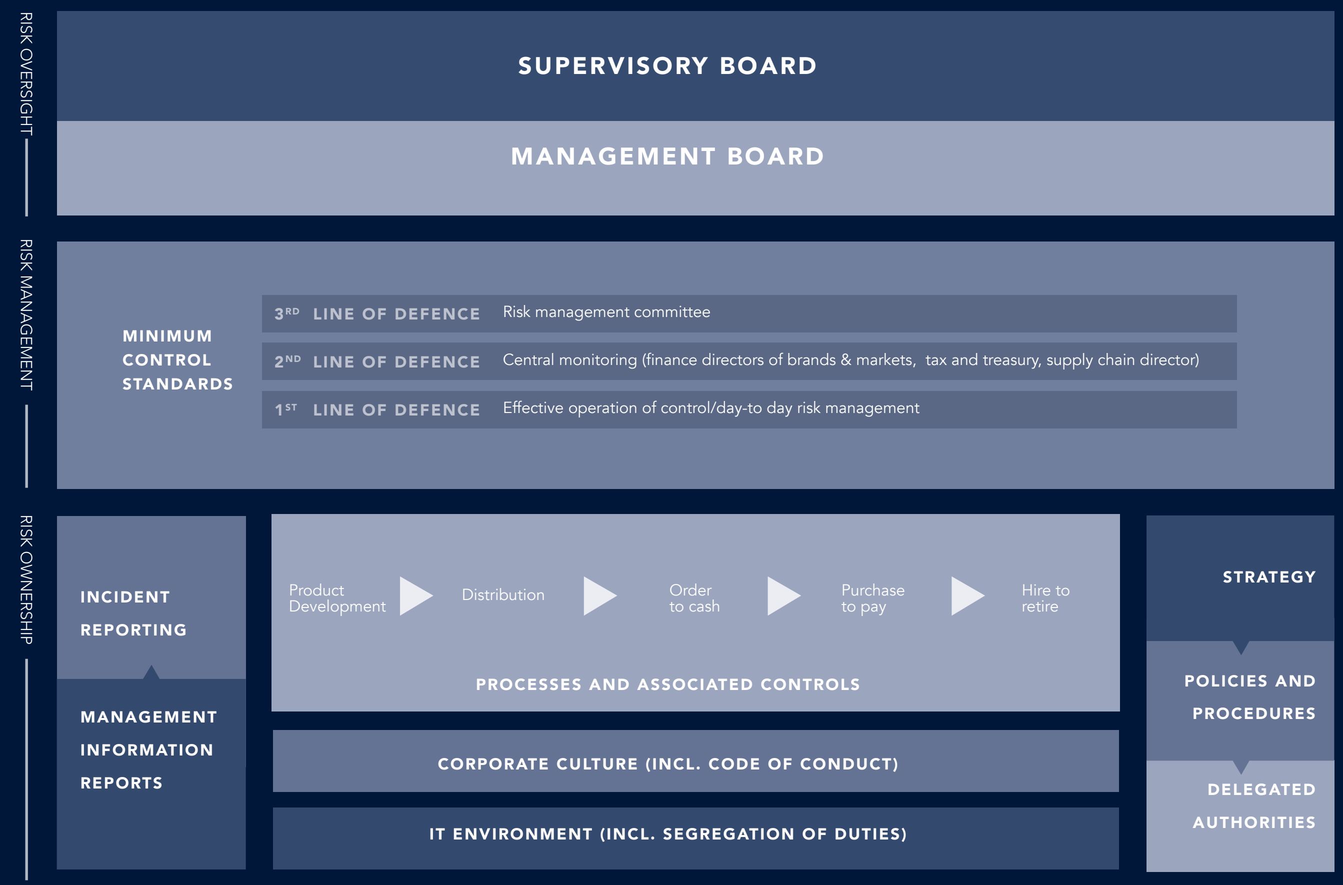
In general Lucas Bols has a low risk appetite. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our activities. Our risk management framework is the foundation for the mitigation of corporate business risks and has been developed to provide reasonable assurance that the risks facing us are properly evaluated and mitigated, and that management is provided with the information it needs to make informed and timely decisions. While the framework is designed to manage risks it cannot prevent with absolute certainty such things as human error, fraud or infringements of laws and regulations. The risk management committee is responsible for the establishment, performance and monitoring of the risk management framework. The committee is headed by the CFO of Lucas Bols complemented by the finance director internal and external reporting and the legal counsel.

Risk management framework

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

RISK MANAGEMENT GOVERNANCE

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



Risk management system

Product development and quality control

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

Reporting cycle and management information systems

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

Brand Market Units (BMU) structure

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

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

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

Code of conduct and brand protection

Both our own communication and business practices and those of our distributors across the globe are characterised by integrity and corporate social responsibility. In order to maintain these high standards we have established a code of conduct. We keep track of all marketing activities on our brands, including those of our (distribution) partners, as well as monitoring the social media activities of our company and partners in this respect. Protecting the value of our brands is furthermore driven by extensive brand registration across the globe, with potential infringements being constantly monitored and appropriate legal action taken where necessary.

Policies

As referred to above, Lucas Bols has a code of conduct drawn up by the Management Board and approved by the Supervisory Board. The code of conduct describes how Lucas Bols' employees should behave and do business in various circumstances and situations. The code of conduct applies to all employees of Lucas Bols and is published on the corporate website. The Code is updated on a regular basis and communicated to all employees. In the year under review one incident of non-compliance with our code of conduct, relating to inappropriate behaviour, was reported and suitable measures were immediately taken.

Lucas Bols also has a whistle-blower policy in place which ensures that any violations of existing policy and procedures can be reported without negative consequences for the person reporting the violation. The whistle-blower policy can also be found on the corporate website.

DEVELOPMENTS IN THE RISK MANAGEMENT AND CONTROL SYSTEM IN 2018/19

In the 2017/18 financial year the monitoring of risks was extended to the level of senior managers, who received training for this in December 2017. In 2018/19 these risk reporters reported to the Management Board on a quarterly basis. Their reports are based on input from the regional teams for which risk reporting was set up. This not only ensures relevant and timely input but also creates risk awareness throughout the organisation. This reporting system will be annually evaluated and further fine-tuned where necessary.

The Management Board reported twice to the Supervisory Board in the past financial year. It goes without saying that urgent risks or impactful issues are reported without delay.

Update on compliance policies

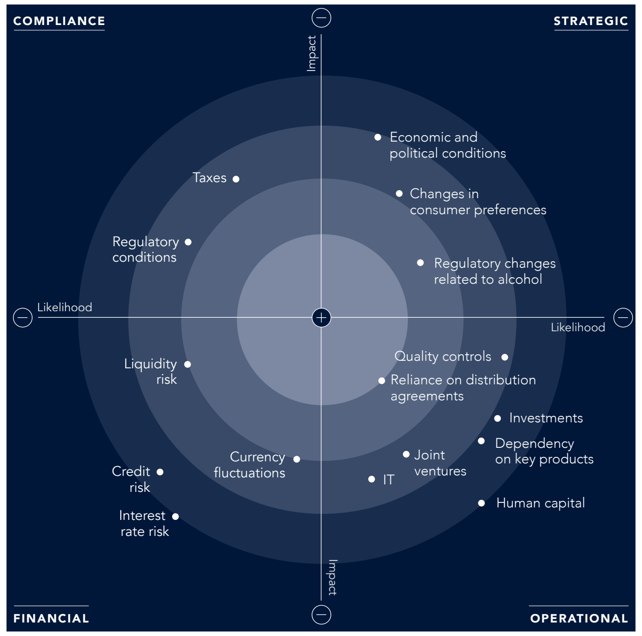
In the year under review the staff manual and compliance policies were updated and shared with all employees in February 2019. The policies include the company Code of Conduct, Insider Code, Privacy Policy and Code of Conduct Social Media.

In December 2018 a compliance training was organised for the commercial and marketing directors. The training included various topics on how to do business in an international environment. In this context, the company uses an external data provider for the assessment of potential business partners.

After the deep dive into risks related to cybersecurity in 2017/18, a number of training programmes were set up in 2018/19 to increase awareness of cybersecurity-related topics. These programmes will be held at the beginning of the 2019/20 financial year.

For 2019/20 the deep dive topics relate to local regulations and government actions on alcohol.

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



Risks and uncertainties in 2018/19

The risk environment for Lucas Bols remained largely unchanged from 2017/18. Developments within certain risks have however been identified compared to the prior year. Overall macroeconomic volatility and geopolitical uncertainty increased in 2018/19 due in part to the trade war between the US and China and the unpredictable Brexit process. Developments such as these impact consumer confidence, which could ultimately hamper Lucas Bols' performance. However, in 2018/19 these developments did not significantly impact the business of Lucas Bols.

In 2018/19 currencies had a significant impact on EBIT following a strengthening of the euro versus the most important other currencies for Lucas Bols (USD, YEN and AUD). We also see the prices of raw materials, including alcohol and glass prices, going up. This had a limited impact on our 2018/19 results but might have a more significant impact in the 2019/20 financial year. Also, increased labour and transportation costs might have an increasing impact on Lucas Bols. We aim to offset this upward pressure by premiumisation and revenue management initiatives.

Another notable development is the growth of the low-alcohol trend. This means changes in consumer preferences to which Lucas Bols needs to respond. We do this with our LowBols concept, offering attractive high-flavour drinks with a low alcohol content.

2018/19 saw a large number of changes in the distribution network. Many distribution agreements were renewed and in a number of regions there was a change in distributor or a change in the distribution set-up. By doing so we secured our route to market for the medium term.

For more details on the developments in 2018/19 and the potential impact of material changes in both internal and external circumstances on the company's results, please refer to the risk overview on the following pages. For the sensitivity analysis please refer to note 25 of the consolidated financial statements.

KEY RISK FACTORS

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

The likelihood and impact of the different risks in 2018/19 is illustrated in the diagram above.

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

STRATEGIC

Risk appetite – moderate

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

RISK	MITIGATION
Regulatory changes related to alcohol Alcohol remains under scrutiny in a number of markets around the world with some countries having a more negative regulatory approach towards alcohol.	Lucas Bols supports a responsible approach to alcohol and considers this a core element of its strategy to grow a sustainable, long-term business. We advocate responsible consumption and encourage socially responsible communication as part of our CSR strategy.
Economic and political conditions in the global markets in which we operate The company's global business is subject to a number of commercial, political and financial risks. The company also operates in emerging markets where the risk of economic and regulatory uncertainty is greater. Also geopolitical issues and trade and import restrictions could have negative consequences for our businesses. Lucas Bols' results are dependent on general economic conditions and can therefore be affected by deterioration of the economic conditions in its markets.	Lucas Bols activities are well diversified, in terms of product categories as well as geographically. Lucas Bols sells over 25 brands in more than 110 countries in four regions. In addition, Lucas Bols has a sound financial performance with strong operating margins, which can act as a cushion against an economic downturn. *Geopolitical developments such as Brexit and the threat of a potential US-China trade war impact consumer confidence. The production of Lucas Bols products in the US for the local market is a clear mitigating factor, as is the global diversification of the sale of our products.*
Changes in consumer preferences Demand for the company's spirits products may be significantly adversely affected by changes in customer and consumer preferences.	Lucas Bols' close ties both with its distributors and with the bartender community means that the company is alerted to changes in consumer preferences at an early stage. The innovative nature of the company enables Lucas Bols to respond swiftly to such changes with new flavours and products. *We see the trend towards low-alcohol and low-calorie drinks continuing and Lucas Bols is actively responding to this trend. The successful LowBols campaign, for which specific flavours are developed, including the Bols Liqueurs Cucumber and Ginger, is a good example of this response.*

OPERATIONAL

Risk appetite – low

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

RISK	MITIGATION
Dependency on key products A few key products contribute a significant portion of the company's revenue, and any reduction in revenue from these products could have a material adverse effect on the company's business, results of operations, financial condition and prospects.	Sales of these products are generally spread across multiple countries and continents.
Joint ventures Lucas Bols' involvement in joint ventures (JVs) over which it does not have full control could prevent the company from achieving its objectives.	Managing and monitoring partnerships and joint ventures is at the heart of the company's business. JVs are monitored through direct board involvement, with a focus on achieving long-term objectives. *The integration of Distillery Cooymans into the Avandis organisation and the subsequent closure of the Tilburg plant went smoothly and was successfully completed in 2018/19. Cooperation with the two other joint venture partners contributed positively to this process.*
Investments Transactions that the company engages in, such as acquisitions or investments in joint ventures or associates, might not produce the expected returns.	Potential investments and acquisitions are aligned with our strategy. Decisions to invest or acquire are based on thorough processes, where necessary with external support. New brands are integrated in our management information and reporting systems.
Quality controls Inconsistent quality or contamination of the company's products or similar products in the same categories as Lucas Bols products could harm the integrity of, or customer support for, the company's brands and adversely affect the sales of those brands.	The recipes in which the ingredients and procedures are defined are fully controlled by Lucas Bols. The company only partners with certified bottlers and in general our joint venture partners also work exclusively with certified suppliers. The company samples and tests all its products.
Reliance on distribution agreements Lucas Bols is reliant on the performance of its distributors and its operations may be adversely affected by poor performance of its distributors or by the company's inability to enter into or maintain distribution agreements on favourable terms or at all.	The company applies very strict criteria for selecting distribution partners. In addition each distributor and each agreement is subject to annual evaluation by the commercial team and if this evaluation shows that action is needed, that action will be taken, within the contractual terms agreed. *In 2018/19 Lucas Bols renewed a large number of distribution agreements, both with existing and new distribution partners. These steps enable Lucas Bols to secure the route to market for the coming years.*

RISK	MITIGATION
Human capital Lucas Bols' success depends on retaining key personnel and attracting highly skilled individuals, especially given its relatively small number of employees.	Lucas Bols is able to attract, motivate and retain knowledgeable and experienced employees thanks to our reputation and market position, our strategic partnerships and our strong entrepreneurial company culture.
IT IT security threats and levels of sophistication in computer crime are increasing globally, posing a risk to the confidentiality, availability and integrity of data and information and going as far as posing a risk to the order to cash process.	We have invested in protection measures to prevent damage from cyberattacks and ensure that we have secure and well-controlled IT systems. Furthermore, we have further increased our internal controls on 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 limit our risk. Our reporting risk is limited to the minimal risk associated with errors in our reporting.

RISK	MITIGATION
Currency fluctuations Exchange rate fluctuations could have a material adverse effect on the company's business, financial condition and results of operations.	Each year the company seeks to mitigate the short term impact of fluctuations in foreign currency exchange rates on its cash flow and earnings by entering into hedging agreements for approximately 60% to 80% of its total currency exposure at the start of the financial year. The company's strategy is to hedge the currency risk through the application of standard forward contracts. *In the 2018/19 financial year the negative impact of foreign currencies was significant. Given exchange rate developments in the past year and the hedges in place, the impact on the 2019/20 financial year is expected to be broadly neutral.*
Liquidity risk Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The company's approach to managing liquidity through its treasury process is aimed at ensuring, insofar as is possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. *In 2018/19 Lucas Bols arranged a new financing facility with an extended lender group. This agreement – at lower rates and with increased operational flexibility – secures Lucas Bols' financing structure for the coming years and lowers the company's liquidity risk.*
Interest rate risk Changes in interest rates affect the company's results and cash flow.	Lucas Bols applies a policy which ensures that at least 80% of its medium-term interest rate risk is fixed-rate exposure. This involves entering into and designating interest rate swaps to hedge fluctuations in cash flows attributable to interest rate movements. *The newly arranged financing facility mentioned above was agreed at lower rates, thus lowering the interest rate risk.*
Credit risk Credit risk arises from liquid assets, derivative instruments and balances with banks, as well as credit exposure to customers, including outstanding receivables and agreed transactions.	The company has implemented a credit policy and monitors its exposure to credit risk on an ongoing basis.

COMPLIANCE	
Risk appetite – low Lucas Bols operates in a market that is strongly regulated worldwide. Compliance with laws and regulations is a fundamental condition for producing and distributing our high-quality products, so we allow only minimal risk in this area.	
RISK	MITIGATION
Regulations Regulatory conditions in the markets in which the company operates Lucas Bols' business and production facilities are subject to significant governmental regulation and failure to comply with relevant regulations or any changes in such regulations could result in interruptions to supply and increased costs. In addition, the company is subject to extensive regulations regarding advertising, promotions and access to its products, and these regulations or any changes to these regulations could limit its business activities, increase costs and decrease demand for its products.	Lucas Bols closely monitors the legal developments in the markets where it is active. In its home country the Netherlands the company is actively involved in the relevant industry bodies, for example through representation on the board of STIVA, the foundation that actively promotes and controls responsible marketing and consumption of alcoholic products.
Taxes Increases in taxes, particularly increases in excise tax rates, could adversely affect demand for the company's products.	Excise tax increases which are significant in a given market tend to have a negative impact for a period of 12 months, followed by stabilisation and often recovery of the business. Consequences of tax changes and resulting changes in buying behaviour are constantly monitored in close cooperation with our distributors and market positioning is adjusted where necessary.

IN CONTROL STATEMENT

The Management Board is responsible for the design and operation of the internal risk management and control systems. Management has assessed whether the risk management and control systems provide reasonable assurance that the financial reporting does not contain any material misstatements. In accordance with best practice 1.4.3 of the Dutch corporate governance code of December 2016 and with reference to the risk management and control chapter and the financial review on pages 42 to 48 the Management Board is of the opinion that, to the best of its knowledge:

- the report provides sufficient insights into any deficiencies in the effectiveness of the internal risk and control systems; no deficiencies in the effectiveness of the internal risk and control systems have been identified, as reported on pages 58 to 60;
- the internal risk management and control systems of the company provide reasonable assurance that financial reporting as included in the Financial Statement on pages 84 to 134 does not contain any material inaccuracies;
- there is a reasonable expectation that Lucas Bols will be able to continue its operations and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing the financial reporting, as reported on pages 46 to 48;
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of Lucas Bols' operations in the coming twelve months, as reported on pages 61 to 66.

MANAGEMENT BOARD STATEMENT

The Management Board of Lucas Bols N.V. declares that, to the best of its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and the result of Lucas Bols and its subsidiaries, and that the report of the management board provides a true and fair view of the situation as at 31 March 2019 and of the state of affairs for 2018/19 of Lucas Bols and its subsidiaries, as well as a description of the principal risks and uncertainties Lucas Bols faces.

Amsterdam, 22 May 2019

Management Board
Huub van Doorne & Joost de Vries

COMPOSITION OF THE SUPERVISORY BOARD

DERK DOIJER
CHAIRMAN

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

Current (second) term commenced on 6 September 2018 and expires in 2022.
Mr. Doijer was first appointed at the management buy-out in 2006. His first term according to the Code commenced on 3 February 2015.

Other positions
Member of the Supervisory Board of De Stiho Groep B.V., stepped down on 18 april 2019

MARINA WYATT
MEMBER

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

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

Other positions
Chief Financial Officer of Associated British Ports
Non-executive director of Renewi plc

ALEXANDRA OLDROYD
MEMBER

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

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

Other positions
Managing Director Fluxion Advisors
Non-executive director of Brockmans Gin

RALPH WISBRUN
MEMBER

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

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

Other positions
Founding Partner and co-owner JWT Amsterdam
Board member of the Foundation to support the Emma children's hospital
Board member of the Carré Fonds

REPORT OF THE SUPERVISORY BOARD

The year under review was marked by good growth of the Lucas Bols brands in the important US and Chinese markets. The accelerated growth in the US was driven by both the expansion of Passoã and the launch of Nuvo in a number of states. At the same time challenging retail markets in Western Europe and foreign currency fluctuations negatively impacted results. From a strategic viewpoint a number of major undertakings took place, including the renewal of many of the distribution agreements for the Lucas Bols products worldwide, thus securing a robust route to market for the years to come. Also, the refinancing of the company and the integration of the Cooymans organisation into the bottling joint venture Avandis, strengthened the foundation of Lucas Bols.

COMPOSITION OF THE SUPERVISORY BOARD

On 31 March 2019 the Supervisory Board of Lucas Bols consisted of four members: Derk Doijer (chairman), Alex Oldroyd, Ralph Wisbrun (vice-chairman) and Marina Wyatt. Mr. Doijer and Mrs. Wyatt were reappointed for a four-year term at the Annual General Meeting of Shareholders (AGM) on 6 September 2018.

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

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

With the Supervisory Board consisting of four members no separate committees have been appointed among its members. The Supervisory Board as a whole carries out the duties of an audit committee and other committees. Meetings regarding remuneration are chaired by Mr. Wisbrun and the financial statements and audit-related meetings are chaired by Mrs. Wyatt who has ample financial and accounting experience.

EVALUATION

The Supervisory Board reviewed and discussed its own functioning during the 2018/19 financial year. The assessment included reviews of the composition of the Supervisory Board, the Supervisory Board's profile including its competence and expertise, the effectiveness of the meetings of the Supervisory Board, the lessons learned from this year's experiences, the adequacy of the information supplied to the Supervisory Board and the training of the Supervisory Board. Overall the conclusion of the assessment was positive. The follow up points of the assessment in 2017/18 were adequately addressed, amongst others by a frequent participation of members of Lucas Bols' Leadership Team during the meetings of the Supervisory Board.

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

MEETINGS AND ATTENDANCE IN 2018/19

The Supervisory Board held six ordinary meetings during the year under review. All members were present at every meeting (either in person or via video conference), except for one meeting at which Mr. Wisbrun was absent. All meetings were held in the presence of the Management Board, with the exception of the meeting at which the Supervisory Board discussed and decided on the performance appraisal and associated variable remuneration of the individual Management Board members. Also members of the company's Leadership Team and management board members of the Avandis and Maxxium joint ventures were present during various Supervisory Board meetings.

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

The topics discussed in the various meetings included the financial performance of the company as well as market, brand and distribution developments in the various markets in which Lucas Bols operates.
The impact of changes in regulations and applicable IFRS standards, including IFRS 15 and IFRS 16 and the impact of foreign currency fluctuations, were also discussed.
The refinancing of the company was another important topic on the agenda.

The Supervisory Board devoted considerable time to discussing the company's strategy and long-term value creation with the Management Board as well as the execution and progress achieved. In these discussions the Supervisory Board challenged the Management Board on its strategic agenda and milestone planning, including the changes in the route to market and the alignment with the company's overall strategy and long-term value creation.

The renovation plans for the Amsterdam headquarters were presented to the Supervisory Board. The presentation and subsequent discussion included how the new architecture could help create a flexible and agile organisation, compelling for young talent, while reinforcing the company's culture of transparency, responsibility and trust.

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

In addition, the Supervisory Board reviewed the remuneration policy for the Management Board and discussed the actual 2018/19 remuneration. Recurring topics included management developments, investor relations, the budget for the 2019/20 financial year and the preparation, evaluation and follow-up with respect to the AGM.

During the 2018/19 financial year the Supervisory Board met with the external auditor on two occasions. At the meeting in June 2018 the auditor presented its independent auditor's report and long form auditor's report with the findings following the audit of the 2017/18 financial statements. The key audit matters for the audit of the 2018/19 financial statements were subsequently discussed at the Supervisory Board meeting in November 2018.

REPORT OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

At the Annual General Meeting of Shareholders held on 6 September 2018, the Management Board gave an account of the general state of affairs at Lucas Bols and of its financial performance in the 2017/18 financial year. The meeting adopted the 2017/18 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 Mr. Doijer and Mrs. Wyatt as a member of the Supervisory Board for a four-year term and Mr. Van Doorne and Mr. De Vries as members of the Management Board for a four-year term.
The meeting authorised the Management Board to issue ordinary shares, limited to a maximum of 10% of the total number of outstanding shares for a period of 18 months, and an additional 10% in connection with mergers and acquisitions, as well as to repurchase ordinary shares limited to 10% of the total number of shares outstanding. Ernst & Young Accountants LLP (EY), the auditor of the 2017/18 financial statements, gave a presentation on the audit and auditor's report and was re-appointed for a subsequent three-year term up and until the audit for the year 2020/21.

INTERNAL AUDIT FUNCTION

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

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

The Supervisory Board reviews this decision annually.

2018/19 FINANCIAL STATEMENTS AND DIVIDEND

The Supervisory Board has reviewed and discussed the 2018/19 annual report. The 2018/19 financial statements, as prepared by the Management Board, have been audited by EY, whose auditor's report is included in this annual report, and were extensively discussed in May 2019 by the Supervisory Board and the external auditor in the presence of the Management Board.

The Supervisory Board believes the 2018/19 financial statements of Lucas Bols meet all requirements for correctness and transparency. All members of the Supervisory Board and the Management Board have signed the 2018/19 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 2018/19 and its report at the Annual General Meeting of Shareholders on 10 July 2019. The Supervisory Board recommends that the Annual General Meeting of Shareholders adopts the 2018/19 financial statements and discharges the Management Board and the Supervisory Board from liability for their management and supervision in the year under review. The Supervisory Board endorses the Management Board's proposal to the Annual General Meeting of Shareholders to pay an all-cash final dividend of € 0.25 per share for 2018/19, bringing the total dividend for the 2018/19 financial year to € 0.60 per share.

The members of the Supervisory Board wish to thank the employees and Management Board for their valuable contribution and tremendous hard work in 2018/19 to strengthen the company's foundation. We would also like to thank our business partners for their long-term commitment and the Lucas Bols shareholders for their trust in the company and its people.

Amsterdam, 22 May 2019

On behalf of the Supervisory Board

Derk Doijer, Chairman

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE DECLARATION

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

GENERAL

Lucas Bols is a public limited company (NV) incorporated and based in the Netherlands and is therefore subject to Dutch legislation as well as its own articles of association, internal policies and procedures. Responsibility for the management of Lucas Bols lies with the Management Board, under supervision of the Supervisory Board.

LONG-TERM VALUE CREATION AND CULTURE

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

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The company promotes a transparent, company-wide approach to risk management and internal controls, enabling it to operate effectively. This approach is aimed at finding the right balance between maximising business opportunities and managing the risks involved.
The Management Board adopts a bottom-up approach which involves risk ownership further down the organisation. The risk management and internal control framework is outlined in more detail in the risk management and control paragraph as of page 58 of this annual report.

SHARES – VOTING RIGHTS

The authorised share capital of Lucas Bols comprises a single class of registered shares. All issued shares are fully paid up and each share confers the right to cast a single vote at the general meeting. At the end of 2018/19 Lucas Bols held no shares in the company.

GENERAL MEETING

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

- adoption of the annual accounts;
- declaration of dividends;
- remuneration policy;
- discharge from liability of the members of the Management Board in respect of their management activities for Lucas Bols;
- discharge from liability of the members of the Supervisory Board in respect of their supervision of the management of Lucas Bols;
- appointment of the external auditor;
- appointment, suspension or dismissal of members of the Management Board and the Supervisory Board;
- remuneration of the Supervisory Board;
- any Management Board resolution regarding a significant change in the identity or nature of Lucas Bols or its enterprise;
- issuance of shares, whereby the Management Board is authorised, subject to prior approval by the Supervisory Board, to issue shares up to a maximum of 10% of the issued share capital as at the date of issue and an additional 10% as at that date, in connection with or on occasion of mergers, acquisitions and strategic alliances and to restrict or exclude the pre-emptive rights in relation to any issuance referred to above. This authorisation is granted until 5 March 2020;
- 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 5 March 2020;
- 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 10 July. Each shareholder may attend the general meeting, address the general meeting and exercise voting rights pro rata to their shareholding, either in person or by proxy. Shareholders may exercise these rights provided they are holders of shares on the record date, which is 28 days before the date of the general meeting, and they or their proxy have notified Lucas Bols of their intention to attend the general meeting. Draft minutes of the meeting will be released within three months of the meeting and will be available for comments for three months thereafter. The final version of the minutes will be published on the corporate website.

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

MANAGEMENT BOARD

Responsibilities

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

Appointment and dismissal

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

The Supervisory Board may at any time suspend a member of the Management Board. The general meeting may at any time suspend or dismiss a member of the Management Board.

The general meeting may only adopt a resolution to dismiss a member of the Management Board by an absolute majority of the votes cast and at the proposal of the Supervisory Board.

Without such proposal, the resolution to suspend or dismiss a member of the Management Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued capital. This provision deviates from the Code (best practice provision 4.3.3). Lucas Bols believes this to be justified in the interest of the continuity of Lucas Bols and its group companies.

Remuneration

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

Pursuant to the remuneration policy, the remuneration packages of the Management Board consist of fixed and variable components. The fixed annual salary of the Management Board members has been set at the current level for a period of four years from the date of the listing of the shares of Lucas Bols on Euronext Amsterdam, i.e. up to and including the financial year 2018/19. Based on a peer-group review as set out in the remuneration report, and in line with article 14.7 of the Articles, the Supervisory Board has decided to make no changes to the remuneration package of the Management Board members, in line with the Company's (new) remuneration policy. Further details can be found in the remuneration report as of page 78 of this report and on the corporate website.

In compliance with the Code, the service agreements of the Management Board members contain a provision relating to severance arrangements to compensate for the loss of income resulting from a non-voluntary termination of the service agreement, up to a maximum equal to one time the fixed gross annual base salary of the Management Board member.

In line with applicable legislation and good governance, the service agreements of the members of the Management Board include a clawback clause, that allows for a test of reasonableness and do not include a 'change of control' clause.

The remuneration policy was approved by the general meeting on 3 February 2015 at the proposal of the Supervisory Board. In the year under review, the remuneration policy has been reviewed and updated in line with the Directive relating to the encouragement of long-term shareholder engagement, which has to be implemented in the Netherlands ultimately on 10 June 2019. The changes to the remuneration policy have been set out in the remuneration report for financial year 2018/19. Pursuant to the Directive, the remuneration policy has to be adopted by the general meeting every four years and subsequently the amended remuneration policy will be placed on the agenda of the general meeting to be held on 10 July 2019 as a voting item. The remuneration report can be found as of page 78 of this report and on the corporate website.

SUPERVISORY BOARD

Responsibilities

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

The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board currently consists of four members, Mr. Derk Doijer, Mrs. Marina Wyatt, Mrs. Alex Oldroyd and Mr. Ralph Wisbrun.

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 size the Supervisory Board has decided not to appoint any committees in the interest of efficiency. However, audit-related discussions are chaired by Mrs. Wyatt and discussions on remuneration are chaired by Mr. Wisbrun. Specific duties, such as the monitoring of the financial reporting process and the effectiveness of the internal control systems are the responsibility of the Supervisory Board as a whole.

The Supervisory Board has adopted a profile for its size and composition, taking into account the nature of the Lucas Bols business and activities and defining the desired background and expertise of members. Members of the Supervisory Board are appointed for a term of four years and may be reappointed for a next period of four years and subsequently for a maximum of two other terms of two years.

Appointment and dismissal

The members of the Supervisory Board are appointed by the general meeting. The Supervisory Board is permitted to make a non-binding nomination for the appointment of a member of the Supervisory Board. The resolution of the general meeting to appoint the nominee must be adopted by an absolute majority of the votes cast. If the Supervisory Board has not made a nomination, a resolution of the general meeting for the appointment of a member of the Supervisory Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than prescribed in best practice provision 4.3.3 of the Code.

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

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

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

DIVERSITY

In order to achieve a desired balance, the Supervisory Board aims for a diverse composition of both the Management Board and the Supervisory Board in terms of for example gender and age, but does not strictly follow best practice provision 2.1.6 of the Code to formulate an explicit diversity target in these areas. The Supervisory Board's overriding principle is for both boards to be composed of members who can make a valuable contribution in terms of experience and knowledge of the industry Lucas Bols operates in. In determining profiles for new board members, Lucas Bols will pay close consideration to the aforementioned best practice provision as well as the provisions of article 2:166 of the Dutch Civil Code which requires companies to pursue a policy of having at least 30% of the seats on the Management Board and Supervisory Board held by men and at least 30% of the seats on the Management Board and Supervisory Board held by women.

The Supervisory Board has a 50-50 male-female division and thereby meets the above mentioned target. In the year under review, no changes were made to the composition of the Management Board and there is no intent to amend the composition or expand the Management Board in the foreseeable future. As such, the company does not expect to meet the 30% target at the level of the Management Board in the short term.

CONFLICT OF INTEREST

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

Any board member holding shares in Lucas Bols must do so for the purpose of long-term investment. Board members must at all times comply with the provisions set out in the insider trading rules of Lucas Bols. Both Management Board members hold shares in the company, none of the Supervisory Board members holds shares in the company. There were no conflicts of interest between Lucas Bols and any member of the boards during the financial year 2018/19.

AUDITOR

At the annual general meeting held on 6 September 2018, EY was appointed as auditor for the company for a three-year period, ending with the audit of the financial statements for the period ending 31 March 2021.

The Management Board ensures that the external auditor is able to properly perform its audit work. The Management Board reported to the Supervisory Board on EY's functioning as external auditor and its fee. The Supervisory Board evaluated EY's functioning taking into consideration the input of the Management Board. EY confirmed its independence from Lucas Bols in accordance with the professional standards applicable to EY.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

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

AGREEMENTS IN THE SENSE OF ART. 1.J. OF THE DECREE OF 5 APRIL 2006 (CHANGE OF CONTROL)[13]

The credit facility of Lucas Bols incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of the company's issued share capital or voting rights, the company is subject to a repayment commitment. The agreements entered into with Remy Cointreau S.A. regarding the Passoã SAS also contain a change of control clause. If a party obtains 50.01% or more of the shares in the company's capital, Lucas Bols will be obliged to issue Remy Cointreau with a security in the form of a bank guarantee or an escrow deposit for an amount equal to the exercise price of the call/put option.

CLOSING STATEMENT

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

13 This decree implements article 10 of the EU Takeover Directive.

REMUNERATION REPORT

The remuneration policy of Lucas Bols is in accordance with the current Dutch Corporate Governance Code. It was adopted at the general meeting of 3 February 2015.

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 that is focused on sustainable results and is aligned with the company's long-term value creation strategy.

Within the scope of the remuneration policy as adopted by the general meeting of Lucas Bols, the remuneration and other terms of employment of the Management Board are determined by the Supervisory Board. The remuneration of the members of the Management Board consists of the following components:

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

The remuneration policy does not provide for incentives by way of remuneration in shares in the capital of Lucas Bols, since the members of the Management Board already hold a significant amount of shares in Lucas Bols for long term investment. These holdings date back to before Lucas Bols obtained a stock market listing in 2015. While developing the remuneration policy, scenario analyses were conducted to determine the risks to which variable remuneration may expose the company.

Fixed annual base salary

The base salary of the Management Board members was set around the median of remuneration levels payable within relevant markets and comparable Dutch listed and international companies in our industry, which the Supervisory Board analysed.

This base salary was fixed for a period of four years, up to and including the financial year 2018/19.

Annual variable remuneration in cash

The objective of the annual variable remuneration in cash is to ensure that the Management Board members will be focused on realising their short-term operational objectives, leading to longer term value creation. The maximum annual variable remuneration amounts to 50% of the gross annual base salary, and will be paid out when all pre-determined targets have been met.

The annual variable remuneration amount will be paid-out when predefined targets are realised, while the maximum variable remuneration amount may be paid out in case of outperformance of the predefined targets. 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.

On an annual basis, performance criteria are set by the Supervisory Board, at the beginning of the relevant financial year. These performance criteria consist of 50-70% financial targets, related to the company's financial performance, which can differ per year and can relate to revenue, EBIT and net profit growth. These targets are the same for both management board members. Qualitative criteria, 30-50 % of the total performance criteria, are related to the company's and/or individual performance (measurable personal targets).

Pension

Both Management Board members are entitled to a pension allowance. For Mr. van Doorne, this allowance is included in his general allowance. For Mr. de Vries, the company contributes an amount equal to 10% of the base salary to his pension scheme. None of the members of the Management Board participate in a collective pension scheme. The members of the Management Board are entitled to customary fringe benefits, such as expense allowances and reimbursement of costs.

General allowance

Both Management Board members receive a fixed amount for reimbursement of costs, including car and healthcare insurance. For Mr. van Doorne the general allowance also includes the costs of accruing a pension.

TEST OF REASONABLENESS AND CLAW BACK 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 will have the power to adjust the value downwards or upwards (test of reasonableness). In addition, the Supervisory Board will have 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 (claw back).

SEVERANCE PAYMENT

In line with the Dutch Civil Code, the service agreements with the Management Board contain severance provisions, which provide for a compensation for the loss of income resulting from a non-voluntary termination of employment equal to a maximum amount of the gross fixed annual base salary of the Management Board member.

REMUNERATION OF THE MANAGEMENT BOARD IN 2018/19

In the financial year ending 31 March 2019, Mr. van Doorne and Mr. de Vries served Lucas Bols via a service agreement with a management company controlled by Mr. van Doorne and Mr. de Vries respectively. The terms of these service agreements were determined by the Supervisory Board and approved by the general meeting on 3 February 2015, based on the remuneration policy as set out before. The costs for the remuneration of the Management Board members in 2018/19 are as follows:

MR. H.L.M.P. VAN DOORNE		
AMOUNTS IN € '000 FOR THE YEAR ENDED 31 MARCH	2019	2018
Salary	470	470
Variable remuneration	94	145
Pension	–	–
General allowance	95	95
Total	**659**	**710**

MR. J.K. DE VRIES		
AMOUNTS IN € '000 FOR THE YEAR ENDED 31 MARCH	2019	2018
Salary	320	320
Variable remuneration	64	94
Pension	31	31
General allowance	24	24
Total	**439**	**469**

TOTAL MANAGEMENT BOARD		
AMOUNTS IN € '000 FOR THE YEAR ENDED 31 MARCH	2019	2018
Salary	790	790
Variable remuneration	158	239
Pension	31	31
General allowance	119	119
Total	**1,098**	**1,179**

Fixed base salary

The gross annual base salary for Mr. van Doorne is set at € 470,000 and for Mr. de Vries at € 320,000.

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 2018/19 financial year.

These performance targets and objectives form a balanced mix of financial, qualitative and personal performance criteria. During the 2018/19 financial year, the financial targets were aimed at increasing revenue growth and net profit. The financial targets made up 60% of the total performance criteria and consisted of realizing revenue growth as well as normalised net profit growth.

Realising revenue and net profit growth contributes to the long-term strategy of the company which is aimed at strengthening and growing the global brands in the international cocktail markets.

In the 2018/19 financial year, the minimum threshold performance level for the normalised net profit growth performance measure was achieved, resulting in a payout of 50% of the maximum opportunity for this measure. Given an equal maximum payout opportunity for both financial performance measures of 30%, the target achievement for net profit growth results in a pay-out of 15% of maximum achievable bonus. For revenue growth there was no payout since actual performance was below the threshold performance level.

The qualitative and personal performance measures accounted for 40% of the total criteria. For the CEO these included the successful conclusion of various new distribution contracts, further developing the strategic direction of the company and optimizing the team efficiency, all aimed to contribute to the long-term strategy of the company. For all three performance measures the threshold performance levels were achieved, which resulted in an average pay-out of 63% of the maximum opportunity for these measures.

For the CFO these targets included operational optimization of the company and Avandis and optimizing team efficiency, all aimed to contribute to the long-term strategy of the company. For all three performance measures the threshold performance levels were achieved, which resulted in an average pay-out of 63% of the maximum opportunity for these measures.

As a result, the variable remuneration component with regard to the performance in 2018/19 amounted to 40% of the maximum achievable bonus for both Mr. van Doorne and Mr. de Vries.

Share-awards

In 2014/15 (as a reward for the successful IPO), Mr. de Vries was granted a one-off remuneration component consisting of 7,840 depositary receipts of shares in the capital of Lucas Bols. The shares are held by a trust foundation. The shares are subject to a retention period of 5 years during which the shares cannot be disposed of. This retention period ends 5 February 2020. The value of the ESA shares at 31 March 2019 amounted to € 119,680 (31 March 2018 € 141,120).

Pay ratio

The new Corporate Governance Code requires Lucas Bols to report on the pay ratio within the company. The pay ratio used by Lucas Bols reflects the average total compensation of all Lucas Bols employees, globally (€ 115,479 in 2018/19) (€ 110,366 in 2017/18) 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 5.7 (6.4 for 2017/18) and for the CFO of 3.8 (4.2 for 2017/18).

NEW REMUNERATION POLICY MANAGEMENT BOARD FOR THE 2019/20 FINANCIAL YEAR ONWARDS

The remuneration policy of the Management Board, which was adopted by the general meeting on 3 February 2015 has been reviewed and adjusted by the Supervisory Board, in line with the envisaged new legislation based on the revised Shareholders Rights Directive of the European Parliament and the European Council (2017/828/EU). This new legislation should be implemented in the Netherlands ultimately on 10 June 2019. Based on the new legislation, the general meeting should approve the remuneration policy every fourth year. As a result, the new remuneration policy will be placed on the agenda of the next general meeting to be held on 10 July 2019 for approval of the shareholders. There are no substantial changes proposed in the remuneration policy for the Management Board.

REMUNERATION MANAGEMENT BOARD 2019/20

During 2018/19, the Supervisory Board benchmarked the remuneration of the Management Board that was set for the year under review and the three years preceding. The benchmark consisted of a group of Dutch listed companies similar to Lucas Bols in terms of size (market cap, FTE, revenue) – excluding companies in the financial, real estate and pharmaceutical industry. Furthermore, Dutch companies operating in the branded consumer goods or retail industry were added to the reference group. Finally, a number of direct competitors from the industry were added. The final reference group consisted of 16 companies. The remuneration of the reference group does not necessarily include a Long-Term Incentive Plan. About half of the reference group's remuneration policy includes a Long-Term Incentive Plan. The new remuneration policy does not include a Long-Term Incentive Plan.

The outcome of the benchmark was that the base salary of the CEO positions above the median and the CEO's total direct compensation is at the median. The CFO's base salary is near the median and his total direct compensation is slightly below the median.

The outcome of the benchmark was discussed with the Management Board, during which discussions the Management Board also expressed its individual views regarding the structure and the level of their own remuneration.

As a result, no structural changes to the remuneration for 2019/2020 will be applied, other than an adjustment in line with the average increase for employees within the company.

REMUNERATION OF THE SUPERVISORY BOARD MEMBERS

The general meeting determines the remuneration of the members of the Supervisory Board. On 7 September 2017, the general meeting approved a proposal of the Supervisory Board for annual fixed fee levels for the individual Supervisory Board members that are in line with Supervisory Board remuneration levels payable within comparable companies.

The remuneration of the Supervisory Board is not dependent on Lucas Bols' results.

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

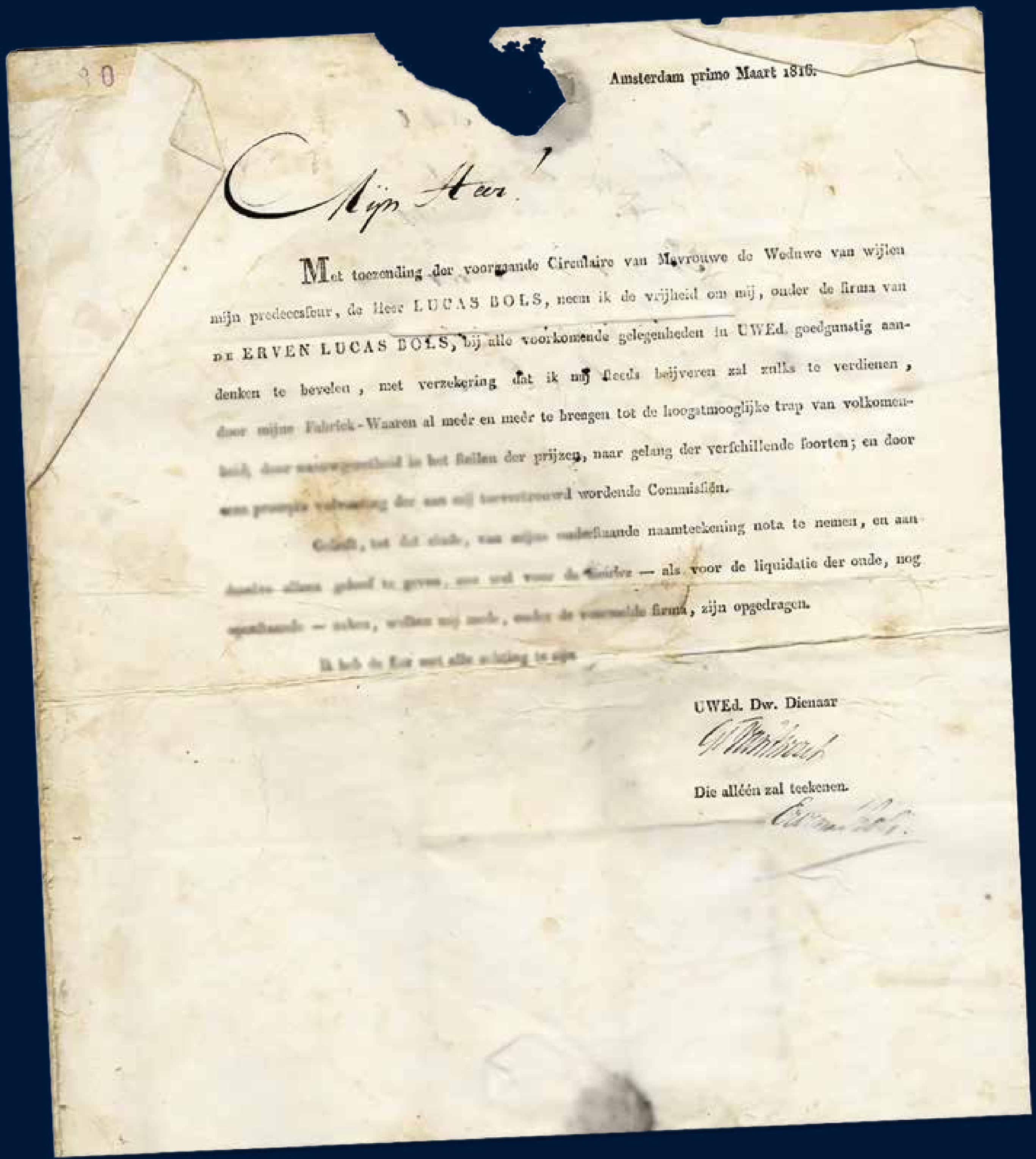
REMUNERATION OF THE SUPERVISORY BOARD MEMBERS	
Chairman of the Supervisory Board	45,000
Vice-chairman of the Supervisory Board	40,000
Other members of the Supervisory Board	35,000

REMUNERATION OF THE SUPERVISORY BOARD IN 2018/19

AMOUNTS IN € '000 FOR THE YEAR ENDED 31 MARCH	2019	2018
Mr. D.C. Doijer	45	43
Mrs. M.M. Wyatt	35	32
Mrs. A. Oldroyd	35	32
Mr. R. Wisbrun	38	32
Total	**153**	**139**

REMUNERATION POLICY SUPERVISORY BOARD 2018/19

No changes to the remuneration for the Supervisory Board are planned for 2019/20.


Amsterdam primo Maart 1816.

Mijn Heer!

Met toezending der voorgaande Circulaire van Mevrouwe de Weduwe van wijlen mijn predecesseur, de Heer LUCAS BOLS, neem ik de vrijheid om mij, onder de firma van DE ERVEN LUCAS BOLS, bij alle voorkomende gelegenheden in UWEd. goedgunstig aandenken te bevelen, met verzekering dat ik mij steeds beijveren zal zulks te verdienen, door mijne Fabriek-Waaren al meêr en meêr te brengen tot de hoogstmooglijke trap van volkomenheid, door [illegible] in het stellen der prijzen, naar gelang der verschillende soorten; en door [illegible] der aan mij toevertrouwd wordende Commissiën.

Gelieft, tot dit einde, van mijne onderstaande naamteekening nota te nemen, en aan [illegible] — als voor de liquidatie der oude, nog [illegible] firma, zijn opgedragen.

Ik heb de Eer met alle achting te zijn

UWEd. Dw. Dienaar

Die alléén zal teekenen.

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FINANCIAL STATEMENTS 2018/19

CONSOLIDATED FINANCIAL STATEMENTS 2018/19

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2019	2018*
Revenue	5	86,983	92,191
Cost of sales	5	(37,712)	(35,064)
Gross profit		**49,271**	**57,127**
Distribution and administrative expenses	6	(30,623)	(34,477)
Operating profit		**18,648**	**22,650**
Share of profit of joint ventures	17	990	991
Finance income		93	23
Finance costs		(4,003)	(3,550)
Net finance costs	8	**(3,910)**	**(3,527)**
Profit before tax		**15,728**	**20,114**
Income tax expense	11	747	288
Net profit		**16,475**	**20,402**
Result attributable to the owners of the Company		**16,475**	**20,402**
Weighted average number of shares	9	12,477,298	12,477,298
Earnings per share			
Basic earnings per share (EUR)		1.32	1.64
Diluted earnings per share (EUR)		1.32	1.64

* The Company applied the modified transition approach for IFRS 15 and 16 and therefore did not restate the comparative figures for 2017/18 for the impact of adopting these new standards. Consequently these financials statements should be read in conjunction with Note 2, where the impact of adopting IFRS 15 and 16 is presented.

The notes on page 89 to 129 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2019	2018*
Net profit		16,475	20,402
Other comprehensive income – Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liability	10	(4)	(64)
Related tax		1	16
Equity accounted investees – share of other comprehensive income	17	127	144
		124	**96**
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		72	(128)
Equity accounted investees – share of other comprehensive income	17	38	(184)
Net change in hedging reserve		(360)	221
Related tax		90	(55)
		(161)	**(146)**
Other comprehensive income for the year, net of tax		**(36)**	**(50)**
Total comprehensive income for the year, net of tax		**16,439**	**20,352**
Total comprehensive income attributable to the owners of the Company		**16,439**	**20,352**

* The Company applied the modified transition approach for IFRS 15 and 16 and therefore did not restate the comparative figures for 2017/18 for the impact of adopting these new standards. Consequently these financials statements should be read in conjunction with Note 2, where the impact of adopting IFRS 15 and 16 is presented.

The notes on page 89 to 129 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN EUR '000	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	CURRENCY TRANS-LATION RESERVE	HEDGING RESERVE	OTHER LEGAL RESERVES	RETAINED EARNINGS	RESULT FOR THE YEAR	TOTAL EQUITY
Balance as at 1 April 2018	1,248	130,070	–	(273)	(484)	6,742	31,091	15,181	183,575
Transfer result prior period	–	–	–	–	–	–	15,181	(15,181)	–
Total comprehensive income									
Profit (loss) for the year	–	–	–	–	–	–	–	16,475	16,475
Other comprehensive income	–	–	–	110	(270)	–	124	–	(36)
Total comprehensive income	**–**	**–**	**–**	**110**	**(270)**	**–**	**124**	**16,475**	**16,439**
Dividend paid	–	–	–	–	–	–	(7,486)	–	(7,486)
Purchase own shares (ESPP)	–	–	106	–	–	–	–	–	106
Own shares delivered (ESPP)	–	–	(106)	–	–	–	–	–	(106)
Changes in estimates of costs related to the issuance of shares *	–	(375)	–	–	–	–	–	–	(375)
Transfer to legal reserves **	–	–	–	–	–	5,048	(70)	(4,977)	–
Balance as at 31 March 2019	**1,248**	**129,695**	**–**	**(163)**	**(754)**	**11,790**	**38,840**	**11,498**	**192,154**

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

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

AMOUNTS IN EUR '000	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	CURRENCY TRANS-LATION RESERVE	HEDGING RESERVE	OTHER LEGAL RESERVES	RETAINED EARNINGS	RESULT FOR THE YEAR	TOTAL EQUITY
Balance as at 1 April 2017	1,248	130,070	–	40	(650)	1,650	24,468	14,009	170,835
Transfer result prior period	–	–	–	–	–	–	14,009	(14,009)	–
Total comprehensive income									
Profit (loss) for the year	–	–	–	–	–	–	–	20,402	20,402
Other comprehensive income	–	–	–	(312)	166	–	96	–	(50)
Total comprehensive income	**–**	**–**	**–**	**(312)**	**166**	**–**	**96**	**20,402**	**20,352**
Dividend paid	–	–	–	–	–	–	(7,611)	–	(7,611)
Purchase own shares (ESPP)	–	–	5	–	–	–	–	–	5
Own shares delivered (ESPP)	–	–	(5)	–	–	–	–	–	(5)
Transfer to legal reserves	–	–	–	–	–	5,092	129	(5,221)	–
Balance as at 31 March 2018 ***	**1,248**	**130,070**	**–**	**(273)**	**(484)**	**6,742**	**31,091**	**15,181**	**183,575**

*** The Company applied the modified transition approach for IFRS 15 and 16 and therefore did not restate the comparative figures for 2017/18 for the impact of adopting these new standards. Consequently these financials statements should be read in conjunction with Note 2, where the impact of adopting IFRS 15 and 16 is presented.

The notes on page 89 to 129 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2019	2018*
Assets			
Property, plant and equipment	15	10,371	1,987
Intangible assets	16	306,836	306,918
Investments in associates and joint ventures	17	7,590	7,363
Other investments	18	599	599
Non-current assets		**325,396**	**316,867**
Inventories	12	10,879	8,720
Trade and other receivables	13	23,328	21,247
Other investments, including derivatives	25	–	50
Cash and cash equivalents	14	21,221	12,420
Current assets		**55,429**	**42,437**
Total assets		**380,825**	**359,304**
Equity			
Share capital		1,248	1,248
Share premium		129,695	130,070
Treasury shares		–	–
Currency translation reserve		(163)	(273)
Hedging reserve		(754)	(484)
Other legal reserves		11,790	6,742
Retained earnings		38,840	31,091
Result for the year		11,498	15,181
Total equity	19	**192,154**	**183,575**
Liabilities			
Loans and borrowings	21	47,636	43,885
Other non-current financial liabilities	22	76,449	68,482
Employee benefits	10	334	280
Deferred tax liabilities	11	39,975	43,120
Total non-current liabilities		**164,394**	**155,767**
Loans and borrowings	21	7,551	4,040
Trade and other payables	23	15,661	15,522
Other current financial liabilities, including derivatives	24	1,065	400
Total current liabilities		**24,277**	**19,962**
Total liabilities		**188,671**	**175,729**
Total equity and liabilities		**380,825**	**359,304**

* The Company applied the modified transition approach for IFRS 15 and 16 and therefore did not restate the comparative figures for 2017/18 for the impact of adopting these new standards. Consequently these financials statements should be read in conjunction with Note 2, where the impact of adopting IFRS 15 and 16 is presented.

The notes on page 89 to 129 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2019	2018*
Cash flows from operating activities			
Net profit		16,475	20,402
Adjustments for:			
• Depreciation of property, plant and equipment	15	1,428	465
• Net finance costs	8	3,910	3,527
• Share of profit of joint ventures, net of tax		(990)	(991)
• Income tax expense	11	(747)	(288)
• Provision for employee benefits	10	50	–
		20,126	**23,115**
Change in:			
• Inventories		(2,159)	(767)
• Trade and other receivables		(2,081)	(446)
• Trade and other payables		1,335	(2,363)
Net changes in working capital		**(2,905)**	**(3,576)**
Dividends from joint ventures	17	1,200	1,450
Interest received		70	22
Income tax paid		(4,447)	(1,749)
Net cash from operating activities		**14,044**	**19,262**
Cash flows from investing activities			
Acquisition of/additions to joint ventures	17	(300)	–
Acquisition of property, plant and equipment	15	(1,928)	(542)
Acquisition of intangible assets	16	–	(423)
Loans issued and other investments		–	281
Net cash from (used in) investing activities		**(2,228)**	**(684)**
Cash flows from financing activities			
Proceeds from loans and borrowings	21	48,000	5,000
Payment of transaction costs related to loans and borrowings		(390)	–
Repayment of loans and borrowings	21	(48,428)	(10,032)
Cash dividend paid to shareholders	19	(7,486)	(7,611)
Payments made in lease contracts		(788)	–
Interest paid		(1,513)	(1,784)
Net cash from (used in) financing activities		**(10,605)**	**(14,427)**
Net increase/(decrease) in cash and cash equivalents		**1,211**	**4,151**
Cash and cash equivalents at 1 April		12,380	8,359
Effect of exchange rate fluctuations		79	(130)
Net cash and cash equivalents as at 31 March	14	**13,670**	**12,380**
Cash and cash equivalents (asset)		21,221	12,420
Less: bank overdrafts included in current loans and borrowings		(7,551)	(40)
Net cash and cash equivalents as at 31 March		**13,670**	**12,380**

* The Company applied the modified transition approach for IFRS 15 and 16 and therefore did not restate the comparative figures for 2017/18 for the impact of adopting these new standards. Consequently these financials statements should be read in conjunction with Note 2, where the impact of adopting IFRS 15 and 16 is presented.

The notes on page 89 to 129 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2019 AND 31 MARCH 2018

1. REPORTING ENTITY

Lucas Bols N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Paulus Potterstraat 14 in Amsterdam. The consolidated financial statements of the Company for the year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interest in jointly controlled entities.

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

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

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The consolidated financial statements were authorised for issue by all members of the Management Board and the Supervisory Board on 22 May 2019.

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

(I) Judgements

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

Consolidation of Passoã

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

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

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

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

- Note 17 – classification of joint arrangements;
- Note 15 and 22 – lease classification.

(II) Assumptions and estimation uncertainty

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

- Note 10 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 11 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 16 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.
- Note 15 and 22 – leases: periods covered by an option to extend the lease term included in the lease term and the incremental borrowing rate

(III) Measurement of fair value

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

(e) Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements except for the new standards applied by the Group in the current year.

In 2018/19, the Group adopted IFRS 15 *Revenue from Contracts with Customers*, IFRS 9 *Financial Instruments* and early adopted IFRS 16 *Leases*.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The new standard provides a single, principles-based five-step model to be applied to all contracts with customers. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. It also provides more guidance on the measurement of revenue contracts which have discounts, rebates, payments to suppliers and consignment stock. Furthermore, it provides new guidance on whether revenue should be recognized at a point in time or over time.

The application of IFRS 15 triggered the re-classification of certain advertising and promotional expenses as reduction of revenue, with a 6% impact on revenue. Overall it had no material effects on the presentation of the Company's financial position or results of operations as a whole, or on earnings per share. The Company applied the modified transition approach and did not restate the comparative figures for 2017/18.

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The new standard contains revised rules for the classification and measurement of financial assets and liabilities, impairments of financial assets, and hedge accounting. IFRS 9 defines three instead of four measurement categories for capitalized financial instruments, with classification to be based partly on the company's business model and partly on the characteristics of the contractual cash flows from the respective financial asset.

The new impairment model is based on the principle of accounting for an expected loss from the date of first-time recognition of a financial asset, before a loss event occurs.

IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model aims to provide a better link between an entity's risk management strategy, the rationale for hedging and the impact of hedging on the financial statements.

The IASB provided entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting. The Company shall continue to apply the existing hedge accounting requirements under IAS 39.

The application of this new standard does not have a significant impact on our consolidated financial statements and has resulted in no reclassifications upon measurement of financials instruments versus IAS 39.

IFRS 16 replaces existing guidance on lessee accounting for leases. It requires lessees to bring most leases on balance sheet in a single lease accounting model, recognizing a right of use asset and a lease liability.

The most significant impact identified as a consequence of applying IFRS 16 is that the Company recognized assets and liabilities for its operating leases of real estate for a total value of EUR 7,778 thousand at the start of the financial year 2018/19. In addition, the nature of expenses related to those leases changed as IFRS 16 replaces the straight-line operating lease expense (2017/18 expense: EUR 726 thousand) recognized in Distribution and administrative expenses with a depreciation charge for right-of use assets recognized in Distribution and administrative expenses (EUR 712 thousand) and interest expense on lease liabilities recognized in Finance costs (EUR 167 thousand).

The Company applied the modified retrospective approach, did not restate the comparative figures for 2017/18 and elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value, as well as the Company applied to grandfather the lease definition. Any initial direct costs are excluded from the measurement of the right-of-use assets at the date of initial application. The right-of-use of all assets has been measured as being equal to the lease liability upon recognition, using the interest rate at the time of the first-time application. Periods covered by an option to extend the lease term are included in the lease term if the lessee is reasonably certain to exercise that option. The average interest rate as of 2%, which reflects current overall indebtedness level of the Company.

The following table presents the reconciliation of lease liabilities as of April 1, 2018:

AMOUNTS IN EUR '000	1 APRIL 2018
Operating lease obligations at 31 March 2018	2,500
Recognition exemption for short-term and low-value leases	(72)
Extension options of leases	6,412
Gross lease liabilities at 1 April 2018	8,840
Effect from discounting at the incremental borrowing rate as at 1 April 2018	1,062
Lease liabilities due to initial application of IFRS16 as of 1 April 2018	7,778

The effect of adopting IFRS 15 and IFRS 16 to the consolidated statements of profit or loss and financial position is presented below.

IFRS 15 & 16 adoption impact

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2019 REPORTED	IFRS15 & 16 ADOPTION IMPACT	2019 PRE–IFRS
Revenue	86,983	5,518	92,500
Cost of sales	(37,712)	(68)	(37,780)
Gross profit	**49,271**	**5,450**	**54,720**
Distribution and administrative expenses	(30,623)	(5,478)	(36,101)
Operating profit	**18,648**	**(28)**	**18,620**
Share of profit of joint ventures	990	–	990
Finance income	93	–	93
Finance costs	(4,003)	167	(3,836)
Net finance costs	**(3,910)**	**167**	**(3,743)**
Profit before tax	**15,728**	**138**	**15,866**
Income tax expense	747	(35)	712
Net profit	**16,475**	**104**	**16,579**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019 REPORTED	IFRS15 & 16 ADOPTION IMPACT	2019 PRE–IFRS
Assets			
Property, plant and equipment	10,371	(7,051)	3,320
Other non-current assets	315,025	–	315,025
Non-current assets	**325,396**	**(7,051)**	**318,346**
Current assets	**55,429**	**–**	**55,429**
Total assets	**380,825**	**(7,051)**	**373,774**
Equity			
Total equity	**192,154**	**104**	**192,258**
Liabilities			
Loans and borrowings	47,636	–	47,636
Other non-current financial liabilities	76,449	(6,554)	69,895
Employee benefits	334	–	334
Deferred tax liabilities	39,975	35	40,010
Non-current liabilities	**164,394**	**(6,519)**	**157,875**
Loans and borrowings	7,551	–	7,551
Trade and other payables	15,661	–	15,661
Other current financial liabilities	1,065	(636)	429
Current liabilities	**24,277**	**(636)**	**23,641**
Total liabilities	**188,671**	**(7,155)**	**181,516**
Total equity and liabilities	**380,825**	**(7,051)**	**373,774**

Other accounting pronouncements, which became effective for the financial year 2018/19, had no material impact on the Consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements except for the new standards applied by the Group in the current year.

(a) Basis of consolidation

(I) Business combinations

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

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

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

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

(II) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value if control is lost.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

(III) Interests in equity-accounted investees

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

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

Interests in the joint venture are accounted for using the equity method. These are recognised initially at cost and include transaction costs. Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees until the date on which significant influence or joint control ceases.

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

(IV) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the

Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

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

Revenue from Contracts with Customers – after 1 April 2018

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, noncash 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.

Revenue – prior year accounting policy – before 1 April 2018

(I) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(II) Royalties and services rendered

Royalties are proceeds from royalty agreements, net of sales tax, that are recognised in the profit or loss on an accrual basis in accordance with the substance of the relevant agreement.

Services rendered by the Group are proceeds from ticket sales, training courses and special events and are recognized as the services are rendered.

Nuvo

In December 2017, Lucas Bols and London Group entered into strategic partnership for liqueur brand Nuvo. As part of the strategic partnership Lucas Bols obtains the global distribution rights for Nuvo, and will work with London Group to further build and distribute the brand. Lucas Bols will be responsible for buying, sourcing and commercial activities, as well as defining the appropriate distribution channels for the brand. London Group, controlled by spirit entrepreneur Mr. Raphael Yakoby, will be responsible for strategic marketing, including social media and product development. The transaction fits Lucas Bols's asset light business model, as it strengthens the company's existing distribution platform with limited additional investments required. As part of the transaction, Lucas Bols made an upfront payment amounting to USD 0.5 million and shall pay London Group yearly royalties. The agreement also includes a put and call option structure that enables Lucas Bols to acquire the brand in full in the mid-term.

(c) Finance income and finance costs

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

(d) Foreign currency

(I) Foreign currencytransactions

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

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

However, foreign currency differences arising from the translation of the following items are recognised in OCI:
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(II) Foreign operations

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

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

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

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

(e) Employee benefits

(I) Short-term employee benefits

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

(II) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(III) Defined benefit plans

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.
Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI.

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

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

(IV) Other long-term employee benefits

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

(f) Employee share purchase plan

In 2015 the Group set up an employee share purchase plan. Under this plan, employees are entitled to buy shares of the Company from own payment two times a year following publication of the half-year and full-year results, whereas the first time occurred after publication of the full year 2014/15 results. The employees are

entitled to buy the shares at a discount of 13.5% of the share price at that time. A three-year lock up period is applicable, in which the employees cannot sell their shares. No other vesting or performance conditions are applicable.
The plan qualifies as share based arrangement (equity settled) under IFRS 2. No share based payment costs are recognized in the profit and loss account as the fair value of the share based payment is zero.

(g) Income tax

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

(I) Current tax

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

(II) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner 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.

(h) Inventories

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

(i) Property, plant and equipment

(I) Recognition and measurement

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

(II) Subsequent costs

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

(III) Depreciation

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

The estimated useful life is as follows:

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

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

(j) Intangible assets

(I) Brands

Brands acquired are capitalised as part of a brand portfolio in case the portfolio meets the definition of an intangible asset and the recognition criteria are satisfied. The brands and brand portfolios have an indefinite useful life because the period during which it is expected that the brands contribute to net cash inflows is indefinite. Therefore, the brands are not amortised and are tested annually for impairment and whenever there is an indication that the brands may be impaired. The brands are valued at cost less accumulated impairment losses if and when applicable.

(II) Goodwill

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

(k) Financial instruments

Financial instruments – after 1 April 2018

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.
In order 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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

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

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The Group's financial assets at amortised cost includes trade receivables, and loan to an Joint venture included under other non-current financial assets.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as

held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on 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 of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

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

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

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

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

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

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

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

Upon incorporation of Passoã SAS, the jointly owned entity based in France, Lucas Bols and Rémy Cointreau Group signed a call/put option agreement. This agreement can be executed not earlier than December 2020. If the agreement is executed, Lucas Bols will acquire the remaining shares for a purchase consideration of approximately EUR 70 million. Lucas Bols has secured funding for this payment, through a combination of existing financing facilities, the additional acquisition facilities as well as the expected cash generated from the business.

The call/put option related to Passoã, i.e. option over the shares held by the non-controlling interest, is classified as a financial liability fair-valued initially and subsequently measured at amortised cost, with the interest costs being recognised in the profit or loss.

Derivative financial instruments and hedge accounting

The Group continues to apply the existing hedge accounting requirements under IAS 39.
Derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss as incurred.

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

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

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

Financial instruments – before 1 April 2018

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables.
The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(I) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(II) Non-derivative financial assets – measurement

Loans and receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents and statement of cash flows
In the statement of cash flows, cash and cash equivalents are available on demand, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

The Group uses the indirect method to prepare the statement of cash flows.

Because of the short term nature of Cash and cash equivalent, the Group recognises these at its contractual par amount. Similar to trade receivables, the Cash and cash equivalent involves one single cash flow which is the repayment of the principal. Therefore, the cash flows resulting from the receivables meet the SPPI test of payments of principal and interest despite the interest component being zero. The Group holds these balances in order to collect contractual cash flows. Cash and cash equivalent is therefore classified as measured at amortised cost. Cash and cash equivalents are also subject to the general approach. However, due to the fact that Cash and cash equivalent is repayable on demand, 12-month and lifetime expected losses are the same. The expected credit losses are considered insignificant.

(III) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost using the effective interest method.

The call/put option related to Passoã, i.e. option over the shares held by the non-controlling interest, is classified as a financial liability fair-valued initially and subsequently measured at amortised cost, with the interest costs being recognised in the profit or loss.

(IV) Share capital

Ordinary shares
Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(V) Derivative financial instruments and hedge accounting

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

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

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

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

(l) Impairment

(I) Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating unit (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

Equity-accounted investees
In respect of an equity-accounted investee an impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(II) Non-derivative financial assets

Non-derivative financial instruments comprise trade and other receivables and cash and cash equivalents. The Group has no significant concentrations of credit risk. The concentration of credit risk with respect to receivables is limited, as the Group's customer base and vendor base are large and unrelated. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate is calculated based on delinquency status and actual historical credit loss experience. As a result, management believes there is no further credit risk provision required in excess of the normal individual and collective impairment, based on an aging analysis performed as of March 31, 2019. In the prior year, the impairment of receivables was assessed based on the incurred loss model. The application of the expected credit loss model in accordance with IFRS 9 resulted in no additional provision upon transition.

(m) Leases

Accounting policy prior to 1 April 2018

(I) Leased assets
Assets held by the Group under leases that transfer substantially all of the risks and rewards of ownership to the Group are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(II) Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Accounting policy after 1 April 2018

(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. Right-of-use assets are subject to impairment.

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

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

(III) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below EUR 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these consolidated financial statements. These new standards, amendments and interpretations are not expected to have a material impact on our consolidated financial statements.

5. OPERATING SEGMENTS

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

Brand information
The Group identifies global and regional brands:

(I) Global brands
The global brands represent the Group's brands which in general are sold on more than one continent, on which the Group achieves a relatively high margin and which have an on-premise character. The main global brands consist of the Bols Liqueurs range, Italian Liqueurs (Galliano and Vaccari), the white spirits portfolio (Bols Vodka, Bols Genever and Damrak Gin) and Passoã.

(II) Regional brands
The regional brands represent the Group's brands which in general are sold on one continent and predominantly have an off-premise character.
The main regional brands are the Group's genever/vieux portfolio, Pisang Ambon, Coebergh, the Strike brands, Regnier, La Fleurette. The Group's management reviews internal management reports of each segment. Information regarding the results of each reportable segment is set out below.

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	GLOBAL BRANDS			REGIONAL BRANDS		
	2019 (POST IFRS 15/16)	2019 (PRE IFRS 15/16) **	2018	2019 (POST IFRS 15/16)	2019 (PRE IFRS 15/16) **	2018
Revenue	66,428	71,622	69,896	20,555	20,879	22,295
Cost of sales	(26,190)	(26,190)	(23,001)	(11,522)	(11,590)	(12,063)
Gross profit	**40,238**	**45,432**	**46,895**	**9,033**	**9,289**	**10,232**
A&P and distribution expenses	(12,851)	(18,045)	(17,655)	(1,468)	(1,792)	(2,037)
Personnel and other expenses	–	–	–	–	–	–
Total result from operating activities	**27,387**	**27,387**	**29,240**	**7,565**	**7,497**	**8,195**
Share of profit of joint ventures	199	199	229	790	790	762
EBIT	**27,586**	**27,587**	**29,469**	**8,355**	**8,287**	**8,957**

AMOUNTS IN EUR '000 AS AT 31 MARCH	GLOBAL BRANDS			REGIONAL BRANDS		
	2019 (POST IFRS 15/16)	2019 (PRE IFRS 15/16) **	2018	2019 (POST IFRS 15/16)	2019 (PRE IFRS 15/16) **	2018
Intangible assets *	214,674	214,674	214,756	92,162	92,162	92,162
Inventories	9,226	9,226	7,516	1,653	1,653	1,204
Other assets	–	–	–	–	–	–
Total segment assets	**223,900**	**223,901**	**222,272**	**93,815**	**93,815**	**93,366**
Total segment liabilities	–	–	–	–	–	–

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	UNALLOCATED			TOTAL		
	2019 (POST IFRS 15/16)	2019 (PRE IFRS 15/16) **	2018	2019 (POST IFRS 15/16)	2019 (PRE IFRS 15/16) **	2018
Revenue	–	–	–	86,983	92,500	92,191
Cost of sales	–	–	–	(37,712)	(37,780)	(35,064)
Gross profit	–	–	–	**49,271**	**54,720**	**57,127**
A&P and distribution expenses	–	–	–	(14,319)	(19,837)	(19,692)
Personnel and other expenses	(16,304)	(16,264)	(14,785)	(16,304)	(16,264)	(14,785)
Total result from operating activities	**(16,304)**	**(16,264)**	**(14,785)**	**18,648**	**18,620**	**22,650**
Share of profit of joint ventures	–	–	–	990	990	991
EBIT	**(16,304)**	**(16,264)**	**(14,785)**	**19,638**	**19,610**	**23,641**

AMOUNTS IN EUR '000 AS AT 31 MARCH	UNALLOCATED			TOTAL		
	2019 (POST IFRS 15/16)	2019 (PRE IFRS 15/16) **	2018	2019 (POST IFRS 15/16)	2019 (PRE IFRS 15/16) **	2018
Intangible assets *	–	–	–	306,836	306,836	306,918
Inventories	–	–	–	10,879	10,879	8,720
Other assets	63,110	56,059	43,667	63,110	56,059	43,667
Total segment assets	**63,110**	**56,059**	**43,667**	**380,825**	**373,775**	**359,305**
Total segment liabilities	**(188,671)**	**(182,117)**	**(175,729)**	**(188,671)**	**(182,117)**	**(175,729)**

* The economic title to all intangible assets is held by the Dutch companies within the Group.
** The effect of adopting IFRS 15 and IFRS 16 on the segment information is presented in note 2.

Geographical information

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	REVENUE BY REGION OF DESTINATION			GROSS PROFIT		
	2019 (POST IFRS 15)*	2019 (PRE IFRS 15)*	2018	2019 (POST IFRS 15)*	2019 (PRE IFRS 15)*	2018
Western Europe **	44,092	45,889	48,016	23,552	25,280	27,870
Asia Pacific	15,007	15,303	16,230	10,642	10,938	12,056
North America ***	17,853	19,488	16,630	9,865	11,500	9,938
Emerging markets	10,031	11,820	11,315	5,212	7,003	7,263
Consolidated totals	**86,983**	**92,500**	**92,191**	**49,271**	**54,721**	**57,127**

Regional brands are predominantly sold in Western Europe; furthermore they are present also in Emerging Markets and Asia-Pacific. Global brands are sold in all regions.

* The application of IFRS 15 triggered the re-classification of certain advertising and promotional expenses as reduction of revenue, presented in the column Post IFRS 15.

** Of which revenue attributed to the Netherlands: EUR 17,259 thousand (2018/19), EUR 17,473 (2018/19 pre-IFRS) and EUR 18,204 thousand (2017/18).

*** Of which revenue attributed to the USA: EUR 14,919 thousand (2018/19), EUR 16,391 thousand (2018/19 pre-IFRS) and EUR 14,419 thousand (2017/18).

6. DISTRIBUTION AND ADMINISTRATIVE EXPENSES

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2019	2018
Advertising and promotional expenses *		(9,071)	(15,259)
Distribution expenses		(5,248)	(4,434)
Personnel expenses	7	(10,975)	(10,564)
Other administrative expenses		(3,901)	(3,755)
Amortisation		(109)	–
Depreciation *	16	(1,319)	(465)
		(30,623)	**(34,477)**

* The effect of adopting IFRS 15 and IFRS 16 on the distribution and administrative expenses is presented in note 2.

7. PERSONNEL EXPENSES

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2019	2018
Wages and salaries	(8,771)	(8,507)
Fringe benefits (including social premiums)	(1,270)	(1,286)
Contributions to defined contribution plans	(125)	(118)
Expenses related to post-employment defined benefit plans	(256)	(192)
Temporary staff	(552)	(461)
	(10,975)	**(10,564)**

At 31 March 2019 the Group had 41 FTEs in The Netherlands (31 March 2018: 43 FTE) and 33 FTEs abroad (31 March 2018: 30 FTE).

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

8. NET FINANCE COSTS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2019	2018
Total interest income arising from financial assets measured at amortised cost	93	23
Finance income	**93**	**23**
Interest expenses on loans and borrowings	(1,451)	(1,723)
Interest expense on liability related to the Passoã call/put option	(1,162)	(1,143)
Interest expense on lease liablities	(167)	–
Other finance costs *	(1,223)	(684)
Finance costs	**(4,003)**	**(3,550)**
Net finance costs recognised in profit or loss	**(3,910)**	**(3,527)**

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

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2019 is based on the profit attributable to ordinary shareholders of the Company (net profit) of EUR 16,475 thousand (2017/18 EUR 20,402 thousand) and a weighted average number of ordinary shares – basic outstanding during the year ended 31 March 2019 of 12,477,298 (2017/18 12,477,298). Basic earnings per share for the year amounted to EUR 1.32 (2017/18 EUR 1.64).

Diluted earnings per share

The calculation of diluted earnings per share for the period ended 31 March 2019 is based on the profit attributable to ordinary shareholders of the Company (net profit) of EUR 16,475 thousand (2017/18 EUR 20,402 thousand) and a weighted average number of ordinary shares – basic outstanding after adjustment for the effects of all potentially dilutive ordinary shares of 12,477,298 (2017/18 12,477,298). Diluted earnings per share for the year amounted to EUR 1.32 (2017/18 EUR 1.64).

10. EMPLOYEE BENEFITS

The Group has two pension schemes in place for its members of staff. One of them qualifies as defined benefit plan, whereas it is an average pay pension scheme. 43 employees participate in this defined benefit plan, whereas 24 of those employees also participate in the defined contribution plans, which is applicable for incomes above the threshold of the defined benefit plan. All pension schemes have been fully insured, therefore no risk of additional premiums is expected. As the plans are fully secured the Group has no influence on the plan assets.

Movement in net defined benefit (asset) liability

AMOUNTS IN EUR '000	DEFINED BENEFIT OBLIGATION		FAIR VALUE OF PLAN ASSETS		NET DEFINED BENEFIT LIABILITY (ASSET)	
	2019	2018	2019	2018	2019	2018
Balance at 1 April	3,493	2,806	(3,213)	(2,590)	280	216
Included in profit or loss						
Current service cost	256	211	–	–	256	211
Past service cost and (gain)	–	(19)	–	–	–	(19)
Interest cost/(income)	64	62	(65)	(63)	(1)	(1)
	320	**254**	**(65)**	**(63)**	**255**	**191**
Included in OCI						
Effect of changes in economic assumptions	(2)	394	–	–	(2)	394
Effect of changes in demographic assumptions	(58)	–	–	–	(58)	–
Effect of experience adjustments	22	15	–	–	22	15
Costs of asset management	–	–	16	13	16	13
Premium change	–	–	(115)	(46)	(115)	(46)
Return on plan assets (excluding interest)	–	–	141	(312)	141	(312)
	(38)	**409**	**42**	**(345)**	**4**	**64**
Other						
Contributions paid by employee	43	43	(43)	(43)	–	–
Contributions paid by the employer	–	–	(231)	(210)	(231)	(210)
Benefits paid	(26)	(19)	26	19	–	–
Administration costs	–	–	26	19	26	19
	17	**24**	**(222)**	**(215)**	**(205)**	**(191)**
Balance at 31 March	**3,792**	**3,493**	**(3,458)**	**(3,213)**	**334**	**280**

Plan assets

Plan assets comprise qualifying insurance policies.

Defined benefit obligation

Actuarial assumptions

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

AS AT 31 MARCH	2019	2018
Discount rate	1.85%	1.85%
Future salary growth	1.50%	1.50%
Future pension growth	0.00%	0.00%
Price inflation	1.80%	1.90%

Assumptions regarding future mortality are based on published statistics and mortality tables. For financial year 2018/19 table *Prognosetafel AG 2018* is used (2017/18 *Prognosetafel AG 2016*).

The duration of the defined benefit obligation is 30.0 years (2017/18 30.6 years).

The Group expects EUR 235 thousand in contributions to be paid to its defined benefit plan in the 2019/20 financial year (31 March 2018: EUR 214 thousand).

Sensitivity analysis

Reasonably possible changes to one of the relevant actuarial assumptions at the reporting date, while holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below. Note: an opposite movement would have an equal but opposite effect of the following amount:

Defined benefit obligation as at 31 March 2019

AMOUNTS IN EUR '000	INCREASE	DECREASE
Discount rate (+1%)	–	1,080
Future salary growth (+1%)	24	–
Future pension growth (+1%)	1,132	
Future mortality (+1 yr)	–	128

11. INCOME TAXES

Income tax recognised in profit or loss

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2019	2018
Current tax expense	(2,681)	(3,089)
Deferred tax expense		
Tax loss carried forward / (reduction of)	(1,474)	(2,151)
Origination and reversal of temporary differences	(339)	(351)
Adjustment for prior years (incl. tax credits carry forward)	(4)	(571)
Remeasurement DTA and DTL due to rate changes	5,245	6,450
	3,428	**3,377**
Tax expense	**747**	**288**

Tax expense on operations excluded the Group's share of tax expense of the Group's equity-accounted investees of EUR 238 thousand (2018/19: EUR 248 thousand), which has been included in 'share of profit of equity accounted investees, net of tax'.

Included in 2018/19 income tax expense is a tax gain of EUR 0.2 million related to the application of the research & development tax incentive over this year.

Tax expenses in 2018/19 included a one-off profit of EUR 4.9 million, mainly due to the positive impact on the Company's deferred tax liabilities of upcoming reductions in the Dutch tax rate. Tax expense in 2017/18 included a one-off profit of EUR 5.6 million, mainly due to the positive impact on the Company's deferred tax liabilities of upcoming reductions in the French tax rate.

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

Reconciliation of effective tax rate

FOR THE YEAR ENDED 31 MARCH	2019		2018	
	%	EUR 1,000	%	EUR 1,000
Profit before tax		15,728		20,114
Tax at the Company's domestic tax rate	25.0	(3,932)	25.0	(5,028)
Effect of tax rates in foreign jurisdictions	4.9	(766)	4.1	(823)
Non-deductible expenses	0.1	(10)	–	–
Effect of share of profits of equity-accounted investees	(1.6)	247	(1.2)	248
Changes in estimates related to prior years	1.5	(237)	–	–
R&D tax incentive	(1.0)	160	(1.4)	280
Other (including tax credits carry forward)	(0.3)	40	4.2	(839)
Remeasurement DTA and DTL due to rate changes	(33.3)	5,245	(32.1)	6,450
	(4.7)	**747**	**(1.4)**	**288**

Movement in deferred tax balances

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

RELATED TO 2017/18 AMOUNTS IN EUR '000	NET BALANCE AT 1 APRIL 2017	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSIFICATION/ OTHER	NET BALANCE AT 31 MARCH 2018	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	(29,872)	(351)	–	–	**(30,223)**	–	(30,223)
Acquisition related deferred taxes	(24,605)	6,450	–	–	**(18,155)**	–	(18,155)
Derivative financial liability	(9)	–	(5)	–	**(14)**	–	(14)
Derivative financial asset	226	–	(52)	–	**174**	174	–
Employee benefits	62	–	16	–	**78**	78	–
Tax loss carry forward	7,171	(2,151)	–	–	**5,020**	5,020	–
Tax credits carry forward	571	(571)	–	–	**–**	–	–
Tax assets (liabilities)	**(46,546)**	**3,377**	**(41)**	**–**	**(43,120)**	**5,272**	**(48,392)**

The effect of adopting IFRS 15 and IFRS 16 on tax position is presented in note 2.

On 31 March 2019 the total tax loss carry forward amount of EUR 12.5 million has been capitalised as deferred tax asset (31 March 2018: EUR 20.1 million). No tax credits carry forward have been recognized (31 March 2018: nil). The deferred tax asset will be gradually realized in the course of the next two years.

12. INVENTORIES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Finished goods	10,658	8,243
Raw materials	221	477
	10,879	**8,720**

During 2018/19 inventories of EUR 188 thousand were written down to net realisable value (2017/18: EUR 188 thousand). The write-down is included in 'Cost of sales'.

13. TRADE AND OTHER RECEIVABLES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Trade receivables	19,746	17,185
Other receivables	1,119	1,193
Prepaid expenses and accrued income	2,183	2,869
Corporate income tax receivable	280	–
	23,328	**21,247**

The entire balance of trade and other receivables is classified as current. As at 31 March 2019 and 2018 there was no allowance for doubtful debts as there is an insignificant credit loss expected.

Receivables denominated in currencies other than the functional currency amounted to EUR 13,765 thousand at 31 March 2019 (31 March 2018: EUR 11,596 thousand).

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

14. CASH AND CASH EQUIVALENTS

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Bank balances	21,202	12,406
Cash balances	19	14
Cash and cash equivalents in the statement of financial position	**21,221**	**12,420**
Bank overdrafts	(7,551)	(40)
Cash and cash equivalents in the statement of cash flows	**13,670**	**12,380**

All cash and cash equivalents are available on demand. The cash of Passoã SAS of EUR 14,447 thousand at 31 March 2019 (31 March 2018: EUR 10,795 thousand) is by shareholders' agreement restricted to be used by Passoã SAS for its operations.

15. PROPERTY, PLANT AND EQUIPMENT

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

At 31 March 2018 right-of use of assets with a carrying amount of EUR 7,778 thousand have been recognized as a result of applying IFRS 16 Leases. The carrying value of these assets as at 31 March 2019 is EUR 7,051 thousand.

AMOUNTS IN EUR '000	EQUIPMENT	FIXTURES AND FITTINGS	FURNITURE	TOTAL
Cost				
Balance at 1 April 2017	1,086	4,121	312	5,519
Investments	241	291	10	542
Disposals	(4)	(66)	(30)	(100)
Balance at 31 March 2018	**1,323**	**4,346**	**292**	**5,961**
Accumulated depreciation				
Balance at 1 April 2017	(793)	(2,561)	(255)	(3,609)
Depreciation for the year	(158)	(285)	(22)	(465)
Disposals	4	66	30	100
Balance at 31 March 2018	**(947)**	**(2,780)**	**(247)**	**(3,974)**
Carrying amounts				
At 1 April 2017	**293**	**1,560**	**57**	**1,910**
At 31 March 2018	**376**	**1,566**	**45**	**1,987**

Included as part of Operating expenses, are short term lease expenses and low value lease expenses of EUR 75 thousand.

Security

At 31 March 2019 properties with a carrying amount of EUR 3,454 thousand (31 March 2018: EUR 1,987 thousand) were subject to a registered debenture that serves as security for bank loans (see note 21).

16. INTANGIBLE ASSETS

AMOUNTS IN EUR '000	BRANDS	GOODWILL	TOTAL
Balance at 1 April 2017	286,293	20,202	306,495
Additions	423	–	423
Balance at 31 March 2018	**286,716**	**20,202**	**306,918**
Amortization	(82)	–	(82)
Balance at 31 March 2019	**286,634**	**20,202**	**306,836**

Nuvo trade name has been added to the portfolio in 2017/18, for an amount of EUR 0.4 million, as intangible assets.

Goodwill

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

AMOUNTS IN EUR '000	2019	2018
Balance at 1 April	20,202	20,202
Additions from acquisition	–	–
Balance at 31 March	**20,202**	**20,202**

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

For the purpose of impairment testing the total brand value has been allocated to the Group's CGUs as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Bols	102,097	102,097
Passoã	70,300	70,300
Galliano	39,076	39,076
Dutch brands	49,833	49,833
Other brands	25,328	25,410
	286,634	**286,716**

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 of the major markets in which they are sold. The Company is not aware of any legal, regulatory or contractual provisions that limit the useful life of these brands. The nature of the premium drinks industry is that obsolescence is not a common issue, with indefinite brand lives being commonplace.

The recoverable amount of the CGUs was determined based on a value in use analysis and estimated using discounted cash flows as per period end of the financial year.

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

- Cash flows after the first four-year period are extrapolated using an average terminal value growth rate of 1.50 percent. The growth rates are in line with long-term expected growth rates in the markets in which the Group operates, partly driven by demographic developments and expected inflation rates.
- Cash flow projections are based on net contribution margin level of coming financial year's budget and the mid-term business plan for the next three years, both approved by senior management 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 margin developments. The revenue and volume growth rates and margins used to estimate future performance are based on past performance and our experience of growth rates and margins achievable in the Company's main markets.
- The discount rate was determined based on external sources:

PERCENTAGE AS AT 31 MARCH	2019	2018
Discount rate	7.1	7.4
Pre-tax WACC	8.46 – 9.19	9.27 – 10.36
Terminal value growth rate	0.00 – 2.00	0.00 – 2.00

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

17. JOINT VENTURES

AMOUNTS IN EUR '000	2019	2018
Opening balance	7,363	7,840
Share in profit	990	991
Dividend received	(1,200)	(1,450)
Investments in associates	300	–
Actuarial result through OCI	127	144
Adjustments from currency translation through OCI	38	(184)
Other adjustments	(29)	22
Balance as at 31 March	**7,590**	**7,363**

AMOUNTS IN EUR '000	2019	2018
Avandis (CV & BV) (33.3%)	5,478	5,470
Maxxium Nederland BV (50.0%)	600	719
BolsKyndal India Pvt Ltd (50.0%)	1,212	1,174
Other	300	–
Balance as at 31 March	**7,590**	**7,363**

Avandis is structured as a separate entity and the Group has a 33.33 percent interest in the net assets of Avandis together with two other partners who each hold 33.33 percent interest. The Group has classified its interest in Avandis as a joint venture. The Avandis joint venture has been contracted for blending and bottling services. Avandis CV is a cost joint venture and budgets on a breakeven result, whereas Avandis BV is the owner of the Cooymans Distillery International, which is exploited by the three partners jointly.

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

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

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

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

Avandis

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2019	2018
Revenue	55,812	59,763
Profit from continuing operations	22	243
Other comprehensive income	–	–
Total comprehensive income	**22**	**243**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Current assets	23,793	17,165
Non-current assets	22,800	24,039
Current liabilities	(15,719)	(13,917)
Non-current liabilities	(14,441)	(10,877)
Net assets (100%)	**16,433**	**16,410**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Group interest in net assets of investee at beginning of year	5,470	5,389
Share of total comprehensive income	8	81
Additions during the year	–	–
Group interest in net assets of investee at year-end	**5,478**	**5,470**
Elimination of unrealised profit on intercompany sales	–	–
Carrying amount of interest in investee at year-end	**5,478**	**5,470**

Maxxium Nederland B.V.

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2019	2018
Revenue	66,045	66,642
Profit from continuing operations	1,965	1,820
Other comprehensive income	301	265
Total comprehensive income	**2,266**	**2,085**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Current assets	18,874	18,614
Non-current assets	1,861	1,909
Current liabilities	(18,128)	(17,588)
Non-current liabilities	(1,058)	(1,229)
Net assets (100%)	**1,549**	**1,706**

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Group interest in net assets of investee at beginning of year	719	1,093
Share of total comprehensive income	1,110	1,054
Dividends received during the year	1,200	(1,450)
Group's interest in net assets of investee at year-end	**629**	**697**
Elimination of unrealised profit on intercompany sales	(29)	22
Carrying amount of interest in investee at year-end	**600**	**719**

BolsKyndal India Pvt Ltd

The profit from continuing operations included in the Groups result is EUR 0 million (2017/18 EUR 0 million). This joint venture has not accounted for any other elements in comprehensive income.

18. OTHER INVESTMENTS

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Loan to Avandis C.V. joint venture	599	599
	599	**599**

The loan, with an undefined duration, relates to the payment conditions as agreed with Avandis C.V. The loan bears an interest of 4.0 % per annum.
Information about the Group's exposure to credit and market risks and fair value measurement is included in note 25.

19. CAPITAL AND RESERVES

At 31 March 2019 the authorised share capital comprised 21.0 million ordinary shares of EUR 0.10 each. A total of 12.48 million of these shares was issued and fully paid at the balance sheet date.

AMOUNTS IN EUR '000	2019	2018
	ORDINARY SHARES	ORDINARY SHARES
In issue at 1 April	1,248	1,248
In issue at 31 March – fully paid	**1,248**	**1,248**
Authorised – par value in EUR	**0.10**	**0.10**

Ordinary shares

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

NUMBER OF SHARES IN THOUSANDS	2019	2018
Balance at 1 April	12,477	12,477
Balance at 31 March	**12,477**	**12,477**

Treasury shares

In 2017/18 and 2018/19 the Group purchased own shares under the Employee share purchase plan (see note 3 (f)). All purchased own shares have been delivered to employees.

Share premium

AMOUNTS IN EUR '000	2019	2018
Balance at 1 April	130,070	130,070
Changes in estimates of costs related to the issuance of shares	(375)	–
Balance at 31 March	**129,695**	**130,070**

Nature and purpose of legal reserves

Currency translation reserve

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

Hedging reserve

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

Other legal reserve

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

Dividends on common shares

On September 6, 2018, the General Meeting of Shareholders approved the final dividend over financial year 2017/18 of EUR 0.25 per common share in addition to the interim dividend of EUR 0.35 per common share (EUR 7.6 million in the aggregate). The final dividend was paid on September 17, 2018.

The Management Board, with the approval of the Supervisory Board, proposes a final dividend to be paid in 2019 with respect to 2018/19 financial year of EUR 0.25 per common share in addition to the interim dividend of EUR 0.35 per common share already paid. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability on the consolidated balance sheet as of March 31, 2019. The payment of this dividend will not have income tax consequences for the Company.

If the proposed dividend is approved by shareholders, Lucas Bols shares will be quoted ex-dividend on 12 July, 2019, for the shares listed on Euronext. The record date for the dividend on the shares listed on Euronext will be 15 July, 2019.

The remainder of the net profit, after distribution of dividends, shall be allocated to retained earnings, subject to the approval of SupervisoryBoard.

20. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as 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 taken into account economic conditions and the requirements of the financial covenants. The Group monitors capital using net debt and adjusted equity (see table below). For this purpose, net debt is defined as interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve.

The Group expects to continue to generate strong and stable cash flows, which it believes will support its dividend policy and further deleverage with an average mid-term bank debt leverage target of approximately two times EBITDA, subject to temporarily increase following eventual investments made.

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

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2019	2018
Short-term debt		–	4,000
Long-term debt		48,000	44,400
Assumed liability following the Passoã call/put option	22	69,319	68,157
Interest-bearing debt		**117,319**	**116,557**
Less: cash and cash equivalents		(21,221)	(12,420)
Plus: bank overdrafts		7,551	40
Net debt		**103,649**	**104,177**
Total equity		192,154	183,575
Undo: hedging reserve		754	484
Equity adjusted for hedging reserve		**192,908**	**184,059**

21. LOANS AND BORROWINGS

Non-current liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Secured bank loans	47,636	43,885
	47,636	**43,885**

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

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

Current liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Current portion of secured bank loans	–	4,000
Bank overdrafts	7,551	40
	7,551	**4,040**

The Group is obliged to meet the covenants required by the senior credit facilities. These requirements relate to interest cover and maximum leverage ratios. Calculated based on the definitions used in the loan documentation, the actual leverage was 3.4 at 31 March 2019 (31 March 2018 2.8) with a requirement of no more than 4.00. The interest cover ratio was 7.0 at 31 March 2019 with a requirement of at least 4.0 (31 March 2018:7.6). Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 25. There is no FX impact on the loans. The adoption of IFRS 16 had no impact on the covenants definition.

Movement schedule

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

AMOUNTS IN EUR '000	TERM LOAN	REVOLVING CREDIT FACILITY	TOTAL BANK SECURED LOANS (FACE VALUE)	UNAMORTIZED FINANCE FEES	CARRYING AMOUNT	VENDOR LOAN	TOTAL REPAYMENT
As at 31 March 2017	16,000	37,400	53,400	(696)	52,704	59	
Amortization	–	–	–	182	182	–	
Proceeds	–	5,000	5,000	–	5,000	–	
Repayments	(4,000)	(6,000)	(10,000)	–	(10,000)	(32)	**(10,032)**
As at 31 March 2018	**12,000**	**36,400**	**48,400**	**(515)**	**47,885**	**27**	**(10,032)**
Current portion of secured bank loans					4,000		
Non-current other loans and borrowings					**43,885**		

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.		2019	2019	2019	2018	2018
Secured bank loan – Term loan	EUR	Euribor + 2.0 %	2023	–	30,000	29,773	12,000	11,845
Secured bank loan – Rollover Facility	EUR	Euribor + 2.0 %	2023	32,000	18,000	17,863	36,400	36,040
Total interest-bearing liabilities				**32,000**	**48,000**	**47,636**	**48,400**	**47,885**

* In addition the Group had a revolving credit facility of EUR 10 million in place, which is mainly used for guarantees. As at 31 March 2019 a total of approximately EUR 2.0 million (2018: EUR 2.0 million) was used for guarantees, leaving an extra amount of EUR 8.0 million of the facility unused at 31 March 2019 (31 March 2018: EUR 8.0 million).

The repayment schedule of current outstanding loans is as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	CURRENCY	YEAR OF MATURITY	FACE VALUE 31 MARCH 2019	LESS THAN 1 YEAR	1 - 2 YEARS	2 - 4 YEARS	5 YEARS
Secured bank loan – Term loan	EUR	2023	30,000	–	–	–	(30,000)
Secured bank loan – Rollover Facility	EUR	2023	18,000	–	–	–	(18,000)
Total interest-bearing liabilities			**48,000**	**–**	**–**	**–**	**(48,000)**

Floating rates were hedged for a substantial part by means of interest-rate swap agreements. The bank loans are secured for approximately EUR 104 million by a pledge on most non-current assets and material intellectual property of the Group, as well as trade receivables and stock.

22. OTHER NON-CURRENT FINANCIAL LIABILITIES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Fair value of derivatives	576	298
Assumed liability following the Passoã call/put option	69,319	68,157
Lease liabilities	6,554	–
Other loans	–	27
	76,449	**68,482**

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 other loan matured in 2018.
Non-current lease liabilities of EUR 6,554 thousand have been recognized in financial year 2018/19 as a result of applying IFRS 16 Leases. Included in Finance expenses is an amount of EUR 167 thousand related to interest expenses on lease liabilities. Maturity analysis of lease liabilities is included in note 25.
Information about the call/put option is included in note 3.

23. TRADE AND OTHER PAYABLES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Trade payables	9,013	6,687
Other payables	224	425
Accrued expenses	6,424	6,707
Corporate income tax payable	–	1,703
Trade payables	**15,661**	**15,522**

At 31 March 2019 trade payables denominated in currencies other than the functional currency totalled EUR 6,758 thousand (31 March 2018: EUR 7,510 thousand).

24. OTHER CURRENT FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments recognized in Other current financial liabilities of in total EUR 429 thousand (2017/18 EUR 400 thousand) consist of hedged foreign exchange contracts and interest rate swaps, both valued at 31 March 2019. The duration of these foreign exchange contracts and interest contracts is less than one year.
Current lease liabilities of EUR 636 thousand have been recognized in financial year 2018/19 as a result of applying IFRS 16 Leases.
See note 25 for disclosure on financial instruments. Information about the Group's exposure to currency and liquidity risks is also included in note 26.

25. FINANCIAL INSTRUMENTS

Accounting classifications and fair values

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

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

AMOUNTS IN EUR '000 AS AT 31 MARCH 2018	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		50	–	–	**50**	–	50
		50	**–**	**–**	**50**	**–**	**50**
Financial assets not measured at fair value							
Loan to joint venture							
Avandis CV	18	–	599	–	**599**	–	599
Trade and other receivables	13	–	21,247	–	**21,247**	–	21,247
Cash and cash equivalents	14	–	12,420	–	**12,420**	–	12,420
		–	**34,266**	**–**	**34,266**	**–**	**34,266**
Financial liabilities measured at fair value							
Interest rate swaps used for hedging		(595)	–	–	**(595)**	–	(595)
Forward exchange contracts used for hedging		(102)	–	–	**(102)**	–	(102)
		(697)	**–**	**–**	**(697)**	**–**	**(697)**
Financial liabilities not measured at fair value							
Secured bank loans	21	–	–	(47,885)	**(47,885)**	–	(47,885)
Assumed liability Passoã call/put option	22	–	–	(68,157)	**(68,157)**	–	(68,157)
Other long term loan	22	–	–	(27)	**(27)**	–	(27)
Bank overdrafts	14	–	–	(40)	**(40)**	–	(40)
Trade and other payables	23	–	–	(15,522)	**(15,522)**	–	(15,522)
		–	**–**	**(131,631)**	**(131,631)**	**–**	**(131,631)**

Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

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

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

Financial risk management

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

- credit risk;
- liquidity risk;
- market risk.

Risk management framework

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

Credit risk

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

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

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

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

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

AMOUNTS IN EUR '000 AS AT 31 MARCH	CARRYING AMOUNT 2019	CARRYING AMOUNT 2018
Western Europe	7,553	6,547
Asia-Pacific	5,426	5,201
North America	4,841	2,900
Emerging markets	3,046	3,729
	20,865	**18,377**

At year-end, the ageing of trade and other receivables was as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
Not past due	17,192	14,169
1 – 30 days past due	2,244	3,010
31 – 90 days past due	635	678
90 days and more past due	794	520
	20,865	**18,377**

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.

No significant impairment loss on trade and other receivables was recognised in 2018/19 (2017/18: nil).

The Group does not hold collateral as security.

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 13,670 thousand as at 31 March 2019 (31 March 2018: EUR 12,380 thousand). The cash and cash equivalents are held with bank and financial institution counterparties which are rated at least A, based on ratings assigned by rating agencies. The cash of Passoã SAS of EUR 14,447 thousand at 31 March 2019 (31 March 2018: EUR 10,795 thousand) is by shareholders' agreement restricted to be used by Passoã SAS for its operations.

Derivatives

Derivatives are entered into with bank and financial institution counterparties which are rated AA- to AA+ based on ratings assigned by rating agencies.

Liquidity risk

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

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

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

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

Exposure to liquidity risk

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

AMOUNTS IN EUR '000 31 MARCH 2019		CONTRACTUAL CASH FLOWS				
	CARRYING AMOUNT	TOTAL	LESS THAN 1 YEAR	1 - 2 YEARS	2 - 4 YEARS	MORE THAN 4 YEARS
Derivative financial liabilities						
Interest rate swap contracts	(917)	**(629)**	(197)	(112)	(320)	–
Forward exchange contracts	(88)	**(88)**	(88)	–	–	–
Non-derivative financial liabilities						
Secured bank loans	(47,636)	**(48,000)**	–	–	–	(48,000)
Interest related to secured bank loans	–	**(4,091)**	(882)	(882)	(1,764)	(563)
Assumed liability Passoã call/put option	(69,319)	**(71,300)**	–	(71,300)	–	–
Lease liabilities	(7,189)	**(8,138)**	(772)	(742)	(1,462)	(5,162)
Bank overdrafts	(7,551)	**(7,551)**	(7,551)	–	–	–
Trade payables	(15,661)	**(15,661)**	(15,661)	–	–	–
	(148,326)	**(155,459)**	**(25,151)**	**(73,037)**	**(3,547)**	**(53,725)**

AMOUNTS IN EUR '000 31 MARCH 2018		CONTRACTUAL CASH FLOWS				
	CARRYING AMOUNT	TOTAL	LESS THAN 1 YEAR	1 - 2 YEARS	2 - 4 YEARS	5 YEARS
Derivative financial liabilities						
Interest rate swap contracts	(595)	**(535)**	(341)	(194)	–	–
Forward exchange contracts	(102)	**(102)**	(102)	–	–	–
Non-derivative financial liabilities						
Secured bank loans	(47,885)	**(48,400)**	(4,000)	(4,000)	(40,400)	–
Interest related to secured bank loans	–	**(4,308)**	(1,609)	(1,459)	(1,240)	–
Other non-current liabilities	(68,157)	**(71,300)**	–	–	(71,300)	–
Other loans	(28)	**(28)**	(28)	–	–	–
Bank overdrafts	(40)	**(40)**	(40)	–	–	–
Trade payables	(15,522)	**(15,522)**	(15,522)	–	–	–
	(132,329)	**(140,234)**	**(21,642)**	**(5,653)**	**(112,940)**	**–**

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.

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

Market risk

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

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

Currency risk

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

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

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

Exposure to currency risk

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

Trade and other receivables

AMOUNTS IN EUR '000 AS AT 31 MARCH	2019	2018
EUR	9,602	9,721
USD	5,539	3,993
JPY	3,548	3,216
AUD	1,361	1,516
Other currencies	3,278	2,801
	23,328	**21,247**

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	
	2019	2018	2019	2018
USD	1.1579	1.1707	1.1235	1.2321
JPY	128.40	129.74	124.45	131.15
AUD	1.5874	1.5125	1.5821	1.6036

Sensitivity analysis

A strengthening of the JPY, USD and AUD against the euro at 31 March 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. A weakening would have the same, but opposite effect. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

AMOUNTS IN EUR '000	PROFIT OR LOSS, NET OF TAX IMPACT
31 March 2019	
JPY (1% movement)	50
USD (1% movement)	55
AUD (1% movement)	32
31 March 2018	
JPY (1% movement)	63
USD (1% movement)	36
AUD (1% movement)	30

Interest rate risk

The Group adopts a policy of ensuring that at least 80% of its interest rate risk exposure is at a fixed rate. To achieve this the Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Cash flow sensitivity analysis for variable rate instruments

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

26. LIST OF SUBSIDIARIES

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

AS AT 31 MARCH	PLACE AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2019	2018
Lucas Bols Amsterdam B.V. *	Amsterdam, Netherlands	**100%**	100%
DELB B.V. *	Amsterdam, Netherlands	**100%**	100%
Galliano B.V. *	Amsterdam, Netherlands	**100%**	100%
Vaccari B.V. *	Amsterdam, Netherlands	**100%**	100%
Pisang Ambon B.V. *	Amsterdam, Netherlands	**100%**	100%
Bokma Distillateurs B.V. *	Amsterdam, Netherlands	**100%**	100%
Beleggingsmaatschappij Honthorst II B.V.	Amsterdam, Netherlands	**100%**	100%
Pijlsteeg B.V. *	Amsterdam, Netherlands	**100%**	100%
Lucas Bols USA Inc.	Wilmington, U.S.A.	**100%**	100%
Passoã SAS **	Paris, France	**7%**	7%

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

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

27. COMMITMENTS AND CONTINGENCIES

Commitments

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

Nuvo

In December 2017, Lucas Bols and London Group entered into strategic partnership for liqueur brand Nuvo. As part of the strategic partnership Lucas Bols obtains the global distribution rights for Nuvo, and will work with London Group to further build and distribute the brand. Lucas Bols will be responsible for buying, sourcing and commercial activities, as well as defining the appropriate distribution channels for the brand. London Group, controlled by spirit entrepreneur Mr. Raphael Yakoby, will be responsible for strategic marketing, including social media and product development. The transaction fits Lucas Bols's asset light business model, as it strengthens the company's existing distribution platform with limited additional investments required. As part of the transaction, Lucas Bols made an upfront payment amounting to USD 0.5 million and shall pay London Group yearly royalties. The agreement also includes a put and call option structure that enables Lucas Bols to acquire the brand in full in the mid-term.

Leases as lessee

The Group leases an office in Paris and Singapore under a short term operating lease arrangement. As at 31 March 2019 the future minimum lease owed payments under non-cancellable leases were EUR 74 thousand.

The Group determined that the office lease is an operating lease. The rent paid to the owner is adjusted to market rent at regular intervals, and the Group does not have an interest in the residual value of the office building. As a result it was determined that all of the risks and rewards of the office buildings are substantially with the owner.

Contingencies

The credit facility of Lucas Bols incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of the company's issued share capital or voting rights, the company is subject to a repayment commitment. The agreements entered into with Remy Cointreau S.A. regarding the Passoã jointly owned entity also contain a change of control clause. If a party obtains 50.01% or more of the shares in the company's capital, Lucas Bols will be obliged to issue Remy Cointreau a security in the form of a bank guarantee or an escrow deposit for an amount equal to the exercise price of the call/put option.

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

28. RELATED PARTIES

Transactions with key management personnel

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

The Management Board and the Supervisory Board member's compensations, as well as the pension obligations as referred to in Section 2:383(b) of the Netherlands Civil Code, which in 2018/19 were charged to the Company and Group companies are as follows:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	HUUB L.M.P. VAN DOORNE		JOOST K. DE VRIES		TOTAL MANAGEMENT BOARD	
	2019	2018	2019	2018	2019	2018
Compensation of the Management Board						
Salary	470	470	320	320	790	790
Variable remuneration	94	145	64	94	158	239
Pension	–	–	31	31	31	31
Other	95	95	24	24	119	119
Total	**659**	**710**	**439**	**469**	**1,098**	**1,179**

The total compensation of the Management Board in 2018/19 amounted to EUR 1,098 thousand (2017/18: EUR 1,179 thousand).

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

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2019	2018
Compensation of the Supervisory Board		
Derk C. Doijer	45	43
Ralph Wisbrun *	38	32
Marina M. Wyatt	35	32
Alexandra Oldroyd	35	32
Total	**153**	**139**

* Ralph Wisbrun has been appointed vice chairman of the Supervisory Board at the general meeting of shareholders of September 2018.

Other related party transactions

AMOUNTS IN EUR '000 AS AT 31 MARCH	TRANSACTION VALUES FOR THE YEAR ENDED		BALANCE OUTSTANDING AS AT	
	2019	2018	2019	2018
Sale of goods and services				
Joint ventures	14,005	14,223	660	726
Purchase of goods, services and brands				
Joint ventures	(21,701)	(19,751)	(1,985)	(1,005)
Others				
Joint ventures dividends received	1,200	1,450	–	–
Joint ventures loan and related interest	24	24	599	599

All transactions and outstanding balances with these related parties are priced on an arm's length basis and balances are expected to be settled in cash within two months of the end of the reporting period, except for the long-term loan receivable from Avandis C.V. (undefined duration).

None of the balances is secured. No expense was recognised in the current year or prior years for doubtful debts in respect of amounts owed by related parties. In relation to the investment in the joint venture in India a guarantee has been issued for an amount of EUR 1.7 million (INR 132 million).

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

29. SUBSEQUENT EVENTS

There were no material events after 31 March 2019.

COMPANY FINANCIAL STATEMENTS 2018/19

COMPANY BALANCE SHEET OF LUCAS BOLS N.V.

Before profit appropriation

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2019	2018
Assets			
Investments in subsidiaries	3	138,305	129,351
Deferred tax assets	4	2,670	3,045
Total non-current assets		**140,975**	**132,396**
Receivables from group companies	5	51,179	51,179
Cash and cash equivalents		–	–
Total current assets		**51,179**	**51,179**
Total assets		**192,154**	**183,575**
Equity			
Share capital		1,248	1,248
Share premium		129,695	130,070
Treasury shares		–	–
Currency translation reserve		(163)	(273)
Hedging reserve		(754)	(484)
Other legal reserves		11,790	6,742
Retained earnings		38,840	31,091
Result for the year		11,498	15,181
Total equity	6	**192,154**	**183,575**
Liabilities			
Other non-current liabilities		–	–
Total non-current liabilities		–	–
Trade and other payables		–	–
Total current liabilities		–	–
Total liabilities		–	–
Total equity and liabilities		**192,154**	**183,575**

The notes on pages 132 to 134 are an integral part of the Company financial statements.

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2019	2018
Revenue *		1,251	1,317
Cost of sales		–	–
Gross profit		**1,251**	**1,317**
Distribution and administrative expenses *		(1,251)	(1,317)
Operating profit		–	–
Share of profit of participating interests, after income tax	3	16,475	20,402
Finance income		–	–
Finance costs		–	–
Net finance costs		–	–
Profit before tax		**16,475**	**20,402**
Income tax expense		–	–
Other profit after income tax		–	–
Net profit		**16,475**	**20,402**

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

The notes on pages 132 to 134 are an integral part of the Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2019 AND 2018

1. BASIS OF PREPARATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

Financial fixed assets

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

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

Profit of participating interests

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

Amounts due from group companies

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

3. INVESTMENTS IN SUBSIDIARIES

AMOUNTS IN EUR '000	2019	2018
Balance at 1 April	129,351	116,611
Dividend paid to shareholders	(7,486)	(7,611)
Effective portion of changes in fair value of cash flow hedges, net of tax	(270)	166
Currency translation of foreign interests	111	(312)
Actuarial gains / (losses) through equity	124	96
Profit of participating interests	16,475	20,402
Balance at 31 March	**138,305**	**129,351**

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

4. DEFERRED TAX ASSET

Deferred tax assets on fiscal losses that have been recognised are expected to be utilised in the next two years.

5. RECEIVABLES FROM GROUP COMPANIES

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

6. EQUITY

For a specification of shareholders' equity, see note 19 of the consolidated financial statements.
The retained earnings at 31 March 2019 amount to EUR 39.0 million (31 March 2018: EUR 31.0 million). The legal reserves limit the distribution of retained earnings by EUR 5.0 million (31 March 2018: EUR 5.2 million). In the Company financial statements, the net profit of Passoã has been allocated to other legal reserves.

On September 6, 2018, the General Meeting of Shareholders approved the final dividend over financial year 2017/18 of EUR 0.25 per common share in addition to the interim dividend of EUR 0.35 per common share (EUR 7.6 million in the aggregate). The final dividend was paid on September 17, 2018.

The Management Board, with the approval of the Supervisory Board, proposes a final dividend to be paid in 2019 with respect to 2018/19 financial year of EUR 0.25 per common share in addition to the interim dividend of EUR 0.35 per common share already paid. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability on the consolidated balance sheet as of March 31, 2018. The payment of this dividend will not have income tax consequences for the Company.

7. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

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

8. FEES FOR AUDIT AND OTHER SERVICES

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

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	ERNST & YOUNG ACCOUNTANTS LLP		OTHER EY FIRMS		TOTAL	
	2019	2018	2019	2018	2019	2018
Fees for audit of financial statements and other services						
Audit of financial statements	205	176	67	24	272	200
Other non-audit services	–	–	–-	–	–	–
Total	**205**	**176**	**67**	**24**	**272**	**200**

Audit fees of Ernst & Young Accountants LLP amount to EUR 205 thousand (2017/18: EUR 176 thousand) for Lucas Bols NV. There are no non audit services.

9. CONTINGENT LIABILITIES

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

10. SUBSEQUENT EVENTS

There were no material events after 31 March 2019.

Amsterdam, 22 May 2019

Management Board	**Supervisory Board**
Huub L.M.P. van Doorne (CEO)	Derk C. Doijer (Chairman)
Joost K. de Vries (CFO)	Marina M. Wyatt
	Alex L. Oldroyd
	Ralph Wisbrun

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

Trade register Amsterdam: 34242707

OTHER INFORMATION

STATUTORY PROVISION WITH RESPECT TO APPROPRIATION OF RESULT

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

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

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

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

NON-GAAP MEASURES

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

Earnings before interest, taxes, or EBIT

EBIT is net income before net financial expense and income taxes. Thus, EBIT (EUR 19,638 thousand) is defined as operating profit (EUR 18,648 thousand) plus share of profit of joint ventures (EUR 990 thousand). Profit of joint ventures is included in EBIT, as Lucas Bols' management believes that joint ventures are an integral part of Lucas Bols operations.

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

EBITDA (EUR 21,066 thousand) is net income before net financial expense, income taxes, depreciation and amortization. However, EBITDA does exclude impairments. EBITDA allows investors to analyse the profitability between companies and industries by eliminating the effects of financing (i.e., net financial expense) and capital investments (i.e., depreciation and amortization (EUR 1,428 thousand)).

Free operating cash flow

Free operating cash flow (EUR 11,816 thousand) is net operating cash flows from operations (EUR 14,044 thousand) minus net capital expenditures (-/- EUR 2,228 thousand). Lucas Bols' management believes this measure is useful because it provides insight into the cash flow available to, among other things, reduce debt and pay dividends. The adoption of IFRS 16 had a limited impact on the operating results, which is presented in note 2.

Net debt

Net debt is the net off (i) the sum of loans, finance lease liabilities, cumulative preferred financing shares and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, and short-term deposits and similar instruments, all as per the definitions in the financing agreements. In management's view, because cash, cash equivalents, and short-term deposits and similar instruments can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Lucas Bols' leverage. Net debt may include certain cash items that are not readily available for repaying debt. We refer to note 20.

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

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

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

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

For an overview of Non-GAAP measures, please refer to *Three years overview* on page 15.

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements 2018/19 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 March 2019 of Lucas Bols N.V. based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2019, 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 2019 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 2019
- The following statements for the year ended 31 March 2019: the consolidated statement of profit and loss, the consolidated statements of other comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 March 2019
- The company profit and loss account for the year ended 31 March 2019
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

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

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

Materiality

Materiality	€ 875,000 (2017/18: € 1,000,000)
Benchmark applied	5 % of profit before tax
Explanation	Based on our professional judgement we consider earnings-based measures as the most appropriate basis to determine materiality. Adjustments are made to profit before taxes for elements which are not directly related to the operational performance of the company as disclosed on page 46 of the annual report.

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

We agreed with the supervisory board that misstatements in excess of € 43,750 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 of Lucas Bols N.V.

Our group audit mainly focused on significant group entities. Group entities are considered significant either because of their individual financial significance or because they are likely to include significant risks of material misstatement due to their specific nature or circumstances. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or on specific items. In establishing the overall approach to the audit, we determined the audit procedures required to be performed by us, as group auditors or by Ernst & Young Global member firms and other audit firms, both operating under our instructions.
We have performed full scope audit procedures ourselves at the entities in the Netherlands, France and United States of America. We used the work of other auditors when auditing Passoa S.A.S. and the non-consolidated joint ventures Avandis B.V., Avandis C.V. and Maxxium Nederland B.V.

In total these procedures cover 100 % of the Group's total assets and 100 % of net revenues

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

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.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters are in line with prior year.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
Valuation of Intangible assets (brands and related goodwill) As at 31 March 2019 brands and related goodwill amount to € 307 million or 86% of the balance sheet total. As disclosed in note 3.j and 16, brands and related goodwill are not amortized, since management assumes an indefinite useful life of their brands and therefore are annually tested for impairment. Management performs their annual impairment test at the cash generating unit level which include individually larger brands and buckets of smaller brands. Management uses assumptions in respect of future market growth and economic conditions such as economic growth, expected inflation rates, expected tax rate, discount rate, demographic developments, expected market share, revenue and margin development. The impairment test was important for our audit as the related asset amounts are significant and the impairment test itself requires judgment. The impairment test includes assumptions that are affected by future market conditions.	We focused on the non-current assets with an indefinite useful live related to the Dutch Brands segment and related goodwill. We obtained an understanding of the impairment assessment process and evaluated the design of key controls over the data and assumptions used in this area relevant to our audit. With the assistance of our EY valuation specialists, our focus included evaluating the procedures of the management specialists used for the valuation, evaluating and testing key assumptions used in the valuation including projected future income and earnings, performing sensitivity analyses, and testing the allocation of the assets, liabilities, revenues and expenses to each of the segments. We evaluated whether the impairment methodology applied by Lucas Bols N.V. is in line with the requirements per IAS 36, Impairment of Assets. The forecasted cash-flows are an important input for the assessment of the recoverability. We have reconciled these forecasts for the cash generating units with the approved mid-term business plan. We also assessed the forecasting quality by comparing forecasts as included in tests prepared in prior years to the actuals. Finally, we performed independent calculations to validate the sensitivity analysis as referred to in Note 16 of the consolidated financial statements.	We noted that the assumptions relating to the impairment models fell within acceptable ranges. We concur with management's conclusion that no impairment of Intangible assets with indefinite useful lives and related goodwill is required as at 31 March 2019.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
Valuation of deferred tax assets At 31 March 2019, Lucas Bols N.V. recognized deferred tax assets amounting to € 3.3 million. Related disclosures and accounting policies are included in Note 1 and 11 of the Consolidated Financial Statements. The main element in the deferred tax assets is related to the recoverability of tax losses carried forward. This item was significant to our audit because the recognition process requires judgment and is based on assumptions that are affected by expected future market or economic conditions.	Our audit procedures included, amongst others, using EY tax specialists to assist us in evaluating the methodology and assumptions used by Lucas Bols N.V., such as expected future taxable income. This entailed reviewing Lucas Bols N.V.'s latest approved mid-term business plan. We discussed the mid-term business plan with management to determine the reasonableness of the assumptions used regarding the recoverability of the deferred tax assets.	We did not identify any evidence of material misstatement of deferred tax assets as recorded in the statement of financial position as per 31 March 2019.
Revenue recognition Lucas Bols N.V. records revenue when control transfers to customers according to the terms of sale, the sales price is agreed or determinable and receipt of payment can be assumed. Related disclosures and accounting policies of the consolidated financial statements are included in Note 3b and Note 5. Sales transactions are often concluded based upon common shipping terms that can vary by region in which the control transfers to the buyer prior to actual delivery of the product. Revenue recognition for these transactions is susceptible to an increase in risk related to differences in shipping cut-off at the financial reporting date. This item was significant to our audit because the recognition process requires proper cut-off of sales transactions. Lucas Bols N.V. disclosed its accounting policies related to revenue recognition in the Note 'Significant accounting policies to the consolidated financial statements', which includes the disclosures of the impact of the IFRS 15 adoption. The disclosures on revenue are included in note 2.	We designed our audit procedures to be responsive to the revenue recognition risk. We obtained an understanding of the processes related to revenue recognition. We performed substantive audit procedures to address the risk through tests of details of samples of sales transactions, cut-off testing and analytical procedures. We also ensured that assumptions included in the sales adjustments analyses are properly supported. The effects of the adoption of IFRS 15 have been audited by evaluating the design of post-adoption controls that address new risks as well as our test of details on the revenue cycle. We audited the disclosures included in note 2 in the annual report required by IFRS 15.	Based on the procedures performed, we did not identify any evidence of material misstatement in the revenue recognized in the year ended 31 March 2019 in accordance with IFRS or in the disclosures required by IFRS 15.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Management board report
- Composition of the supervisory board
- Report of the supervisory board
- Remuneration report
- Other information required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

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

Management is responsible for the preparation of the other information, including the Report of the management board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of Lucas Bols N.V. on 3 September 2015, as of the audit for the year 2015/16 and have operated as statutory auditor since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- 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 management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- 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

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.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 22 May 2019

Ernst & Young Accountants LLP

Signed by F.J. Blenderman


Bols
Genever
Amsterdam
100% MALT
SPIRIT
SPIRITS DISTILLED
FROM GRAINS WITH
JUNIPER BERRIES
700 ml. 47% Vol.
1575

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