Half-year results 2021/22 (1 April 2021 – 30 September 2021)

18 November 2021

Strong recovery: revenue up 70%

Sharpened brand, market and cocktail focus to capture growth momentum

Highlights first half-year 2021/22

- **Revenue came in at € 45.6 million, nearly on par with pre-COVID-19 H1 2019/20, and a strong year-on-year growth of 70%, mainly as a result of the continued reopening of the on-trade, positive brand momentum across key markets and a favourable comparison base**
- **Excellent performance in the US: revenue tripled vs. the same period last year and showed an accelerated growth of 59% vs. H1 2019/20 (pre-COVID-19)**
- **Strong recovery was reported in most markets, except for Japan and Southeast Asia, and in Travel Retail, where restrictive measures continued to negatively impact performance**
- **Depletions (sales by distributors) were up 33% compared to H1 2020/21 (+6% vs. H1 2019/20), reflecting a strong in-market performance of our Global Cocktail Brands: Bols Cocktails, Passoã and Galliano**
- **The gross margin was 56.6%, in line with last year**
- **Operating profit more than doubled to € 11.5 million (€ 5.3 million in H1 2020/21), while net profit came in at € 7.7 million (€ 1.9 million in H1 2020/21). Targeted structural overhead cost savings were achieved**
- **Continued focus on cash management resulted in a strong free operating cash flow of € 11.4 million, enabling an important net debt reduction of € 8.9 million to € 83.5 million as at 30 September 2021**
- **Management implemented a sharpened brand, market and cocktail-focused operating model, and consequently increased the revenue growth target for the Global Cocktail Brands to 4-5% per annum**
- **The company launched Bols Ready-to-enjoy Cocktails in the US and the Netherlands in October to leverage the in-home cocktail consumption trend. The signature Bols cocktails come in innovative Bols Cocktail Tubes and multi-serve bottles**
- **With the start of Maxxium BeLux in October, Lucas Bols now controls the distribution of around 40% of its global revenue**

Huub van Doorne, CEO of Lucas Bols: *"Although we continue to operate in an uncertain environment we are pleased to see that the underlying in-market performance is back to – and in a number of key markets even ahead of – pre-COVID-19 levels. The revenue growth of 70% versus last year underpins the strong rebound. As the on-trade gradually reopened and our enhanced retail performance was sustained, our brands experienced strong consumer demand, as demonstrated by robust depletion trends. The growing popularity of cocktails and mixology, including the accelerating trend of in-home cocktail consumption, are right at the heart of our Global Cocktail Brands proposition.*

The Passoã brand is delivering beyond expectations in many key markets: its performance has been spectacular. Substantial growth is also noted for Bols Cocktails and Galliano. The US market is performing exceptionally well across these brands: a true testament to the strength of our distribution platform there.

To fully capture the growth momentum, we increased our strategic focus on our Global Cocktail Brands: Bols Cocktails, Passoã and Galliano. In addition, we further tailored our market approach to the maturity of the cocktail culture in each respective market. This ensures optimal in-market execution of our growth strategy.

We intensified our direct-to-consumer focus along with bartender engagement. The company's online presence and retail proposition are key elements of that focus. I am very proud of the recent launch of our Bols Ready-to-enjoy Cocktails: a new proposition that will inspire consumers by bringing home the magic of cocktails.

Our innovative Bols Cocktail Tubes enable us to tap into the rapidly-growing category of ready-to-serve cocktails in a unique way.

We have also learned lessons from the COVID-19 pandemic. Our disciplined focus on costs and cash remains in place, resulting in high cash generation and a substantial reduction in net debt.

We are confident that our leading brands on the international cocktail market will capture the momentum to drive long-term sustainable growth."

Strategy update – Fit for Growth

To step up growth, management implemented Fit for Growth: a revised operating model that accelerates a shift in focus that was already initiated before COVID-19.

Even more focus on cocktails, brands and innovation

Under Fit for Growth, Lucas Bols redefined its brand portfolios from Global Brands and Regional Brands to Global Cocktail Brands and Regional Liqueurs & Spirits. Included in the Global Brands portfolio were Bols Cocktails, Passoã, Galliano, Damrak Gin, Vaccari and Nuvo, whilst the Regional Brands portfolio consisted of all other brands.

The new Global Cocktail Brands portfolio comprises of Bols Cocktails (Bols Liqueurs, Bols Genever, Bols Vodka, Bols Ready-to-enjoy Cocktails), Passoã and Galliano, and is set to increasingly benefit from the continuing increase in popularity of cocktails and mixology, increased in-home cocktail consumption and the premiumisation of brands and products. Resource allocation (including towards innovation, product development and Advertising & Promotion ("A&P")) will be focused on accelerating the growth of the Global Cocktail Brands. Within the Global Cocktail Brands, A&P spend is shifting more towards direct-to-consumer and digital marketing.

Our other brands, which are now clustered in the new Regional Liqueurs & Spirits portfolio, will continue to either pursue their growth strategy in specific markets (for example Henkes, Damrak Gin, Pisang Ambon, Nuvo and Vaccari) or maintain their competitiveness, protect profitability and focus on cash generation.

By establishing a separate innovation team and allocating additional resources, Lucas Bols is investing in product development to set and address relevant trends.

Tailored market approach based on cocktail culture maturity

Lucas Bols also redefined the way in which markets are clustered. Markets used to be clustered mainly based on their geographical location, resulting in four regions: Western Europe, Asia-Pacific, North America and Emerging Markets.

Under the Fit for Growth programme three market clusters have been established which allows us to tailor the market approach to the maturity of the cocktail culture in each respective market: Sophisticated, Developed or Emerging. In the Sophisticated Cocktail Markets, comprising North America, the cocktail culture is fully mature, both in and out of home. Western Europe, Japan and Australia/New Zealand are considered Developed Cocktail Markets, displaying a well-developed cocktail culture that is widespread and growing in-home cocktail consumption. Other markets make up the Emerging Cocktail Markets cluster where the cocktail culture is either growing (Eastern Europe and Asia) or in an early stage of development (Latin America and Africa/Middle East).

This tailored market approach helps us focus on those markets that are key for organic growth – both now and in the future. One of our key markets is the United States. The aim there is to expand the business by accelerating organic growth of our Global Cocktail Brands and Nuvo and by adding more brands to complement the portfolio, either through long-term distribution contracts of brands like Pallini (added late 2020) or acquisitions.

Expanded control over route to market

To further solidify consistent and effective in-market support for our brands, Lucas Bols strengthened its control of the route to market of its products. With the creation of Maxxium BeLux, a 50-50 distribution joint venture with Edrington for Belgium and Luxembourg, Lucas Bols now controls the distribution of approximately 40% of its revenue.

Agile and efficient organisation

We also changed our way of working under Fit for Growth. Teams are now fully integrated, which supports agility and efficiency and ensures swift and decisive execution of our global strategy. This helped in achieving important overhead savings, which contribute to improved operational leverage and accountability. Management remains focused on embracing the entrepreneurial, inspirational and ambitious Lucas Bols culture throughout the organisation.

Fit for Growth value proposition

With the renewed focus and targeted A&P investments behind the Global Cocktail Brands in a cocktail market that continues to grow globally, the ultimate objective of Fit for Growth is to achieve an annual revenue growth of these brands of 4-5% (previously 3-4%) at high and sustainable profit margins. For the Regional Liqueurs & Spirits we aim to stabilise revenue by growing the international brands in specific markets to compensate for the decline in the domestic brands.

Strong cash generation and conversion have already led to a reduction in net debt, and we aim to achieve a net debt / EBITDA ratio that is well below 4.00x in the coming years. This provides additional opportunities to leverage our scalable production and distribution platform through acquisitions or partnerships.

Key figures

in € million unless otherwise stated, for the half year ended	30 September 2021	30 September 2020			30 September 2019
	reported	reported	% change reported	% change organic[1]	% change organic[1]
Revenue	45.6	26.8	70.2%	70.4%	0.9%
Gross margin	56.6%	56.7%	-10 bps	-20 bps	-160 bps
Operating profit	11.5	5.3	116.4%	112.9%	-6.7%
Operating profit margin	25.3%	19.9%	540 bps	500 bps	-200 bps
EBIT[2]	12.1	4.3	179.5%	175.3%	-5.1%
Net profit	7.7	1.9	297.8%	288.3%	-21.1%
Free operating cash flow[3]	11.4	9.6	19.3%		
Earnings per share (in €)	0.62	0.16	287.5%	300.0%	-21.1%

Business review

Brands

Global Cocktail Brands

Bols Cocktails
With the gradual reopening of the on-trade Bols Cocktails saw a continuation of the recovery that started in the fourth quarter of last year. This was particularly the case in the US (depletions almost doubled versus last year and grew significantly versus 2019/20), where Bols Liqueurs with natural botanicals have been rolled out successfully. The number of outlets and menu listings is expanding rapidly. Depletions of Bols Cocktails in China and Eastern Europe are also exceeding pre-COVID-19 levels. The performance of Bols Cocktails is still adversely impacted by COVID-19 in Japan, South-East Asia and a number of more on-trade driven European markets.

Passoã
Passoã is continuing to grow and is exceeding expectations, even after a strong 2020/21. Performance is well ahead of pre-COVID-19 levels. The primary growth drivers are the UK, the Netherlands, the US and Puerto Rico. The popularity of the Passoã Star Martini is rapidly spreading outside of the UK. Distribution is expanding with new markets and retail channels being exploited, benefitting from the increased trend toward in-home cocktail consumption.

Galliano
The turnaround of the Galliano brand recorded in 2020/21 continued in the past half year when further revenue growth was achieved. The brand was once again able to achieve strong results in Australia and New Zealand. The 'The Original Galliano Hot Shot' signature serve ritual is boosting the brand's performance in Scandinavia, while the increased popularity of the Espresso Martini cocktail is supporting demand for Galliano Ristretto, particularly in the US.

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

Regional Liqueurs & Spirits

A number of brands are performing very well within the portfolio of Regional Liqueurs & Spirits. Our retail-oriented brands Nuvo and Pisang Ambon are showing promising growth while Pallini is performing according to plan and proving to be a valuable addition to the portfolio in the US. On the other hand, the Dutch genever and vieux portfolio, a category which has been in decline for several years, saw its performance deteriorate further as a consequence of the introduction of restrictions on price promotions imposed by the Dutch Government.

Market clusters

Sophisticated Cocktail Markets (US, Canada, Puerto Rico)

In North America the strong recovery that started in the fourth quarter of 2020/21 continued in the first half of 2021/22, mainly on the back of increasingly buoyant consumer demand and the reopening of the on-trade. Depletions were up 73% compared to the same period last year and up 52% compared to pre-COVID-19 2019/20. Revenue was up 226% (+52% compared to the first half of 2019/20). The growth achieved substantiates the strength of the Lucas Bols USA platform, including the addition of the Pallini brand. In addition, Passoã showed substantial, sustainable growth in Puerto Rico.

Although it varies state by state, most on-trade outlets in the US are now open for business again, leading to a significant increase in consumer demand. The in-home consumption trend that accelerated during the COVID-19 lockdowns continued despite the reopening of the on-trade. The ongoing roll-out of the Bols Cocktails proposition, including the successful relaunch of the Bols liqueurs with natural botanicals, resulted in a strong increase in the number of outlets and menu listings. Another clear growth driver is the Passoã brand on the back of large distribution gains. Importantly, Galliano, Nuvo and the addition of Pallini also contributed to the growth in the US.

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

Revenue in the Developed Cocktail Markets grew 28% compared to the first half of 2020/21, mainly because of continued strong performance in Australia and New Zealand. Moreover, certain key markets in Western Europe (including the UK) performed well, supported by a gradual improvement of Bols Cocktails and double-digit growth of Passoã. Recovery has been slower in other, mainly Southern European, markets where there is a higher dependence on the on-trade. The Japanese market remains very challenging while the COVID-19 lockdown measures are in place. Travel Retail is also still very much impacted by the COVID-19 restrictions. Consequently, performance is still lagging behind pre-COVID-19 levels, also impacted by the decline of the Dutch genever and vieux portfolio.

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

The Emerging Cocktail Markets achieved a significant improvement in revenue compared to the first half of 2020/21 (+155%). Eastern Europe and China were able to bounce back in a meaningful way, with depletions even ahead of the first half of 2019/20. Markets in South-East Asia are still very much impacted by lockdown measures and the related lack of tourism. Markets in Latin America and Africa/Middle East are recovering, albeit slowly. Promising performance was achieved by the Henkes brand (Western Africa), Vaccari (Mexico) and Nuvo (Latin America).

Commercial initiatives

Lucas Bols actively continued to invest in its brands, increasingly leveraging social and digital campaigning. The focus on retail, ready-to-serve propositions and do-it-yourself cocktail packs accelerated, driven by factors including the launch of Bols Ready-to-enjoy Cocktails in October. This newest addition to the Bols Cocktails portfolio features five signature cocktails available in 200 ml Cocktail Tubes and multi-serve bottles. Substantial (digital) media spend is being directed into the launch of Bols Ready-to-enjoy cocktails in the Netherlands and the US to drive revenue in the second half of the year.

Following the gradual lifting of the lockdown measures and reopening of the on-trade, brand activations and engagement events have been restarted to engage with bartenders and consumers alike.

Depletions

Depletions in H1 were up 33% versus 2020/21 and up 6% versus 2019/20. In line with the outlook provided, shipment volumes followed depletion volumes in the first half-year, demonstrating that we started the year with healthy in-market stock levels.

Depletions (value) **H1 2021/22**	**% change vs H1 2020/21**	**% change vs H1 2019/20**
Total	33%	6%
Brands		
Global Cocktail Brands	31%	6%
Regional Liqueurs & Spirits	41%	6%
Regions		
Sophisticated Cocktail Markets	73%	52%
Developed Cocktail Markets	15%	-5%
Emerging Cocktail Markets	65%	-5%

Financial review

Revenue
Lucas Bols' revenue for the first half of 2021/22 came in at € 45.6 million, up 70% compared to last year due to the continued reopening of the on-trade, positive brand momentum across key markets, the first-time contribution from Pallini and favourable comparative figures. The net effect of currencies on revenue was € 0.1 million positive.

Compared to 2019/20 (pre-COVID-19), revenue for the first half-year was down 2%, reflecting the ongoing impact of the pandemic in certain markets during the period.

Revenue of the Global Cocktail Brands was up 77% (to € 33.8 million) while the Regional Liqueurs & Spirits reported a 54% increase (to € 11.8 million).

The Sophisticated Cocktail Markets were the main revenue growth driver, largely on the back of excellent performance in the US market. Although at a slower pace, the Developed and Emerging Cocktail Markets recorded growth too.

Gross profit
Gross profit for the first half of 2021/22 increased to € 25.8 million (H1 2020/21: € 15.2 million), reflecting the increase in revenue. Gross profit as a percentage of revenue came in at 56.6%, virtually the same as the gross margin in the same period last year (56.7%) despite a strong increase in input costs. Currencies had a positive impact of € 0.1 million on gross profit. The gross margin of the Global Cocktail Brands increased by 60 bps while the gross margin of the Regional Liqueurs & Spirits decreased by 330 bps as a result of a different shipment mix, mainly the addition of Pallini, with lower margins given the distribution nature of the contract.

Operating profit
Operating profit for the first half of 2021/22 came in at € 11.5 million, a significant increase compared to € 5.3 million in the same period last year. Currencies had a positive impact of € 0.2 million. A&P, including commercial A&P, was considerably scaled up by 44% (to € 6.2 million) to support the recovery and growth of our brands following the reopening of the on-trade and the increased focus on retail. Overhead costs excluding government support are at the same level as last year. Consequently, overhead costs are below H1 2019/20, reflecting continued disciplined cost management and structural overhead cost savings.

The reported operating profit margin came in at 25.3% in the first half of the financial year compared to 19.9% a year ago.

Share of profit of joint ventures
The share of profit of joint ventures came in at € 0.5 million (H1 2020/21: € 1.0 million loss) and is completely attributable to Maxxium Nederland's performance. Avandis' production is fully operational and at significantly higher levels than last year.

EBIT
EBIT for the first half of 2021/22 was € 12.1 million: an increase of € 7.8 million compared to the same period last year (€ 4.3 million). This implies an EBIT margin of 26.4% (H1 2020/21: 16.1%).

	Global Cocktail Brands		Regional Liqueurs & Spirits	
in € million unless otherwise stated, for the half year ended	**30 Sept. 2021**	**30 Sept. 2020**	**30 Sept. 2021**	**30 Sept. 2020**
Revenue	33.8	19.1	11.8	7.7
Gross profit	20.6	11.5	5.2	3.7
Gross margin	*60.9%*	*60.3%*	*44.2%*	*47.5%*
EBIT	14.8	7.1	3.9	2.8
EBIT margin	*43.9%*	*37.3%*	*33.3%*	*36.6%*

Net finance costs
Net finance costs came in at € 1.8 million in the first half of 2021/22, in line with the same period last year (€ 1.7 million).

Income tax expenses
The effective tax rate was approximately 25.2%, compared to 27.0% a year earlier. This is slightly higher than the Dutch nominal tax rate due to the relatively good performance of Passoã, whose profits are taxed in France at a higher rate.

Net profit

Net profit came in at € 7.7 million for the first half of the year (H1 last year: € 1.9 million). Earnings per share increased to € 0.62 (H1 2020/21: € 0.16).

Cash flow
The free operating cash flow amounted to € 11.4 million (H1 2021/21: € 9.6 million), mainly due to the significant increase in operating profit and continued cash and working capital management measures. This resulted in a cash conversion ratio of 91% for the first half of the 2021/22 financial year.

Equity
Equity increased by € 8.3 million to € 193.1 million, mainly due to the recorded net result.

Net debt
Our highly cash-generative business model combined with an intensified focus on cash and working capital again provided a solid cash flow over the past half year. Consequently, we reduced our total net debt substantially: by € 8.9 million to € 83.5 million as at 30 September 2021 (31 March 2021: € 92.4 million). Lucas Bols fully complied with the amended bank covenants.

Dividend

Given the ongoing uncertainties related to the COVID-19 situation, and as communicated at the publication of the full-year results in May this year, the Management Board and Supervisory Board have decided not to pay an interim dividend for the 2021/22 fiscal year. We intend to resume dividend payments for the full fiscal year, but we will need to assess that in May 2022 based on the actual situation at that point in time.

Outlook

Although the economic and geopolitical environment is still unstable, and public health development remains uncertain, Lucas Bols achieved a strong first half of the year. Now that the vaccination rate is steadily increasing, and assuming the global recovery of the on-trade continues and restrictions are gradually lifted, we expect a strong second half of the year too.

With a sharpened focus on our brands, combined with increased A&P investments behind our Global Cocktail Brands, we expect solid revenue growth in the second half of the year versus last year and even some growth versus 2019/20. Headwinds on input and logistical costs are likely to continue in the second half of the year. Although mitigating actions are taken where possible (including sales price increases and disciplined cost management), these headwinds are expected to put pressure on margins and profit in the second half of 2021/22.

Overall we aim to achieve a full-year operating profit that is close to the pre-COVID year 2019/20, demonstrating the strong recovery of our performance and results versus 2020/21.

We aim to further reduce net debt, and our focus on cash management remains in place. Where relevant we will invest in additional inventory throughout the second half of the year to avoid out of stocks in key markets due to the ongoing scarcity of raw materials, production capacity and logistics.

Considering the foreign currency position already hedged, and assuming the current level of the euro, foreign currencies are expected to have a limited impact on EBIT in the 2021/22 financial year.

Further information

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About Lucas Bols

Lucas Bols is the world's oldest distilled spirits brand and one of the oldest Dutch companies still in business. Building on its more than 445-year-old heritage dating back to 1575, the company has mastered the art of distilling, mixing and blending liqueurs, genever, gin and vodka. Lucas Bols owns a portfolio of more than 20 premium and super premium brands of different spirits used in cocktail bars worldwide. Its products are sold in more than 110 countries around the world. Lucas Bols has been listed on Euronext Amsterdam (BOLS) since 4 February 2015.

Lucas Bols holds the number one position in liqueur ranges worldwide (not including the US) and is the world's largest player in the genever segment. Many of Lucas Bols' other products have market or category-leading positions. Furthermore, Lucas Bols is a leading player in the bartending community. Through the House of Bols Cocktail & Genever Experience and Europe's largest bartending school, the Bols Bartending Academy, the company provides inspiration and education to both bartenders and consumers.

Financial calendar

25 May 2022	Publication of 2021/22 full-year results
7 July 2022	Annual General Meeting of Shareholders

Annexes

1. Brand information
2. Market cluster information
3. Interim condensed consolidated report for H1 21/22

1. Brand information

Global Cocktail Brands (Bols Cocktails, Passoã and Galliano)

(in € million unless otherwise stated, for the period ended)	**30 September 2021**	**30 September 2020**[4]	**% change reported**	**% change organic**[1]
Revenue	33.8	19.1	76.7%	77.3%
Gross profit	20.6	11.5	78.4%	78.9%
Gross margin	*60.9%*	*60.3%*	*60 bps*	*60 bps*
D&A expenses	5.8	3.5	64.7%	65.7%
% of revenue	*17.2%*	*18.5%*	*-130 bps*	*-120 bps*
EBIT	14.8	7.1	108.1%	108.6%
EBIT margin	*43.9%*	*37.3%*	*660 bps*	*660 bps*

Regional Liqueurs & Spirits (all other brands)

(in € million unless otherwise stated, for the period ended)	**30 September 2021**	**30 September 2020**[4]	**% change reported**	**% change organic**[1]
Revenue	11.8	7.7	54.1%	53.2%
Gross profit	5.2	3.7	43.2%	40.9%
Gross margin	*44.2%*	*47.5%*	*-330 bps*	*-380 bps*
D&A expenses	1.7	0.7	149.3%	149.0%
% of revenue	*14.8%*	*9.1%*	*570 bps*	*570 bps*
EBIT	3.9	2.8	40.2%	37.5%
EBIT margin	*33.3%*	*36.6%*	*-330 bps*	*-380 bps*

Total

(in € million unless otherwise stated, for the period ended)	**30 September 2021**	**30 September 2020**[4]	**% change reported**	**% change organic**[1]
Revenue	45.6	26.8	70.2%	70.4%
Gross profit	25.8	15.2	70.0%	69.7%
Gross margin	*56.6%*	*56.7%*	*-10 bps*	*-20 bps*
D&A expenses (allocated)	7.6	4.2	78.8%	79.5%
% of revenue	*16.6%*	*15.8%*	*80 bps*	*90 bps*
D&A expenses (unallocated)	6.7	5.6	19.4%	20.8%
Overhead (excl. depreciation) % of revenue	*12.6%*	*17.4%*	*-480 bps*	*-460 bps*
EBIT	12.1	4.3	179.5%	175.3%
EBIT margin	*26.4%*	*16.1%*	*1030 bps*	*1000 bps*

[4] Management re-aligned the naming of its two reportable segments and the allocation of individual brands to the two reportable segments effective 1 April 2021. The 2020 number was therefore restated.

2. Market cluster information (geographical)

Sophisticated Cocktail Markets (North America)

(in € million unless otherwise stated, for the period ended)	**30 September 2021**	**30 September 2020[5]**	**% change reported**	**% change organic[1]**
Revenue	13.1	4.0	225.8%	221.5%
% of total revenue	*28.6%*	*15.0%*		
Gross profit	6.9	1.9	265.6%	246.4%
% of total gross profit	*26.9%*	*12.5%*		
Gross margin	53.1%	47.3%	580 bps	380 bps

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

(in € million unless otherwise stated, for the period ended)	**30 September 2021**	**30 September 2020[5]**	**% change reported**	**% change organic[1]**
Revenue	25.9	20.2	28.2%	28.9%
% of total revenue	*56.7%*	*75.2%*		
Gross profit	15.2	11.8	29.2%	30.3%
% of total gross profit	*59.0%*	*77.7%*		
Gross margin	58.9%	58.5%	40 bps	70 bps

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

(in € million unless otherwise stated, for the period ended)	**30 September 2021**	**30 September 2020[5]**	**% change reported**	**% change organic[1]**
Revenue	6.7	2.6	154.9%	154.1%
% of total revenue	*14.7%*	*9.8%*		
Gross profit	3.6	1.5	143.0%	141.7%
% of total gross profit	*14.1%*	*9.8%*		
Gross margin	54.3%	56.9%	-260 bps	-280 bps

[5] Management re-aligned the set-up of market clusters (previously: regions) and the allocation of individual markets to these market clusters effective 1 April 2021. The 2020 number was therefore restated.

LUCAS BOLS

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Interim condensed consolidated financial information for the six-month period ended 30 September 2021

Interim condensed consolidated statement of profit or loss

for the six-month period ended 30 September 2021 and 2020

Amounts in EUR '000 for the six months period ended 30 September	Note	2021	2020
Revenue	4	**45,632**	**26,807**
Cost of sales		(19,822)	(11,617)
Gross profit		**25,810**	**15,190**
Distribution and administrative expenses	6	(14,278)	(9,857)
Operating profit		**11,532**	**5,333**
Share of profit/(loss) of joint ventures	7	533	(1,013)
Finance income		1	164
Finance costs		(1,783)	(1,835)
Net finance costs	8	**(1,782)**	**(1,671)**
Profit before tax		**10,283**	**2,649**
Income tax expense	10	(2,599)	(713)
Profit for the period		**7,684**	**1,936**
Result attributable to the owners of the Company		**7,684**	**1,936**
Weighted average number of shares	9	12,477,298	12,477,298
Earnings per share			
Basic earnings per share (EUR)		0.62	0.16
Diluted earnings per share (EUR)		0.62	0.16

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of other comprehensive income

for the six-month period ended 30 September 2021 and 2020

Amounts in EUR '000 for the six months period ended 30 September	Note	2021	2020
Result for the period		**7,684**	**1,936**
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liability		(39)	(70)
Related tax		10	17
Equity-accounted investees - share of other comprehensive income		-	(55)
		(29)	**(108)**
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		235	12
Equity-accounted investees - share of other comprehensive income		-	-
Net change in hedging reserve		486	68
Related tax		(122)	(17)
		599	**63**
Other comprehensive income for the period, net of tax		**570**	**(45)**
Total comprehensive income for the period, net of tax		**8,254**	**1,891**
Total comprehensive income attributable to the owners of the Company		**8,254**	**1,891**

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

for the six-month period ended 30 September 2021 and 2020

Amounts in EUR '000	Note	Share capital	Share premium	Treasury shares	Translation reserve	Hedging reserve	Other legal reserves	Retained earnings	Result for the period	Total equity
Balance as at 1 April 2021		**1,248**	**129,695**	**-**	**(237)**	**(990)**	**7,630**	**56,014**	**(8,558)**	**184,802**
Transfer result prior period		-	-	-	-	-	-	(8,558)	8,558	-
Total comprehensive income										
Profit (loss) for the period		-	-	-	-	-	-	-	7,684	**7,684**
Other comprehensive income		-	-	-	235	364	-	(29)	-	**570**
Total comprehensive income		**-**	**-**	**-**	**235**	**364**	**-**	**(29)**	**7,684**	**8,254**
Dividend paid		-	-	-	-	-	-	-	-	-
Purchase own shares (ESPP)	16	-	-	-	-	-	-	-	-	-
Own shares delivered (ESPP)	16	-	-	-	-	-	-	-	-	-
Changes in estimates of costs related to the issuance of shares		-	-	-	-	-	-	-	-	-
Transfer to Other legal reserves		-	-	-	-	-	-	-	-	-
Balance as at 30 September 2021		**1,248**	**129,695**	**-**	**(2)**	**(626)**	**7,630**	**47,427**	**7,684**	**193,056**

Amounts in EUR '000	Note	Share capital	Share premium	Treasury shares	Translation reserve	Hedging reserve	Other legal reserves	Retained earnings	Result for the period	Total equity
Balance as at 1 April 2020		**1,248**	**129,695**	**-**	**(247)**	**(815)**	**16,601**	**42,835**	**4,384**	**193,701**
Transfer result prior period		-	-	-	-	-	-	4,384	(4,384)	-
Total comprehensive income										
Profit (loss) for the period		-	-	-	-	-	-	-	1,936	**1,936**
Other comprehensive income		-	-	-	12	51	-	(108)	-	**(45)**
Total comprehensive income		**-**	**-**	**-**	**12**	**51**	**-**	**(108)**	**1,936**	**1,891**
Dividend paid		-	-	-	-	-	-	-	-	-
Purchase own shares (ESPP)	16	-	-	-	-	-	-	-	-	-
Own shares delivered (ESPP)	16	-	-	-	-	-	-	-	-	-
Changes in estimates of costs related to the issuance of shares		-	-	-	-	-	-	-	-	-
Transfer to Other legal reserves [1]		-	-	-	-	-	2,686	-	(2,686)	-
Balance as at 30 September 2020		**1,248**	**129,695**	**-**	**(235)**	**(764)**	**19,287**	**47,111**	**(750)**	**195,592**

[1] Transfer to Other legal reserves comprises the transfer of undistributed profits from the jointly owned entity and from joint ventures

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

as at 30 September 2021 and 31 March 2021

Amounts in EUR '000 as at	Note	30 September 2021	31 March 2021
Assets			
Property, plant and equipment	11	9,013	9,786
Intangible assets	12	298,105	298,213
Investments in joint ventures	7	9,523	9,024
Other investments		831	831
Non-current assets		**317,472**	**317,854**
Inventories		10,045	13,295
Trade and other receivables		16,748	16,341
Other investments including derivatives		48	47
Cash and cash equivalents		17,928	18,827
Current assets		**44,769**	**48,510**
Total assets		**362,241**	**366,364**

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position (continued)

Amounts in EUR '000 as at	Note	30 September 2021	31 March 2021
Equity			
Share capital		1,248	1,248
Share premium		129,695	129,695
Translation Reserve		(2)	(237)
Hedging Reserve		(626)	(990)
Other legal reserves		7,630	7,630
Retained earnings		47,427	56,014
Result for the period		7,684	(8,558)
Total equity		**193,056**	**184,802**
Liabilities			
Loans and borrowings	13	95,331	95,292
Other non-current financial liabilities	15	5,513	6,142
Employee benefits		552	505
Deferred tax liabilities	10	46,811	45,908
Total non-current liabilities		**148,207**	**147,847**
Loans and borrowings	13	5,935	15,703
Trade and other payables		13,714	16,457
Other current financial liabilities, including derivatives	15	1,329	1,555
Total current liabilities		**20,978**	**33,715**
Total liabilities		**169,185**	**181,562**
Total equity and liabilities		**362,241**	**366,364**

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

for the six-month period ended 30 September 2021 and 2020

Amounts in EUR '000 for the six months period ended 30 September	Note	2021	2020
Cash flows from operating activities			
Result for the period		**7,684**	**1,936**
Adjustments for:			
• Depreciation	6	969	971
• Net finance costs	8	1,782	1,671
• Share of profit joint ventures	18	(533)	1,013
• Income tax expense	10	2,599	713
• Provision for employee benefits		8	29
		12,509	**6,333**
Change in:			
• Inventories		3,250	2,049
• Trade and other receivables		(407)	6,738
• Trade and other payables		(3,594)	(4,360)
Net changes in working capital	14	**(751)**	**4,427**
Dividends from joint ventures	18	350	250
Interest received		144	164
Income tax paid		(777)	(1,141)
Net cash from operating activities		**11,475**	**10,033**

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (continued)

Amounts in EUR '000 for the six months period ended 30 September	Note	2021	2020
Cash flows from investing activities			
Acquisition of/additions to joint ventures	7/18	(250)	(200)
Acquisition of property, plant and equipment	11	(36)	(478)
Acquisition of intangible assets	12	(38)	-
Loans issued and other investments			(550)
Net cash from (used in) investing activities		**(324)**	**(1,228)**
Cash flows from financing activities			
Proceeds from loans and borrowings	13	-	-
Repayment of loans and borrowings	13	-	(2,000)
Payments made in lease contracts		(427)	(415)
Cash dividends paid to shareholders		-	-
Interest paid		(1,884)	(1,069)
Net cash from (used in) financing activities		**(2,311)**	**(3,484)**
Net increase (decrease) in cash and cash equivalents		**8,840**	**5,321**
Cash and cash equivalents as at 1 April		5,624	21,183
Effect of exchange rate fluctuations		29	(76)
Net cash and cash equivalents as at 30 September		**14,493**	**26,428**
Cash and cash equivalents (asset)		17,928	37,169
Less: bank overdrafts included in current loans and borrowings		(3,435)	(10,741)
Net cash and cash equivalents as at 30 September		**14,493**	**26,428**

The notes on page 9 to 21 are an integral part of this interim condensed consolidated financial information

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 September 2021 and 2020

1. Reporting entity

Lucas Bols N.V. (the 'Company') is domiciled in the Netherlands. The address of the Company's registered office is Paulus Potterstraat 14, Amsterdam. The interim condensed consolidated financial statements of the Company as at and for the six months ended 30 September 2021 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in jointly controlled entities.

Lucas Bols N.V. is primarily involved in managing the product development, bottling, distribution, sales and marketing of the brands Bols, Passoã, Galliano, Vaccari, Damrak, Pisang Ambon, Henkes, Nuvo, Bokma, Hartevelt, Coebergh and a large portfolio of Dutch jenever, vieux and liqueur brands.

2. Basis of preparation

(a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as endorsed by the EU. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 March 2021. All significant transactions and events have been disclosed in the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements were authorised for issue by the Management Board and Supervisory Board on 17 November 2021.

(b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on each reporting date on the 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 joint ventures are accounted for using the equity method; and
- the net defined benefit liability is recognised as the present value of the defined benefit obligation, less the fair value of plan assets.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the valuation techniques as outlined below.
When measuring the fair value of an asset or a liability, the Group uses market observable data to the extent possible.

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then 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 values is included in note 15 – financial instruments.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2021.

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2021.

Several amendments and interpretations apply for the first time in 2021, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

4. Operating segments

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

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

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

Brand information

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

(I) Global Cocktail Brands

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

Liqueurs range, Bols Genever, Bols Vodka and Bols Cocktails ready-to-enjoy product offerings), Passoã and Galliano.

(II) Regional Liqueurs & Spirits

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

Management reviews, analyses and discusses internal reports of each reportable segment. Key information regarding each reportable segment is set out on the next page.

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

Brand information (continued)

Amounts in EUR '000 for the six months period ended 30 September	Global Cocktail Brands 2021	Global Cocktail Brands 2020*	Regional Liqueurs & Spirits 2021	Regional Liqueurs & Spirits 2020*	Unallocated 2021	Unallocated 2020	Total 2021	Total 2020
Revenue	33,787	19,122	11,845	7,686	-	-	45,632	26,808
Cost of sales	(13,210)	(7,585)	(6,612)	(4,033)	-	-	(19,822)	(11,618)
Gross profit	**20,577**	**11,537**	**5,233**	**3,653**	**-**	**-**	**25,810**	**15,190**
A&P and distribution expenses	(5,814)	(3,529)	(1,750)	(702)	-	-	(7,564)	(4,231)
Personnel and other expenses	-	-	-	-	(6,714)	(5,626)	(6,714)	(5,626)
Total result from operating activities	**14,763**	**8,008**	**3,483**	**2,951**	**(6,714)**	**(5,626)**	**11,532**	**5,333**
Share of profit/(loss) of joint ventures	75	(871)	458	(142)	-	-	533	(1,013)
EBIT [1]	**14,838**	**7,137**	**3,941**	**2,809**	**(6,714)**	**(5,626)**	**12,065**	**4,320**

Amounts in EUR '000 as at	Global Cocktail Brands 30 September 2021	Global Cocktail Brands 31 March 2021	Regional Liqueurs & Spirits 30 September 2021	Regional Liqueurs & Spirits 31 March 2021	Unallocated 30 September 2021	Unallocated 31 March 2021	Total 30 September 2021	Total 31 March 2021
Intangible assets	193,011	193,011	105,094	105,202	-	-	298,105	298,213
Inventories	8,862	10,696	1,183	2,599	-	-	10,045	13,295
Other assets	-	-	-	-	54,091	54,856	54,091	54,856
Total segment assets	**201,873**	**203,707**	**106,277**	**107,801**	**54,091**	**54,856**	**362,241**	**366,364**
Total segment liabilities	**-**	**-**	**-**	**-**	**(169,185)**	**(181,562)**	**(169,185)**	**(181,562)**

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

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

Market cluster information (Regions)

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

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

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

	Revenue by market cluster		Gross profit	
Amounts in EUR '000 **for the six months period ended 30 September**	**2021**	**2020***	**2021**	**2020***
Sophisticated Cocktail Markets [1]	13,073	4,013	6,930	1,899
Developed Cocktail Markets [2]	25,866	20,169	15,236	11,797
Emerging Cocktail Markets	6,693	2,625	3,644	1,494
Consolidated totals	**45,632**	**26,807**	**25,810**	**15,190**

[*] The comparative numbers have been restated to reflect the change in reporting segments.

[1] Revenue attributed to the USA is 11,428 (H1 2020/21: 2,870)

[2] Revenue attributed to The Netherlands is 6,349 (H1 2020/21: 5,943) and France is 2,547 (H1 2020/21: 2,556)

Revenue came in at EUR 45,632 thousand, up 70% compared to last year, as a result of a strong improvement in trading mainly driven by the post COVID-19 re-opening of certain key markets and the ongoing retail presence.

5. Seasonality of operations

The Group's business is – to a certain extent – affected by seasonality. 47% of the Group's revenue of the full year ended 31 March 2021 was generated in the first half (i.e. 1 April to 30 September 2020). It is noted that normal seasonality in that year was distorted by the impact of COVID-19 on the Group's revenue. In 2021/22 to date the impact of seasonality may be somewhat reduced due to the strong trading improvement following the re-opening of certain key markets.

6. Distribution and administrative expenses

Amounts in EUR '000 for the six months period ended 30 September	2021	2020
Advertising and promotional expenses	(3,710)	(2,222)
Distribution expenses	(3,853)	(2,009)
Personnel expenses	(4,379)	(3,273)
Other administrative expenses	(1,367)	(1,382)
Depreciation and amortisation	(969)	(971)
	(14,278)	**(9,857)**

The increase in advertising and promotional expenses in the six-month period ended 30 September 2021 compared to the same period last year is in response to the re-opening of certain key markets, where an effective increase in such expenses drove the further post COVID-19 pandemic revenue growth. The increase in distribution expenses is driven by increased volumes shipped as well as the increase in logistic costs observed globally. Personnel expenses, excluding COVID-19 related government grants, was in line with the same period last year.

Per 1 June 2021 the Company entered into a new pension scheme for its Dutch employees as the previous scheme ended 31 May 2021. In order to comply with the new pension law (the '*Nieuwe Pensioenwet*'), which will become effective 1 January 2023, the Company changed its pension scheme from a partly defined benefit, partly defined contribution pension scheme into one overall defined contribution pension scheme.

7. Joint ventures

The increase in share of profit of joint ventures results from the post COVID-19 pandemic re-opening of certain key markets, which (amongst others) resulted in an increase in production volumes and hence operating and financial performance at Avandis C.V.

In the six-month period ended 30 September 2021 the Company contributed EUR 250 thousand in equity to the newly-created joint venture Maxxium BeLux, directly held on a 50/50 basis by the Company and Edrington Group. Maxxium BeLux' activities include the distribution Lucas Bols' and Edrington's portfolios of brands in Belgium and Luxembourg, starting with Lucas Bols' portfolio of brands effective 1 October 2021.

8. Net finance costs

Amounts in EUR '000 for the six months period ended 30 September	2021	2020
Interest income	1	164
Finance income	**1**	**164**
Interest expenses on loans and borrowings	(1,488)	(774)
Amortization refinancing fees	(39)	(39)
Interest expense on liability related to the Passoã call/put option	-	(598)
Interest expense on lease liability	(79)	(96)
Other finance costs	(177)	(328)
Finance costs	**(1,783)**	**(1,835)**
Net finance costs recognised in profit or loss	**(1,782)**	**(1,671)**

9. Earnings per share

Total weighted average number of shares has not changed compared to the number in the consolidated financial statements as at and for the year ended 31 March 2021.

10. Tax expense

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 September 2021 was 25.2% (six months ended 30 September 2020: 27.0%). The effective tax rate for the six months ended 30 September 2021 slightly exceeds the Company’s domestic tax rate (i.e. that in the Netherlands: 25%) mainly because profits generated in Passoã SAS are taxed in France and against a higher rate (refer to table below) partly offset by the effect of share of profit of equity-accounted investees.

Reconciliation of effective tax rate

For the six months period ended 30 September	2021		2020	
	%	EUR 1,000	%	EUR 1,000
Profit before tax		10,283		2,649
Tax using the Company's domestic tax rate	25.0	(2,571)	25.0	(662)
Effect of tax rates in foreign jurisdictions	1.3	(138)	5.8	(153)
Non-deductible expenses	0.4	(39)	0.2	(4)
Effect of share of profits of equity-accounted investees	(1.3)	132	(4.1)	108
Changes in estimates related to prior years	0.0	-	0.4	(11)
R&D tax incentive	0.0	-	(0.3)	9
Other	(0.2)	17	0.0	-
	25.2	**(2,599)**	**27.0**	**(713)**

Deferred tax liabilities

The deferred tax liabilities of EUR 46,811 thousand as at 30 September 2021 are a netted amount (EUR 45,908 thousand as at 31 March 2021). It is the net balance of deferred tax assets of EUR 2,573 thousand (EUR 3,376 thousand as at 31 March 2021) and deferred tax liabilities of EUR 49,384 thousand (EUR 49,284 thousand as at 31 March 2021).

The new Dutch tax loss utilisation rules which become effective 1 January 2022 do not impact the Company's current income tax expense and deferred tax assets as no unrecognised tax losses continue to exist.

11. Property, plant and equipment

The balance of the Group's right-of-use assets as at 30 September 2021 is EUR 5,718 thousand (EUR 6,101 thousand as at 31 March 2021).

12. Intangible assets

Each year the Company carries out a formal impairment test at the end of its financial year. For the six-month period ended 30 September 2021 no impairment test has been performed as the operations during the six-month period ended 30 September 2021 are in line with the assumptions applied to last year's impairment test (i.e. the test performed at 31 March 2021).

In the impairment test per 31 March 2021 management already incorporated the ongoing impact of COVID-19, including the related uncertainties, which resulted in an impairment of the Dutch Brands CGU per that date. Management did not identify a triggering event at 30 September 2021 that could indicate an additional asset may be impaired. As such, no impairment test was conducted per 30 September 2021.

13. Loans and borrowings

As at 30 September 2021 the Group has drawn EUR 30.0 million on the term loan facility, EUR 18.0 million on the revolving credit facility and EUR 50.0 million on the acquisition facility. The amended bank facilities in place consist of a EUR 30.0 million term loan facility, a EUR 40.0 million revolving credit facility and a EUR 50.0 million acquisition facility.

In April 2020, when the COVID-19 crisis had just started and expectations were that it would have a severe but short-term only impact, the Group (amongst others) agreed that the interest cover ratio covenant and the leverage ratio covenant would not be tested per 30 September 2020 and 31 March 2021. Instead, alternative covenants were agreed (and complied with at each of these dates).

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

For the six-month period ended 30 September 2021 the Group realised an LTM EBITDA of EUR 17,181 thousand. As at 30 September 2021, the liquidity level was EUR 36,494 thousand.

14. Net working capital

The decrease in working capital as at 30 September 2021 compared to 31 March 2021 is caused by strict cash and working capital management, noting that the Company ordered additional inventory in February and March 2021 to prepare for global disruptions in the supply chain.

15. Financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

30 September 2021 Amounts in EUR `000	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Forward exchange contracts used for hedging	48	-	-	48	-	48	-	48
	48	**-**	**-**	**48**	**-**	**48**	**-**	**48**
Financial assets not measured at fair value								
Loan to joint venture Avandis CV	-	599	-	599	-	599	-	599
Other long term loan	-	232	-	232	-	232	-	232
Trade and other receivables	-	16,748	-	16,748	-	16,748	-	16,748
Cash and cash equivalents	-	17,928		17,928	-	17,928	-	17,928
	-	**35,507**	**-**	**35,507**	**-**	**35,507**	**-**	**35,507**
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	(770)	-	-	(770)	-	(770)	-	(770)
Forward exchange contracts used for hedging	(112)	-	-	(112)	-	(112)	-	(112)
	(882)	**-**	**-**	**(882)**	**-**	**(882)**	**-**	**(882)**
Financial liabilities not measured at fair value								
Secured bank loans	-	-	(97,831)	(97,831)	-	(97,831)	-	(97,831)
Assumed liability Passoã call/put option	-	-	0	0	-	0	-	0
Lease liabilities (non-current)	-	-	(5,269)	(5,269)	-	(5,269)	-	(5,269)
Lease liabilities (current)	-	-	(690)	(690)	-	(690)	-	(690)
Bank overdrafts	-	-	(3,435)	(3,435)	-	(3,435)	-	(3,435)
Trade and other payables	-	-	(13,714)	(13,714)	-	(13,714)	-	(13,714)
	-	**-**	**(120,939)**	**(120,939)**	**-**	**(120,939)**	**-**	**(120,939)**

31 March 2021 Amounts in EUR `000	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Forward exchange contracts used for hedging	47	-	-	47	-	47	-	47
	47	**-**	**-**	**47**	**-**	**47**	**-**	**47**
Financial assets not measured at fair value								
Loan to joint venture Avandis CV	-	599	-	599	-	599	-	599
Other long term loan	-	232	-	232	-	232	-	232
Trade and other receivables	-	16,341	-	16,341	-	16,341	-	16,341
Cash and cash equivalents	-	18,827		18,827	-	18,827	-	18,827
	-	**35,999**	**-**	**35,999**	**-**	**35,999**	**-**	**35,999**
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	(1,045)	-	-	(1,045)	-	(1,045)	-	(1,045)
Forward exchange contracts used for hedging	(323)	-	-	(323)	-	(323)	-	(323)
	(1,368)	**-**	**-**	**(1,368)**	**-**	**(1,368)**	**-**	**(1,368)**
Financial liabilities not measured at fair value								
Secured bank loans	-	-	(97,792)	(97,792)	-	(97,792)	-	(97,792)
Assumed liability Passoã call/put option	-	-	-	-	-	-	-	-
Lease liabilities (non-current)	-	-	(5,618)	(5,618)	-	(5,618)	-	(5,618)
Lease liabilities (current)	-	-	(712)	(712)	-	(712)	-	(712)
Bank overdrafts	-	-	(13,203)	(13,203)	-	(13,203)	-	(13,203)
Trade and other payables	-	-	(16,457)	(16,457)		(16,457)	-	(16,457)
	-	**-**	**(133,782)**	**(133,782)**	**-**	**(133,782)**	**-**	**(133,782)**

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values at 30 September 2021 and 31 March 2021, as well as the significant unobservable inputs used.

Financial instruments measured at fair value:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship 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	Not applicable	Not applicable

	active market and the quotes reflect the actual transactions in similar instruments	

Financial instruments not measured at fair value:

Type	Valuation technique	Significant unobservable inputs
Financial assets	Discounted cash flows	Not applicable
Financials liabilities	Discounted cash flows	Not applicable

Financial assets include trade and other receivables, cash and cash equivalents and other investments including derivatives. Other financial liabilities include bank loans, other short term financial liabilities and trade and other payables. The book value of the secured bank loans is considered to be the best approximation of the fair value. For all other financial instruments, the fair value is considered to be consistent with the book value.

16. Employee Share Purchase Plan

In 2015 the Group set up its Employee Share Purchase Plan ('ESPP'). Under the ESPP, employees are entitled to buy shares of the Company with their own funds twice a year (i.e. following publication of the half-year and full-year results) for a yearly maximum of 33.33% of their gross base salary. Eligible employees are entitled to buy at a discount of 13.5% of the share price at that time. A three-year lock up period is applicable, during which the employees cannot sell the shares bought under the ESPP. No other vesting or performance conditions are applicable. The ESPP qualifies as share-based arrangement (equity settled) under IFRS 2. No share-based payment costs are recognised in profit and loss as the fair value of the share-based payment is zero.

17. Commitments and contingencies

The Group leases offices, which are brought on the balance following the adoption of IFRS 16; refer to note 11. For the lessor a guarantee has been issued for an amount of EUR 138 thousand.

18. 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'. The components and magnitude of their remuneration for the six-month period ended 30 September 2021 did not significantly change compared to what was disclosed in the remuneration report in the annual report for the year ended 31 March 2021. For details on their remuneration, reference is made to the remuneration report in the annual report for the year ended 31 March 2021.

Other related party transactions
The Group has related party relationships with its shareholders, subsidiaries and post-employment benefit plans. The financial transactions between the Company and its subsidiaries comprise of financing related transactions and operational transactions in the normal course of business and are eliminated in the consolidated financial statements. The related party transactions in the six-month period ended 30 September 2021 do in substance not deviate from the transactions as reflected in the consolidated financial statements as at and for the year ended 31 March 2021.

Amounts in EUR `000	Transaction values for the 6 months period ended 30 September 2021	2020	Balance outstanding as at 30 Sept. 2021	31 March 2021
Sale of goods and services				
Joint ventures	6,271	6,800	1,004	976
Purchase of goods and services				
Joint ventures	(11,625)	(8,639)	(1,481)	(3,784)
Others				
Joint ventures dividends received	350	250	-	-
Joint ventures share in results	533	(1,013)	-	-
Joint ventures capital contribution	250	200	-	-
Joint ventures loan and related interest	-	-	599	599
Other related party loans	-	-	232	232

Balances are expected to be settled in cash within two months of the end of the reporting period, 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 six-month period ended 30 September 2021 or in previous years for doubtful debts in respect of amounts owed by related parties. In relation to the financing of the joint venture in India a guarantee has been issued for an amount of EUR 1.5 million (INR 132 million).

19. Subsequent events

There are no subsequent events.

20. Responsibility statement

The Management Board of Lucas Bols N.V. hereby declares that, to the best of its knowledge, the interim condensed consolidated financial statements as at and for the six months ended 30 September 2021 as prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU give a true and fair view of the assets, liabilities, financial position and the profit or loss of Lucas Bols N.V. and its consolidated companies included in the consolidation as a whole, and that the interim condensed consolidated financial information
for the six-month period ended 30 September 2021 gives a fair view of the information required in accordance with section 5:25d subsections 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

21. Independent auditor’s review report

The interim condensed consolidated financial statements for the period ended 30 September 2021 have not been reviewed by an external auditor. As such, no independent auditor’s review report on the interim condensed consolidated financial statements was issued.