



**Interim condensed consolidated financial information
for the six-month period ended 30 September 2022
(unaudited)**

Interim condensed consolidated statement of profit or loss
for the six-month period ended 30 September 2022 and 2021

| AMOUNTS IN EUR '000 FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | Note | 2022 | 2021 |
|--|------|----------------|----------------|
| Revenue | 4 | 56,295 | 45,632 |
| Cost of sales | | (25,204) | (19,822) |
| Gross profit | | 31,091 | 25,810 |
| Distribution and administrative expenses | 5 | (19,750) | (14,278) |
| Operating profit | | 11,341 | 11,532 |
| Share of profit/(loss) of joint ventures | 6 | 480 | 533 |
| Finance income | | 3 | 1 |
| Finance costs | | (1,349) | (1,783) |
| Net finance costs | 7 | (1,346) | (1,782) |
| Profit/(loss) before tax | | 10,475 | 10,283 |
| Income tax expense | 9 | (2,607) | (2,599) |
| Net profit/(loss) | | 7,868 | 7,684 |
| Result attributable to the owners of the Company | | 7,868 | 7,684 |
| Weighted average number of shares | 8 | 14,972,756 | 12,477,298 |
| Earnings per share | | | |
| Basic earnings per share (EUR) | 8 | 0.53 | 0.62 |
| Diluted earnings per share (EUR) | 8 | 0.53 | 0.62 |

The notes on page 9 to 20 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 2022 and 2021

| AMOUNTS IN EUR '000 FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | Note | 2022 | 2021 |
|---|------|---------------|--------------|
| Net profit/(loss) | | 7,868 | 7,684 |
| Items that will never be reclassified to profit or loss | | | |
| Remeasurement of defined benefit liability | | - | (39) |
| Related tax | | - | 10 |
| | | - | (29) |
| Items that are or may be reclassified to profit or loss | | | |
| Foreign operations - foreign currency translation differences | | 2,364 | 235 |
| Net change in hedging reserve | | 245 | 486 |
| Related tax | | (61) | (122) |
| | | 2,548 | 599 |
| Other comprehensive income for the period, net of tax | | 2,548 | 570 |
| Total comprehensive income for the period, net of tax | | 10,416 | 8,254 |
| Total comprehensive income attributable to the owners of the Company | | 10,416 | 8,254 |

The notes on page 9 to 20 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 2022 and 2021

| AMOUNTS IN EUR '000 | Note | SHARE CAPITAL | SHARE PREMIUM | TREASURY SHARES | CURRENCY TRANSLATION RESERVE | HEDGING RESERVE | OTHER LEGAL RESERVES | RETAINED EARNINGS | RESULT FOR THE PERIOD | TOTAL EQUITY |
|---|------|---------------|----------------|-----------------|------------------------------|-----------------|----------------------|-------------------|-----------------------|----------------|
| Balance as at 1 April 2022 | | 1,497 | 157,787 | - | (289) | (287) | 7,630 | 47,417 | 11,771 | 225,526 |
| Transfer result prior period | | - | - | - | - | - | - | 11,771 | (11,771) | - |
| Total comprehensive income | | | | | | | | | | |
| Profit (loss) for the period | | - | - | - | - | - | - | - | 7,868 | 7,868 |
| Other comprehensive income | | - | - | - | 2,364 | 184 | - | - | - | 2,548 |
| Total comprehensive income | | - | - | - | 2,364 | 184 | - | - | 7,868 | 10,416 |
| Dividend paid | | - | - | - | - | - | - | - | - | - |
| Purchase own shares (ESPP) | 15 | - | - | - | - | - | - | - | - | - |
| Own shares delivered (ESPP) | 15 | - | - | - | - | - | - | - | - | - |
| Changes in estimates of costs related to the issuance of shares | | - | - | - | - | - | - | - | - | - |
| Transfer to Other legal reserves | | - | - | - | - | - | - | - | - | - |
| Balance as at 30 September 2022 | | 1,497 | 157,787 | - | 2,075 | (103) | 7,630 | 59,188 | 7,868 | 235,942 |

| AMOUNTS IN EUR '000 | Note | SHARE CAPITAL | SHARE PREMIUM | TREASURY SHARES | CURRENCY 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) | 15 | - | - | - | - | - | - | - | - | - |
| Own shares delivered (ESPP) | 15 | - | - | - | - | - | - | - | - | - |
| 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 |

The notes on page 9 to 20 are an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

as at 30 September 2022 and 31 March 2022

| AMOUNTS IN EUR '000 AS AT | Note | 30 September 2022 | 31 March 2022 |
|---|------|-------------------|----------------|
| Assets | | | |
| Property, plant and equipment | 10 | 8,515 | 8,975 |
| Intangible assets | 11 | 306,747 | 306,864 |
| Investments in joint ventures | 6 | 10,267 | 10,373 |
| Other investments | | 232 | 232 |
| Non-current assets | | 325,761 | 326,444 |
| Inventories | | 20,187 | 17,624 |
| Trade and other receivables | | 23,571 | 19,323 |
| Other investments including derivatives | | 233 | 162 |
| Cash and cash equivalents | | 21,890 | 25,588 |
| Current assets | | 65,881 | 62,697 |
| Total assets | | 391,642 | 389,141 |

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

The notes on page 9 to 20 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 2022 | 31 March 2022 |
|--|------|-------------------|----------------|
| Equity | | | |
| Share capital | | 1,497 | 1,497 |
| Share premium | | 157,787 | 157,787 |
| Translation Reserve | | 2,075 | (289) |
| Hedging Reserve | | (103) | (287) |
| Other legal reserves | | 7,630 | 7,630 |
| Retained earnings | | 59,188 | 47,417 |
| Result for the period | | 7,868 | 11,771 |
| Total equity | | 235,942 | 225,526 |
| Liabilities | | | |
| Loans and borrowings | 12 | 73,909 | 80,370 |
| Other non-current financial liabilities | 14 | 6,548 | 7,847 |
| Provisions | | 70 | - |
| Deferred tax liabilities | 9 | 49,844 | 48,659 |
| Total non-current liabilities | | 130,371 | 136,876 |
| Loans and borrowings | 12 | 7,043 | 5,750 |
| Trade and other payables | | 16,133 | 16,552 |
| Corporate income tax payable | | 17 | 1,308 |
| Other current financial liabilities, including derivatives | 14 | 2,136 | 3,129 |
| Total current liabilities | | 25,329 | 26,739 |
| Total liabilities | | 155,700 | 163,615 |
| Total equity and liabilities | | 391,642 | 389,141 |

The notes on page 9 to 20 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 2022 and 2021

| AMOUNTS IN EUR '000 FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | Note | 2022 | 2021 |
|--|------|----------------|---------------|
| Cash flows from operating activities | | | |
| Net profit/(loss) | | 7,868 | 7,684 |
| Adjustments for: | | | |
| • Depreciation, amortisation and impairment | 5 | 845 | 969 |
| • Net finance costs | 7 | 1,346 | 1,782 |
| • Share of profit of joint ventures | 17 | (480) | (533) |
| • Income tax expense | 9 | 2,607 | 2,599 |
| • Provision for share-based payments | | 70 | - |
| • Provision for employee benefits | | - | 8 |
| • Other non-cash items | | 135 | - |
| | | 12,391 | 12,509 |
| Change in: | | | |
| • Inventories | | (2,563) | 3,250 |
| • Trade and other receivables | | (4,248) | (407) |
| • Trade and other payables | | (419) | (3,594) |
| Net changes in working capital | 13 | (7,230) | (751) |
| Dividends from joint ventures | 17 | 450 | 350 |
| Interest received | | 38 | 144 |
| Income tax paid | | (2,766) | (777) |
| Net cash from operating activities | | 2,883 | 11,475 |

The notes on page 9 to 20 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-MONTH PERIOD ENDED 30 SEPTEMBER | Note | 2022 | 2021 |
|--|------|-----------------|----------------|
| Cash flows from investing activities | | | |
| Acquisition of subsidiary, net of cash acquired | | - | - |
| Acquisition of/additions to joint ventures | 6/17 | - | (250) |
| Acquisition of property, plant and equipment | 10 | (73) | (36) |
| Acquisition of intangible assets | 11 | - | (38) |
| Net cash used in investing activities | | (73) | (324) |
| Cash flows from financing activities | | | |
| Proceeds from loans and borrowings | 12 | - | - |
| Repayment of loans and borrowings | 12 | (6,500) | - |
| Settlement of other current financial liabilities | | (1,637) | - |
| Cash dividend paid to shareholders | | - | - |
| Payments made in lease contracts | | (485) | (427) |
| Interest paid | | (1,509) | (1,884) |
| Net cash used in financing activities | | (10,131) | (2,311) |
| Net (decrease)/increase in cash and cash equivalents | | (7,321) | 8,840 |
| Cash and cash equivalents as at 1 April | | 24,838 | 5,624 |
| Effect of exchange rate fluctuations | | 2,330 | 29 |
| Net cash and cash equivalents as at 30 September | | 19,847 | 14,493 |
| Cash and cash equivalents (asset) | | 21,890 | 17,928 |
| Less: bank overdrafts included in current loans and borrowings | | (2,043) | (3,435) |
| Net cash and cash equivalents as at 30 September | | 19,847 | 14,493 |

The notes on page 9 to 20 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 2022 and 2021

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 2022 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, Tequila Partida, 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 2022. 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 16 November 2022. The interim condensed consolidated financial statements are not audited.

(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 14 – 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 requires 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 2022.

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 2022.

Several amendments and interpretations apply for the first time in 2022, 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: Global Cocktail Brands and Regional Liqueurs & Spirits.

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 Ready-to-Enjoy Cocktails), 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/or (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, Tequila Partida, 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-MONTH PERIOD ENDED 30 SEPTEMBER | | | | | | | | |
|--|------------------------|---------------|-----------------------------|--------------|----------------|----------------|---------------|---------------|
| | GLOBAL COCKTAIL BRANDS | | REGIONAL LIQUEURS & SPIRITS | | UNALLOCATED | | TOTAL | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue | 39,987 | 33,787 | 16,308 | 11,845 | - | - | 56,295 | 45,632 |
| Cost of sales | (16,288) | (13,210) | (8,916) | (6,612) | - | - | (25,204) | (19,822) |
| Gross profit | 23,699 | 20,577 | 7,392 | 5,233 | - | - | 31,091 | 25,810 |
| A&P and distribution expenses | (9,425) | (5,814) | (2,113) | (1,750) | - | - | (11,538) | (7,564) |
| Personnel and other expenses | - | - | - | - | (8,212) | (6,714) | (8,212) | (6,714) |
| Total result from operating activities | 14,274 | 14,763 | 5,279 | 3,483 | (8,212) | (6,714) | 11,341 | 11,532 |
| Share of profit/(loss) of joint ventures | 62 | 75 | 418 | 458 | - | - | 480 | 533 |
| EBIT¹ | 14,336 | 14,838 | 5,697 | 3,941 | (8,212) | (6,714) | 11,821 | 12,065 |

| AMOUNTS IN EUR '000 AS AT | | | | | | | | |
|----------------------------------|------------------------|----------------|-----------------------------|---------------|-------------------|------------------|-------------------|------------------|
| | GLOBAL COCKTAIL BRANDS | | REGIONAL LIQUEURS & SPIRITS | | UNALLOCATED | | TOTAL | |
| | 30 SEPTEMBER 2022 | 31 MARCH 2022 | 30 SEPTEMBER 2022 | 31 MARCH 2022 | 30 SEPTEMBER 2022 | 31 MARCH 2021 | 30 SEPTEMBER 2022 | 31 MARCH 2022 |
| Intangible assets | 213,013 | 213,013 | 93,734 | 93,851 | - | - | 306,747 | 306,864 |
| Inventories | 16,742 | 13,484 | 3,445 | 4,140 | - | - | 20,187 | 17,624 |
| Other assets | - | - | - | - | 64,708 | 64,653 | 64,708 | 64,653 |
| Total segment assets | 229,755 | 226,497 | 97,179 | 97,991 | 64,708 | 64,653 | 391,642 | 389,141 |
| Total segment liabilities | - | - | - | - | (155,700) | (163,615) | (155,700) | (163,615) |

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

Market cluster information (Regions)

Markets are grouped into market clusters mainly based on the relative maturity of the cocktail culture in that specific market (rather than on geographical location). Three market clusters are now identified:

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

| AMOUNTS IN EUR '000 FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER | | | | |
|---|---------------------------|---------------|---------------|---------------|
| | REVENUE BY MARKET CLUSTER | | GROSS PROFIT | |
| | 2022 | 2021 | 2022 | 2021 |
| Sophisticated Cocktail Markets ¹ | 13,925 | 13,073 | 7,152 | 6,930 |
| Developed Cocktail Markets ² | 33,751 | 25,866 | 19,053 | 15,236 |
| Emerging Cocktail Markets | 8,619 | 6,693 | 4,886 | 3,644 |
| Consolidated totals | 56,295 | 45,632 | 31,091 | 25,810 |

¹ Revenue attributed to the USA is 12,303 (H1 2021/22: 11,428)

² Revenue attributed to The Netherlands is 6,892 (H1 2021/22: 6,349)

Revenue came in at EUR 56,295 thousand (2021/22: 45,632 thousand), up 23% compared to last year, mainly as a result of higher trading volumes, customer price increases, premiumisation, favourable mix effects and exchange rate impact.

5. Distribution and administrative expenses

| AMOUNTS IN EUR '000 FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | | |
|--|-----------------|-----------------|
| | 2022 | 2021 |
| Advertising and promotional expenses | (5,086) | (3,710) |
| Distribution expenses | (6,452) | (3,853) |
| Personnel expenses | (5,543) | (4,379) |
| Other administrative expenses | (1,824) | (1,367) |
| Depreciation and amortisation | (845) | (969) |
| | (19,750) | (14,278) |

The increase in advertising and promotional expenses in the six-month period ended 30 September 2022 compared to the same period last year reflects our strategy to invest in the brands (mainly the Global Cocktail Brands) to accelerate growth. The increase in distribution expenses is largely driven by the increase in logistic costs observed globally. Approximately EUR 1.4 million of this increase relates to a substantial single production of Bols Liqueurs for the US market at Avandis (rather than at our production partner in the US) to minimise the impact of the US glass shortages. The remaining increase in logistics costs stems from higher volumes shipped and a further increase in shipping rates. Personnel expenses increased compared to the same period last year, reflecting the acquisition of Tequila Partida (an on-site team in Mexico), salary increases and an increase in flexible staff at the Lucas Bols Experiences (e.g. the House of Bols) now that tourism is bouncing back. In addition, last year's personnel expenses were netted for COVID-19 government grants.

6. Joint ventures

The share of profit of joint ventures results from Maxxium Netherlands and Belux.

In relation to the financing of its joint venture BolsKyndal in India, and in line with what was announced in May 2022, the Group made a payment of EUR 1.6 million to the local bank in India to settle the outstanding loan with BolsKyndal. No expenses were recognised in the six-month period ended 30 September 2022 in regard to this transaction as the Group has already recorded a liability per 31 March 2022 (under 'Other current financial liabilities, including derivatives').

7. Net finance costs

| AMOUNTS IN EUR '000 FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | 2022 | 2021 |
|--|----------------|----------------|
| Interest income | 3 | 1 |
| Finance income | 3 | 1 |
| Interest expenses on loans and borrowings | (959) | (1,488) |
| Amortization refinancing fees | (39) | (39) |
| Interest expense on lease liability | (66) | (79) |
| Other finance costs | (285) | (177) |
| Finance costs | (1,349) | (1,783) |
| Net finance costs recognised in profit or loss | (1,346) | (1,782) |

8. Earnings per share

Total weighted average number of shares has changed compared to the number in the consolidated financial statements as at and for the year ended 31 March 2022. Per 30 September 2022 the total weighted average number of shares amounts to 14,972,756, which is equal to the total number of shares issued as at that date. In December 2021 the Company issued 2,495,458 new shares, which resulted in a weighted average number of shares per 31 March 2022 of 13,238,276.

Basic and diluted earnings per share for the six-month period ended 30 September 2022 amount to EUR 0.53 (30 September 2021: EUR 0.62).

9. Tax expense

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 September 2022 was 24.9% (six months ended 30 September 2021: 25.2%). The effective tax rate for the six months ended 30 September 2022 is slightly below the Company's domestic tax rate (i.e. the Dutch corporate income tax rate which is 25.8% for the six-month period ended 30 September 2022) mainly due to the effect of share of profit of equity-accounted investees.

Reconciliation of effective tax rate

| FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | 2022 | | 2021 | |
|--|-------------|----------------|-------------|----------------|
| | % | EUR 1,000 | % | EUR 1,000 |
| Profit/(loss) before tax | | 10,475 | | 10,283 |
| Tax using the Company's domestic tax rate | 25.8 | (2,703) | 25.0 | (2,571) |
| Effect of tax rates in foreign jurisdictions | 0.0 | (4) | 1.3 | (138) |
| Non-deductible expenses | 0.0 | 4 | 0.4 | (39) |
| Effect of share of profits of equity-accounted investees | (1.2) | 124 | (1.3) | 132 |
| Changes in estimates related to prior years | 0.4 | (41) | 0.0 | - |
| Other | (0.1) | 13 | (0.2) | 17.00 |
| | 24.9 | (2,607) | 25.2 | (2,599) |

Deferred tax liabilities

The deferred tax liabilities of EUR 49,844 thousand as at 30 September 2022 are a netted amount (EUR 48,659 thousand as at 31 March 2022). It is the net balance of deferred tax assets of EUR 862 thousand (EUR 1,876 thousand as at 31 March 2022) and deferred tax liabilities of EUR 50,706 thousand (EUR 50,535 thousand as at 31 March 2022).

The new Dutch tax loss utilisation rules which became 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.

10. Property, plant and equipment

The balance of the Group's right-of-use assets as at 30 September 2022 is EUR 5,649 thousand (EUR 5,942 thousand as at 31 March 2022).

11. Intangible assets

Each year the Company carries out a formal impairment test at the end of its financial year. The Company identified a triggering event for one of its CGUs during the six-month period ended 30 September 2022: a significant increase in the WACC compared to 31 March 2022. This increase is mainly driven by a substantial general increase in the risk-free rate as a consequence of the global macroeconomic and geopolitical uncertainty.

An impairment test was performed for that CGU accordingly, which did not result in an impairment.

12. Loans and borrowings

As at 30 September 2022 the Group has drawn EUR 30.0 million on the term loan facility, EUR 4.0 million on the revolving credit facility and EUR 45.0 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 45.0 million acquisition facility.

A minimum liquidity level covenant (set at EUR 15.0 million on the last day of each month for the testing period ended 30 September 2022) and an EBITDA 'floor' covenant (set at EUR 11.0 million for the testing period ended 30 September 2022, each to be measured on a last twelve months ('LTM' or 'rolling') basis) was agreed with the banks.

For the six-month period ended 30 September 2022 the Group realised an LTM EBITDA of EUR 22,546 thousand. As at 30 September 2022, the liquidity level was EUR 55,847 thousand.

13. Net working capital

The increase in net working capital as at 30 September 2022 is caused by deliberate significant investments in inventory, amongst others in relation to the introduction of new products, contingency volumes in response to the global supply chain disruptions and the acquisition of Tequila Partida. In addition, trading levels have improved further.

14. 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.

| AMOUNTS IN EUR '000 AS AT 30 SEPTEMBER 2022 | FAIR VALUE – HEDGING INSTRUMENTS | LOANS AND RECEIVABLES | OTHER FINANCIAL LIABILITIES | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|---|--|--------------------------|-----------------------------------|------------------|---------|------------------|----------------|
| Financial assets measured at fair value | | | | | | | |
| Interest rate swaps used for hedging | 453 | - | - | 453 | - | 453 | - |
| Forward exchange contracts used for hedging | 233 | - | - | 233 | - | 233 | - |
| | 686 | - | - | 686 | - | 686 | - |
| Financial assets not measured at fair value | | | | | | | |
| Loan to joint venture Avandis CV | - | - | - | - | - | - | - |
| Other long term loan | - | 232 | - | 232 | - | 232 | - |
| Trade and other receivables | - | 23,571 | - | 23,571 | - | 23,571 | - |
| Cash and cash equivalents | - | 21,890 | - | 21,890 | - | 21,890 | - |
| | - | 45,693 | - | 45,693 | - | 45,693 | - |
| Financial liabilities measured at fair value | | | | | | | |
| Contingent consideration (non-current) | - | - | (1,460) | (1,460) | - | - | (1,460) |
| Contingent consideration (current) | - | - | (900) | (900) | - | - | (900) |
| Provisions | - | - | (70) | (70) | - | (70) | - |
| Interest rate swaps used for hedging | - | - | - | - | - | - | - |
| Forward exchange contracts used for hedging | (825) | - | - | (825) | - | (825) | - |
| | (825) | - | (2,430) | (3,255) | - | (895) | (2,360) |
| Financial liabilities not measured at fair value | | | | | | | |
| Secured bank loans | - | - | (78,909) | (78,909) | - | (78,909) | - |
| Lease liabilities (non-current) | - | - | (5,088) | (5,088) | - | (5,088) | - |
| Lease liabilities (current) | - | - | (778) | (778) | - | (778) | - |
| Other financial liabilities (current) | - | - | (87) | (87) | - | (87) | - |
| Corporate income tax payable | - | - | (17) | (17) | - | (17) | - |
| Bank overdrafts | - | - | (2,043) | (2,043) | - | (2,043) | - |
| Trade and other payables | - | - | (16,133) | (16,133) | - | (16,133) | - |
| | - | - | (103,055) | (103,055) | - | (103,055) | - |

| AMOUNTS IN EUR '000 AS AT 31 MARCH 2022 | FAIR VALUE – HEDGING INSTRUMENTS | LOANS AND RECEIVABLES | OTHER FINANCIAL LIABILITIES | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|---|--|--------------------------|-----------------------------------|------------------|---------|------------------|----------------|
| Financial assets measured at fair value | | | | | | | |
| Interest rate swaps used for hedging | - | - | - | - | - | - | - |
| Forward exchange contracts used for hedging | 162 | - | - | 162 | - | 162 | - |
| | 162 | - | - | 162 | - | 162 | - |
| Financial assets not measured at fair value | | | | | | | |
| Loan to joint venture Avandis CV | - | - | - | - | - | - | - |
| Other long term loan | - | 232 | - | 232 | - | 232 | - |
| Trade and other receivables | - | 19,323 | - | 19,323 | - | 19,323 | - |
| Cash and cash equivalents | - | 25,588 | - | 25,588 | - | 25,588 | - |
| | - | 45,143 | - | 45,143 | - | 45,143 | - |
| Financial liabilities measured at fair value | | | | | | | |
| Contingent consideration (non-current) | - | - | (2,360) | (2,360) | - | - | (2,360) |
| Interest rate swaps used for hedging | (233) | - | - | (233) | - | (233) | - |
| Forward exchange contracts used for hedging | (312) | - | - | (312) | - | (312) | - |
| | (545) | - | (2,360) | (2,905) | - | (545) | (2,360) |
| Financial liabilities not measured at fair value | | | | | | | |
| Secured bank loans | - | - | (85,370) | (85,370) | - | (85,370) | - |
| Lease liabilities (non-current) | - | - | (5,408) | (5,408) | - | (5,408) | - |
| Lease liabilities (current) | - | - | (778) | (778) | - | (778) | - |
| Other financial liabilities (current) | - | - | (1,884) | (1,884) | - | (1,884) | - |
| Corporate income tax payable | - | - | (1,308) | (1,308) | - | (1,308) | - |
| Bank overdrafts | - | - | (750) | (750) | - | (750) | - |
| Trade and other payables | - | - | (16,552) | (16,552) | - | (16,552) | - |
| | - | - | (112,050) | (112,050) | - | (112,050) | - |

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values at 30 September 2022 and 31 March 2022, 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 | <i>Market comparison technique:</i> 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 | Not applicable | Not applicable |

Financial instruments not measured at fair value:

| Type | Valuation technique | Significant unobservable inputs |
|-----------------------|-----------------------|---------------------------------|
| Financial assets | Discounted cash flows | Not applicable |
| Financial 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.

15. Share-based arrangements

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 a 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.

Long Term Incentive Plan

Effective 1 April 2022, the Group established a share-based payment plan. This Long-Term Incentive Plan ('LTIP') grants key management and senior employees phantom shares which entitle them to a cash payment after three years of service. Whether there is any cash payment, and if so, the amount of such cash payment, depends on the extent to which three-year performance targets are met and the development of the Group's share price between grant date and the vesting date.

The fair value of the phantom shares at grant date is based on the Group's share price per that date. The fair value of the liability, classified as a provision, is remeasured at each reporting date and at settlement date based on the Group's share price per that date and the likelihood of achieving various performance targets and accounted for in accordance with IFRS 2.

During the six-month period ended 30 September 2022 the Group granted 52,848 phantom shares to key management and senior employees with a vesting period of three years.

16. Commitments and contingencies

The Group leases offices, which were brought on the balance sheet following the adoption of IFRS 16 in the fiscal year ended 31 March 2019; refer to note 10. For the lessor a guarantee has been issued for an amount of EUR 138 thousand.

17. 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 2022 did not significantly change compared to what was disclosed in the remuneration report in the annual report for the year ended 31 March 2022. For details on their remuneration, reference is made to the remuneration report in the annual report for the year ended 31 March 2022.

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 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 2022 do in substance not deviate from the transactions as reflected in the consolidated financial statements as at and for the year ended 31 March 2022.

| AMOUNTS IN EUR '000 | TRANSACTION VALUES FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER | | | BALANCE OUTSTANDING AS AT | |
|---------------------------------------|--|----------|-------------------|---------------------------|--|
| | 2022 | 2021 | 30 SEPTEMBER 2022 | 31 MARCH 2022 | |
| Sale of goods and services | | | | | |
| Joint ventures | 10,630 | 6,271 | 1,521 | 1,429 | |
| Purchase of goods and services | | | | | |
| Joint ventures | (17,118) | (11,625) | (2,700) | (1,717) | |
| Others | | | | | |
| Joint ventures dividends received | 450 | 350 | - | - | |
| Joint ventures share in results | 480 | 533 | - | - | |
| Joint ventures capital contribution | - | 250 | - | - | |
| Other related party loans | 232 | - | 232 | 232 | |

Balances are expected to be settled in cash within two months of the end of the reporting period, except for the other related party loan (undefined duration). None of the balances is secured. No expense was recognised in the six-month period ended 30 September 2022 for doubtful debts in respect of amounts owed by related parties. In relation to the financing of the joint venture in India the Group made a payment to the local bank in India of EUR 1.6 million to settle the outstanding loan with BolsKyndal. No expenses were recognised in the six-month period ended 30 September 2022 in regard to this transaction as the Group has already recorded a liability per 31 March 2022 (under 'Other current financial liabilities, including derivatives'). Also refer to note 6.

18. Subsequent events

The sale of Avandis to Refresco

In October 2022 Lucas Bols and De Kuyper signed an agreement with Refresco for the sale of their 50/50 joint venture Avandis. In addition, Lucas Bols will enter into a long-term manufacturing agreement with Refresco. The purchase price for 100% of the shares amounts to EUR 25.0 million, to be adjusted for Avandis' net debt position (31 March 2022: EUR 15.0 million) and any working capital adjustments, both at completion date.

As at 30 September 2022, Lucas Bols' 50% share in Avandis has a carrying value of EUR 8.3 million. This includes the non-cash, one-off gain of EUR 1.7 million that was capitalised in 20/21 when Lucas Bols purchased an additional 16.67% share in Avandis from Herman Jansen. Provided no material changes in Avandis' operating results, net debt and working capital take place between 30 September 2022 and completion date, we expect to account for a one-off, non-cash loss on disposal of approximately EUR 2-4 million upon completion.

Completion date is expected by the end of 2022 pending regulatory approval and the consultation process with the respective Works Councils.

Avandis is not accounted for as a non-current asset held for sale as at 30 September 2022 because the intended sale did not meet all conditions specified in IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' per that date.

19. 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 2022 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 2022 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).

20. Independent auditor's report

The interim condensed consolidated financial statements for the period ended 30 September 2022 have not been audited or reviewed by an external auditor. As such, no independent auditor's report or review report on the interim condensed consolidated financial statements was issued.