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9 December 2021

Lucas Bols to acquire ultra-premium Tequila Partida brand

Perfect fit with global cocktail strategy, further strengthening the brand portfolio and leveraging Lucas Bols’ distribution platform

Lucas Bols N.V., a leading global cocktail and spirits player (“Lucas Bols”), today announced the intended acquisition of Tequila Partida LLC (“Tequila Partida”) from the Shansby Trust and Edrington USA, Inc. Tequila Partida is the world’s highest rated ultra-premium tequila brand, mainly selling in the United States and Mexico. The intended acquisition strengthens Lucas Bols’ portfolio with tequila, one of the fastest growing spirits categories in the United States and a key ingredient in the leading Margarita cocktail.

Highlights

- **Lucas Bols intends to fully acquire the ultra-premium Tequila Partida brand, comprising the La Familia and Roble Fino product ranges**
- **The Tequila Partida products are handcrafted in the town of Tequila (Mexico), supervised by a dedicated team of local tequila experts**
- **The intended acquisition capitalises on three attractive trends:**
 - **Tequila is a high-growth spirits category in the United States;**
 - **Within the tequila category, ultra-premium tequila is showing accelerated growth; and**
 - **Cocktails are a high-growth segment in the spirits market, with tequila as a key ingredient for the Margarita: the number one cocktail in the United States.**
- **Tequila Partida strengthens Lucas Bols’ brand portfolio and can seamlessly be added onto the Lucas Bols USA distribution platform, with select other markets around the world to follow in due course**
- **The acquisition is expected to close in the first quarter of the 2022 calendar year**
- **Lucas Bols intends to finance the purchase price of the acquisition, including a fixed and variable component, by means of an equity issue**
- **Major shareholders of Lucas Bols have committed to participate in the intended equity issue to finance the acquisition**

Huub van Doorne, CEO Lucas Bols: *“We are delighted to welcome the Tequila Partida brand to our portfolio. Personally, I am very excited to work with a tequila brand again, the spirits category I know well from the time I worked in Mexico. We look forward to the opportunity to further build this fantastic brand. Complementing our portfolio with the ultra-premium Tequila Partida brand provides Lucas Bols with the opportunity to tap into one of the hottest segments in spirits. We see ample opportunities to grow this brand, not only in its home markets the United States and Mexico, but also in select other markets around the world. We have a strong track record of successfully adding brands to our platform*

and growing them from there, as evidenced by Passoã, Nuvo and Pallini. With our strong distribution capabilities in the United States I am confident we can grow Tequila Partida beyond pre-COVID-19 levels. We are inspired by how Gary Shansby and his team set up the brand in 2005 and developed it from there, and we will continue their journey in the same spirit.”

Gary Shansby, founder of Tequila Partida: *“I am delighted with this fantastic opportunity for Tequila Partida to reach its full potential under the stewardship of Lucas Bols. The strong US distribution network, especially in the on-trade, Lucas Bols’ excellent brand building capabilities and the synergy with the unique Bols Cocktails brand will greatly contribute to the development of the Partida brand. I look forward to working together with the Lucas Bols team, who combine almost 450 years of heritage with a true entrepreneurial spirit.”*

The Tequila Partida business

Tequila Partida is the world’s highest rated tequila, and the only tequila brand to receive a five-star rating across the full range¹. Pre-COVID-19 depletions (sales by distributors) amounted to approximately 15,000 9.0 litre cases, which represents a revenue of around USD 3.5 million. The Partida La Familia range has a retail price of USD 40.- and up, and the Roble Fino range has a retail price of USD 100.- and up.

Tequila Partida was founded in 2005 and inspired by its namesake, Enrique Partida, a third-generation agave farmer who was considered a master in his community. Tequila Partida is made from only blue agave grown in the Tequila Valley, near a dormant volcano. The rich, red volcanic soil is perfect for the agave plant. After more than five years in the fields the agave is hand harvested by the jimadors. Within 24 hours of harvest, the agave is cooked fresh to retain its crisp, rich, natural flavours. After a slow, natural fermentation in stainless steel tanks, the liquid is distilled twice in small traditional pot stills, producing a clear tequila that retains the fresh, natural characteristics of the agave. Part of the La Familia product range is aged in ex-bourbon, American white oak casks to enhance the fresh natural agave flavour and colour. The Roble Fino product range is considered ‘the single malt of tequila’, combining the highest-rated tequila and the finest single malt sherry oak casks.

Strategic rationale

Since 2000, tequila has been the fastest growing spirits category in the United States and has developed into a premium, sophisticated spirits segment

In the past two decades, the tequila market in the United States grew by an average of 6.2% per annum, selling more than 20 million 9.0 litre cases in 2019. Tequila is one of the fastest growing spirits categories in the United States, growing equally in the on-trade and retail channels. Within the tequila category, 100% agave tequila has even grown to an all-time high.

Occasions for consumption of tequila have widened

In addition to being an essential ingredient in the Margarita cocktail, tequila is increasingly positioned as a standalone beverage, with consumers drinking their tequila neat. Overall, a clear shift to more premium and aged tequilas is being observed. Tequila Partida is taking advantage of this trend as its 100% all-natural tequila can also be consumed neat to savour its complex and agave-forward flavour.

Seamless fit with Lucas Bols’ brand portfolio and cocktail strategy

Tequila Partida is fully complementary to the Lucas Bols brand portfolio and further enhances Lucas Bols’ global cocktail strategy. Tequila is a key ingredient in various cocktails and is regarded as a clean, light, plant-based spirit which aligns with the trend of using simple, natural cocktail ingredients. In recent years, the liqueurs range under the Bols Cocktails brand benefitted from the “Add flavour to your Margarita” programme, illustrating the fit with the tequila category.

Perfect addition to the Lucas Bols USA platform

Tequila Partida will significantly strengthen our offering both in the on-trade and in retail driven by its convincing position as the world’s highest rated ultra-premium tequila and the additional volume it brings.

¹ Rated by spirits authority F. Paul. Pacult



The Lucas Bols USA platform has a proven track record when it comes to leveraging its well-developed distributor network and market insights. The Bols Cocktails brand is currently sold in over 40,000 on-trade accounts nationally, reflecting the strong potential to be unlocked for the Tequila Partida brand. Lucas Bols USA showed a very strong recovery in the half year ended 30 September 2021 which, together with its expanded position in retail, further paves the way for significant growth of its brands, including Tequila Partida.

We expect a smooth transition of Tequila Partida's current distributor, Edrington USA, to Lucas Bols USA in the first quarter of the 2022 calendar year.

Anticipated future growth whilst leveraging the strong operational platform

We anticipate future growth in revenue and profitability of Tequila Partida through depletion growth and further premiumisation in the United States and Mexico. We will invest substantially in the brand to achieve this growth. Although the initial focus will be on the United States and Mexico, we intend to realise additional growth by introducing Tequila Partida in selected other markets around the world in due course.

Adding the volume of the acquired brand requires limited structural investments only and will therefore leverage Lucas Bols' asset-light operational platform.

Transaction details

Under the intended acquisition Lucas Bols will acquire a 100% interest in Tequila Partida LLC (the "Target") in the United States and its Mexican subsidiaries Casa Partida and Tequila Partida de Mexico from the Shansby Trust and Edrington USA, Inc. (the "Sellers"). The Target will be acquired debt free and with healthy levels of working capital, including inventories of raw materials, aging products and finished products. In addition, all brands, trademarks and other intellectual property will be acquired as part of the transaction. A dedicated local team will continue to run the operation in Mexico under the leadership of Managing Director and Maestro Tequilero José Valdez.

The purchase price consists of a fixed component of USD 10 million and a smaller variable component which can be earned over a two-year period commencing on 1 April 2022 and is determined with reference to specific growth targets. Tequila Partida founder Gary Shansby will stay involved to ensure a smooth transition.

As at the date of this announcement, Lucas Bols and the Sellers have reached agreement on the key terms of the intended acquisition. Subject to the relevant transaction documentation (including without limitation the purchase agreement) being finalised and entered into, the intended acquisition is expected to close in the first quarter of the 2022 calendar year, with an effective date of 1 January 2022.

Financing of the acquisition

Lucas Bols intends to finance the purchase price of the acquisition, including a fixed and variable component, by means of an equity issue.

Major shareholders of Lucas Bols have committed to participate in the intended equity issue to finance the acquisition.

For 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 (with the exception of 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.

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