**Half-year results 2018/19 (1 April 2018 – 30 September 2018)**

20 November 2018

# Revenue and EBIT in line with last year

***New five-year credit facility agreed with banks***

**Highlights first half year 2018/19[1]**

- **Revenue of € 47.8 million, in line with last year**
- **Global brands reported revenue growth of 3.0%, while revenue of the regional brands was down 10.5% mainly as a result of temporary import restrictions in Western Africa and lower jenever/vieux sales in the Netherlands**
- **North America achieved double-digit revenue growth on the back of a strong performance in the US. Asia-Pacific showed healthy revenue growth, while both Western Europe and Emerging Markets saw revenue decline due to the performance of the regional brands**
- **The overall gross margin came in at 60.5% (down 110 bps) as a result of relatively lower shipments to higher margin markets**
- **EBIT amounted to € 12.9 million, while net profit came in at € 7.9 million, both in line with last year**
- **Interim dividend set at € 0.35 per share in cash, equal to last year**
- **New five-year credit facility arranged at improved terms, ensuring flexibility and reduced financing costs**

**Huub van Doorne, CEO Lucas Bols**: *"In the first half of 2018/19 we were pleased to see the healthy revenue growth of our global brands continue as a result of the good performance of Passoã, double-digit revenue growth in the US and accelerated growth in China. We managed to stabilise our EBIT despite more difficult trading conditions in Emerging Markets. Furthermore, we are pleased with our new credit facility that further enhances our flexibility and will reduce our annual financing costs. We are pleased to offer an interim dividend of € 0.35 per share."*

| **Key figures** | **Pre-IFRS 15/16** | | | | **Post-IFRS 15/16** |
|---|---|---|---|---|---|
| (in € million unless otherwise stated, for the half-year ended) | **30 September 2018** | **30 September 2017** | **% change reported** | **% change organic[2]** | **30 September 2018** |
| Revenue | 47.8 | 48.8 | -2.0% | -0.3% | 45.2 |
| Gross margin | 60.5% | 62.2% | -170 bps | -110 bps | 58.3% |
| EBIT[3] | 12.9 | 13.8 | -6.5% | 0.7% | 12.9 |
| EBIT margin | 26.9% | 28.2% | - 130 bps | 30 bps | 28.6% |
| Net profit | 7.9 | 8.7 | -9.3% | -0.8% | 7.9 |
| Operating free cash flow[4] | 6.1 | 6.7 | -8.9% | 1.2% | 6.5 |
| Earnings per share (in €) | 0.64 | 0.70 | -9.3% | -0.8% | 0.63 |
| Interim dividend per share (in €) | 0.35 | 0.35 | | | |

**Please note that the results stated in this press release are pre-IFRS 15/16 figures. The financial statements provide a bridge between the pre-IFRS 15/16 and post-IFRS 15/16 results.**

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[1] All comparisons are on an organic basis, i.e. at constant currencies and excluding one-off items. In H1 2018/19 the one-off items consist of one-off restructuring costs of € 0.3 million (net) at Avandis
[2] at constant currencies and excluding one-off items
[3] EBIT is defined as operating profit plus share of profit of joint ventures
[4] Operating free cash flow is defined as net cash from operating activities minus CAPEX

## Financial review

### Revenue
Lucas Bols' revenue for the first half of the financial year ended 30 September 2018 amounted to € 47.8 million, which was in line with the year-earlier period at constant currencies. Currencies had a negative impact of € 0.9 million on revenue.

At constant currencies our global brands segment showed a revenue growth of 3.0% as a result of a strong performance in North America and growth in Asia-Pacific. Revenue of the regional brands decreased by 10.5% compared to the first half of last year, mainly due to temporary import restrictions in Western Africa and a declining market for the domestic jenever/vieux portfolio in the Netherlands.

### Gross profit
At constant currencies gross profit for the first half of 2018/19 decreased by 2.1% compared to last year to € 28.9 million. The gross margin stood at 60.5% compared to 62.2% in the first half of 2017/18. This decline is the result of currencies, a mix effect of relatively lower shipments to higher margin markets and the introduction of Nuvo. This trend is expected to continue in the second half of 2018/19.

### EBIT
EBIT for the first half of 2018/19 came in at € 12.9 million, in line with last year, at constant currencies and excluding the one-off € 0.3 million net restructuring charge at Avandis.

As anticipated, currencies had a significant negative impact of € 0.7 million on EBIT in H1 2018/19. Advertising & Promotion (A&P) expenses were lower in the period under review. The € 0.3 million restructuring charge for the Avandis bottling and blending joint venture relates to the closure of the Cooymans distillery which will be completed in the last quarter of 2018/19.

The EBIT margin came in at 26.9%, in line with last year on an organic basis.

## Developments in the Lucas Bols brand portfolio

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

| (in € million unless otherwise stated, for the half year ended) | **30 September 2018** | **30 September 2017** | **% change reported** | **% change organic*** |
|---|---|---|---|---|
| Revenue | 37.6 | 37.4 | 0.7% | 3.0% |
| Gross profit | 24.0 | 24.9 | -3.5% | -0.5% |
| *Gross margin* | *63.7%* | *66.6%* | *-290 bps* | *-220 bps* |
| EBIT | 16.0 | 16.4 | -2.7% | +2.2% |
| *EBIT margin* | *42.5%* | *44.0%* | *-150 bps* | *-30 bps* |

* at constant currencies and excluding one-off items

Revenue of the global brands for the first half of 2018/19 amounted to € 37.6 million, a slight increase compared to € 37.4 million in the same period in 2017/18. At constant currencies the global brands were up 3.0%.

- The Passoã brand continued its good performance with mid-single digit revenue growth, mainly driven by the UK, the expansion of distribution to 35 states in the US and recovery in Puerto Rico. The brand also showed growth in Asia-Pacific.
- The white spirits segment showed an overall stable performance, with the double-digit growth trend for Damrak Gin continuing in both the US and the Netherlands, while we continue to support Bols Genever with the roll-out of the Red Light Negroni concept.
- Revenue of the Bols Liqueurs range was in line with the year-ago period. Continued growth in the US and a strong performance in China was offset by a decline in Japan.
- The Italian liqueurs performed slightly below last year as a result of lower shipments of Galliano that were partially offset by positive developments for Vaccari in both the Netherlands and Mexico following the restyling of the brand.

- Lucas Bols USA is gradually building up the distribution of Nuvo in a limited number of states and the first signs are positive.

Revenue of the global brands in Western Europe was broadly in line with a year ago. In an overall stable market in Western Europe, the global brands continued to grow strongly in the UK and the Netherlands, offset by lower shipments to France.

At constant currencies revenue in Asia-Pacific was up, mainly driven by accelerated growth in China where the underlying positive market trend continued and translated into significant revenue growth for Bols Liqueurs. Japan showed a decline as a result of challenging market conditions and related stock reductions by our distributor. Australia/New Zealand posted small growth in a stable market environment.

In North America the positive growth trend continued with double-digit growth in the US, mainly driven by Passoã and Damrak Gin and by the launch of Nuvo. Lucas Bols continued to gain market share with the Bols Liqueurs range as a result of recently obtained retail listings. Lower revenue in Canada due to heavy price competition was amply offset by the return to growth of Passoã in Puerto Rico.

Revenue of the global brands in Emerging Markets at constant currencies was slightly up compared to last year, with a mixed picture throughout the different regions. Eastern Europe showed a decline compared to last year when we had high shipments as a result of new markets opening up, while revenue in South America grew. This was related to the positive impact of the change in route to market in a number of markets (from royalty to direct sales), which more than offset a decline in Argentina. Furthermore the Caribbean is recovering from the impact of last year's hurricanes.

Gross profit of the global brands came in at € 24.0 million, while EBIT rose 2.2% to € 16.0 million year-on-year at constant currencies (currencies had a negative impact of € 0.7 million in H1 2018/19) and excluding the one-off restructuring charge at Avandis (€ 0.1 million allocated to the global brands).

***Regional brands***

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

| (in € million unless otherwise stated, for the half year ended) | **30 September 2018** | **30 September 2017** | **% change reported** | **% change organic*** |
|---|---|---|---|---|
| Revenue | 10.2 | 11.5 | -11.1% | -10.5% |
| Gross profit | 4.9 | 5.5 | -10.4% | -9.2% |
| *Gross margin* | *48.4%* | *48.0%* | *40 bps* | *70 bps* |
| EBIT | 4.3 | 4.8 | -9.9% | -5.0% |
| *EBIT margin* | *42.5%* | *42.0%* | *50 bps* | *260 bps* |

* at constant currencies and excluding one-off items

Revenue of the regional brands for the first half of 2018/19 amounted to € 10.2 million, down from € 11.5 million for the first half of 2017/18. This decline was mainly related to Western Africa where the company experienced temporary import restrictions for its brands into Togo and Benin. Revenue of the Dutch domestic jenever/vieux portfolio in the first half of the year was down as a result of the declining market. We have planned a relaunch of Bols Jenever and Bokma with strong promotional activities in the second half of 2018/19.

Gross profit decreased to € 4.9 million from € 5.5 million in the first half of 2017/18, entirely due to the drop in revenue. Organically the gross margin increased slightly by 70 bps. Excluding the one-off restructuring charge at Avandis (€ 0.2 million allocated to the regional brands) and at constant currencies, EBIT for the regional brands was down 5.0% in the first half of 2018/19, while the EBIT margin was up 260 bps.

**Finance costs**
Finance costs came in at € 1.7 million (H1 2017/18: € 1.8 million).

**Taxes**
The effective tax rate was approximately 29% for the first half of 2018/19 (H1 2017/18: 27%), higher than the Dutch nominal tax rate as profits of Passoã are taxed at a higher rate in France. Given the envisaged reduction in the Dutch corporate tax rate, a significant one-off gain is expected in the second half of the year, related to the deferred tax liability.

**Profit for the period**
Net profit came in at € 7.9 million in the first half of the year (H1 2017/18: € 8.7 million). At constant currencies and excluding the one-off restructuring costs, net profit was in line with last year. Net profit per share came in at € 0.64 for the first half of 2018/19 (H1 2017/18: € 0.70). Excluding one-off costs the net profit per share came in at € 0.66.

**Cash flow**
The operating free cash flow amounted to € 6.1 million in the first half of 2018/19 (H1 2017/18: € 6.7 million), as a result of a negative currency impact of € 0.7 million and higher capital expenditures. A € 3.1 million final cash dividend paid to shareholders was recognised in the cash flow from financing activities in the first half of 2018/19.

## Financial position

**Equity**
Equity increased by € 4.5 million to € 188.1 million, largely as a result of the recorded net profit of € 7.9 million and the distribution of the final dividend of € 3.1 million.

**Net debt**
Net debt decreased by € 1.5 million to € 45.3 million at 30 September 2018 (31 March 2018: € 46.8 million). The net debt to EBITDA ratio was 2.9 as at 30 September 2018 (2.8 as at 31 March 2018).

In December 2016, as part of the Passoã transaction, the company assumed a debt related to the exercise of the call/put option with a net present value of € 68.7 million as of 30 September 2018. The total net debt of the company, including assumed debt, was reduced to € 102.1 million at 30 September 2018 (€ 104.2 million at 31 March 2018). For the full year the total net debt reduction was € 7.1 million compared to 30 September 2017, while a total dividend of € 6.3 million was paid. The net debt to EBITDA ratio including assumed debt was 4.3 as at 30 September 2018 (4.3 at 31 March 2018).

**Dividend**
An interim dividend for 2018/19 has been set at € 0.35 per share in cash (2017/18 interim dividend: € 0.35). The dividend will be made payable on 30 November 2018.

**Subsequent events - new credit facility**

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

The existing lender group of NIBC and Rabobank has been extended to three banks with the addition of ABN AMRO. Kempen and Loyens & Loeff acted as advisors to the company. The new arrangement consists of € 30 million term loan facilities, € 50 million revolving credit facilities and € 50 million acquisition facility for the funding for the envisaged Passoã transaction. Lower margins on the new credit facilities reflect Lucas Bols’ improved credit profile since the IPO and a favourable loan market environment, leading to an expected reduction of the annual financing costs of around € 0.4 million. The facilities have a maturity of five years. Increased operational flexibility is achieved through an increase of the flat leverage covenant from 3.0x Net debt / Adjusted EBITDA to 4.0x. One-off advisory costs and the accelerated amortization of the financing costs for the existing facilities will be charged to the second half of the year.

**Outlook**

The underlying dynamics in the global cocktail markets remain healthy. We expect revenue growth from the global brands to further increase in the second half of the 2018/19 financial year, mainly driven by the strong growth in the US market. The performance of the regional brands will remain under pressure in the second half of the year.

In line with our previous guidance, currencies are expected to have a negative impact of around € 1.2 million on full-year 2018/19 EBIT. Furthermore, given the initially higher A&P investments and the royalty payments, the revenue of Nuvo will translate into a limited contribution to EBIT. Taking into account the impact of the aforementioned items and the one-offs, we remain confident in delivering an overall performance in line with our mid-term strategic ambitions.

## 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 440-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 (outside the USA) 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**

| | |
|---|---|
| 23 May 2019 | Publication of 2018/19 full-year results |
| 10 July 2019 | Annual General Meeting of Shareholders |

**Interim dividend**

| | |
|---|---|
| 23 November 2018 | Ex-dividend date |
| 26 November 2018 | Record date |
| 30 November 2018 | Payment of interim dividend |

**Annexes**

1. Brand information
2. Segment information
3. Interim condensed consolidated report for H1 2018/19

## Brand information

### *Global brands*

| (in € million unless otherwise stated, for the year ended) | **30 September 2018** | **30 September 2017** | **% change reported** | **% change organic*** |
|---|---|---|---|---|
| Revenue | 37.6 | 37.4 | 0.7% | 3.0% |
| Gross profit | 24.0 | 24.9 | -3.5% | -0.5% |
| *Gross margin* | *63.7%* | *66.6%* | *-290 bps* | *-220 bps* |
| D&A expenses | -7.9 | -8.5 | -7.0% | -5.8% |
| *% of revenue* | *21.0%* | *22.7%* | *-170 bps* | *-190 bps* |
| EBIT | 16.0 | 16.4 | -2.7% | +2.2% |
| *EBIT margin* | *42.5%* | *44.0%* | *-150 bps* | *-30 bps* |

### *Regional brands*

| (in € million unless otherwise stated, for the year ended) | **30 September 2018** | **30 September 2017** | **% change reported** | **% change organic*** |
|---|---|---|---|---|
| Revenue | 10.2 | 11.5 | -11.1% | -10.5% |
| Gross profit | 4.9 | 5.5 | -10.4% | -9.2% |
| *Gross margin* | *48.4%* | *48.0%* | *40 bps* | *70 bps* |
| D&A expenses | -0.6 | -0.9 | -26.9% | -26.9% |
| *% of revenue* | *6.1%* | *7.4%* | *-130 bps* | *-140 bps* |
| EBIT | 4.3 | 4.8 | -9.9% | -5.0% |
| *EBIT margin* | *42.5%* | *42.0%* | *50 bps* | *260 bps* |

### *Total*

| (in € million unless otherwise stated, for the year ended) | **30 September 2018** | **30 September 2017** | **% change reported** | **% change organic*** |
|---|---|---|---|---|
| Revenue | 47.8 | 48.8 | -2.0% | -0.3% |
| Gross profit | 28.9 | 30.4 | -4.8% | -2.1% |
| *Gross margin* | *60.5%* | *62.2%* | *-170 bps* | *-110 bps* |
| D&A expenses (allocated) | -8.5 | -9.3 | -8.8% | -7.8% |
| *% of revenue* | *17.8%* | *19.1%* | *-130 bps* | *-140 bps* |
| D&A expenses (unallocated) | -7.5 | -7.5 | -0.3% | 0.2% |
| *% of revenue* | *15.6%* | *15.3%* | *30 bps* | *10 bps* |
| EBIT | 12.9 | 13.8 | -6.5% | 0.7% |
| *EBIT margin* | *26.9%* | *28.2%* | *-130 bps* | *30 bps* |

***** at constant currencies and excluding one-off items

## Segment information

### *Western Europe*

| (in € million unless otherwise stated, for the year ended) | 30 September 2018 | 30 September 2017 | % change reported | % change organic* |
|---|---|---|---|---|
| Revenue | 24.8 | 25.8 | -3.7% | -3.1% |
| *% of total revenue* | *51.9%* | *52.8%* | | |
| Gross profit | 14.4 | 15.3 | -5.6% | -4.3% |
| *% of total gross profit* | *49.9%* | *50.3%* | | |
| Gross margin | 58.2% | 59.3% | -110 bps | -80 bps |

### *Asia-Pacific*

| (in € million unless otherwise stated, for the year ended) | 30 September 2018 | 30 September 2017 | % change reported | % change organic* |
|---|---|---|---|---|
| Revenue | 8.0 | 8.3 | -3.7% | 2.6% |
| *% of total revenue* | *16.7%* | *17.0%* | | |
| Gross profit | 5.7 | 6.1 | -8.0% | 0.3% |
| *% of total gross profit* | *19.5%* | *20.2%* | | |
| Gross margin | 70.6% | 73.8% | -320 bps | -160 bps |

### *North America*

| (in € million unless otherwise stated, for the year ended) | 30 September 2018 | 30 September 2017 | % change reported | % change organic* |
|---|---|---|---|---|
| Revenue | 9.5 | 8.7 | 9.6% | 11.2% |
| % of total revenue | *19.9%* | *17.8%* | | |
| Gross profit | 5.5 | 5.1 | 7.2% | 8.8% |
| *% of total gross profit* | *18.9%* | *16.8%* | | |
| Gross margin | 57.4% | 58.7% | -130 bps | -130 bps |

### *Emerging Markets*

| (in € million unless otherwise stated, for the year ended) | 30 September 2018 | 30 September 2017 | % change reported | % change organic* |
|---|---|---|---|---|
| Revenue | 5.5 | 6.1 | -9.5% | -7.7% |
| % of total revenue | *11.5%* | *12.4%* | | |
| Gross profit | 3.4 | 3.8 | -12.5% | -9.7% |
| *% of total gross profit* | *11.6%* | *12.7%* | | |
| Gross margin | 61.4% | 63.5% | -210 bps | -140 bps |

* at constant currencies

LUCAS BOLS

1575

**Interim condensed consolidated financial information**
**for the six months period ended 30 September 2018**

## Interim condensed consolidated statement of profit or loss

for the six months period ended 30 September 2018 and 2017

| Amounts in EUR '000 for the six months period ended 30 September | Note | 2018 | 2017 |
|---|---|---|---|
| **Revenue** | 4 | **45,208** | **48,825** |
| Cost of sales | | (18,873) | (18,451) |
| **Gross profit** | | **26,335** | **30,374** |
| Distribution and administrative expenses | 6 | (13,331) | (16,814) |
| **Operating profit** | | **13,004** | **13,560** |
| Share of profit of joint ventures, net of tax | 7 | (81) | 213 |
| | | | |
| Finance income | | 46 | 9 |
| Finance costs | | (1,816) | (1,770) |
| **Net finance costs** | 8 | **(1,770)** | **(1,761)** |
| **Profit before tax** | | **11,153** | **12,012** |
| Income tax expense | 10 | (3,262) | (3,275) |
| **Profit for the period** | | **7,891** | **8,737** |
| **Result attributable to the owners of the Company** | | **7,891** | **8,737** |
| | | | |
| Weighted average number of shares | 9 | 12,477,298 | 12,477,298 |
| | | | |
| **Earnings per share** | | | |
| Basic earnings per share (EUR) | | 0.63 | 0.70 |
| Diluted earnings per share (EUR) | | 0.63 | 0.70 |

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 months period ended 30 September 2018 and 2017

| Amounts in EUR '000 for the six months period ended 30 September | Note | 2018 | 2017 |
|---|---|---|---|
| **Result for the period** | | **7,891** | **8,737** |
| **Items that will never be reclassified to profit or loss** | | | |
| Remeasurement of defined benefit liability | | 21 | 21 |
| Related tax | | (5) | (5) |
| Equity-accounted investees - share of other comprehensive income | | 45 | 72 |
| | | **61** | **88** |
| **Items that are or may be reclassified to profit or loss** | | | |
| Foreign operations - foreign currency translation differences | | 54 | (75) |
| Equity-accounted investees - share of other comprehensive income | | (50) | (136) |
| Net change in hedging reserve | | 95 | 877 |
| Related tax | | (24) | (219) |
| | | **75** | **446** |
| **Other comprehensive income for the period, net of tax** | | **136** | **534** |
| **Total comprehensive income for the period, net of tax** | | **8,027** | **9,271** |
| **Total comprehensive income attributable to the owners of the Company** | | **8,027** | **9,271** |

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 months period ended 30 September 2018 and 2017

| 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 2018** | | **1,248** | **130,070** | **-** | **(273)** | **(484)** | **6,742** | **31,091** | **15,181** | **183,575** |
| Transfer result prior period | | - | - | - | - | - | - | 15,181 | (15,181) | - |
| **Total comprehensive income** | | | | | | | | | | |
| Profit (loss) for the period | | - | - | - | - | - | - | - | 7,891 | **7,891** |
| Other comprehensive income | | - | - | - | 4 | 71 | - | 61 | - | **136** |
| **Total comprehensive income** | | **-** | **-** | **-** | **4** | **71** | **-** | **61** | **7,891** | **8,027** |
| Dividend paid | | - | - | - | - | - | - | (3,119) | - | **(3,119)** |
| Purchase own shares (ESPP) | 16 | - | - | 10 | - | - | - | - | - | **10** |
| Own shares delivered (ESPP) | 16 | - | - | (10) | - | - | - | - | - | **(10)** |
| Changes in estimates of costs related to the issuance of shares [1] | | - | (375) | - | - | - | - | - | - | **(375)** |
| Transfer to Other legal reserves [2] | | - | - | - | - | - | 3,060 | (29) | (3,031) | - |
| **Balance as at 30 September 2018** | | **1,248** | **129,695** | **0** | **(269)** | **(413)** | **9,802** | **43,185** | **4,860** | **188,108** |

Note 1: The amount recognized under changes in estimates is related to the settlement with the tax authorities regarding tax deductibility of costs related to the issuance of shares

Note 2: Transfer from Retained earnings to Other legal reserves comprises the transfer of undistributed profits from the jointly owned entity and from joint ventures

| Amounts in EUR '000 | 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 2017** | | **1,248** | **130,070** | **-** | **40** | **(650)** | **1,650** | **24,468** | **14,009** | **170,835** |
| Transfer result prior period | | - | - | - | - | - | - | 14,009 | (14,009) | - |
| **Total comprehensive income** | | | | | | | | | | |
| Profit (loss) for the period | | - | - | - | - | - | - | - | 8,737 | **8,737** |
| Other comprehensive income | | - | - | - | (212) | 658 | - | 88 | - | **534** |
| **Total comprehensive income** | | **-** | **-** | **-** | **(212)** | **658** | **-** | **88** | **8,737** | **9,271** |
| Dividend paid | | - | - | - | - | - | - | (3,244) | - | **(3,244)** |
| Purchase own shares (ESPP) | | - | - | 1 | - | - | - | - | - | **1** |
| Own shares delivered (ESPP) | | - | - | (1) | - | - | - | - | - | **(1)** |
| Transfer to Other legal reserves and Retained earnings [3] | | - | - | - | - | - | 2,681 | 121 | (2,801) | - |
| **Balance as at 30 September 2017** | | **1,248** | **130,070** | **0** | **(172)** | **8** | **4,331** | **35,442** | **5,935** | **176,863** |

Note 3: Transfer to Other legal reserves and Retained earnings comprises the transfer of undistributed profits from the jointly owned entity to Other legal reserves and the transfer of distributed profits from joint ventures to Retained earnings

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 2018 and 31 March 2018

| Amounts in EUR '000 as at | Note | 30 September 2018 | 31 March 2018 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 11 | 9,614 | 1,987 |
| Intangible assets | 12 | 306,876 | 306,918 |
| Investments in joint ventures | 7 | 6,767 | 7,363 |
| Other investments | | 599 | 599 |
| **Non-current assets** | | **323,856** | **316,867** |
| | | | |
| Inventories | | 7,712 | 8,720 |
| Trade and other receivables | | 24,863 | 21,247 |
| Other investments, including derivatives | | 12 | 50 |
| Cash and cash equivalents | | 12,203 | 12,420 |
| **Current assets** | | **44,790** | **42,437** |
| **Total assets** | | **368,646** | **359,304** |

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 2018 | 31 March 2018 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | | 1,248 | 1,248 |
| Share premium | | 129,695 | 130,070 |
| Treasury shares | | - | - |
| Translation Reserve | | (269) | (273) |
| Hedging Reserve | | (413) | (484) |
| Other legal reserves | | 9,802 | 6,742 |
| Retained earnings | | 43,185 | 31,091 |
| Result for the period | | 4,860 | 15,181 |
| **Total equity** | | **188,108** | **183,575** |
| | | | |
| **Liabilities** | | | |
| Loans and borrowings | 13 | 40,976 | 43,885 |
| Other non-current financial liabilities | 15 | 75,245 | 68,482 |
| Employee benefits | | 293 | 280 |
| Deferred tax liabilities | | 45,242 | 43,120 |
| **Total non-current liabilities** | | **161,756** | **155,767** |
| | | | |
| Loans and borrowings | 13 | 4,608 | 4,040 |
| Trade and other payables | | 12,854 | 13,819 |
| Corporate income tax payable | | 129 | 1,703 |
| Other current financial liabilities, including derivatives | 15 | 1,191 | 400 |
| **Total current liabilities** | | **18,782** | **19,962** |
| **Total liabilities** | | **180,538** | **175,729** |
| **Total equity and liabilities** | | **368,646** | **359,304** |

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 months period ended 30 September 2018 and 2017

| Amounts in EUR '000 for the six months period ended 30 September | Note | 2018 | 2017 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Result for the period** | | **7,891** | **8,737** |
| Adjustments for: | | | |
| • Depreciation | | 664 | 220 |
| • Net finance costs | 8 | 1,770 | 1,761 |
| • Share of profit joint ventures | | 81 | (213) |
| • Income tax expense | | 3,262 | 3,275 |
| • Provision for employee benefits | | 34 | 37 |
| | | **13,702** | **13,817** |
| Change in: | | | |
| • Inventories | | 1,008 | 1,073 |
| • Trade and other receivables | | (4,045) | (2,161) |
| • Trade and other payables | | (712) | (5,150) |
| **Net changes in working capital** | 14 | **(3,749)** | **(6,238)** |
| Dividends from joint ventures | | 450 | 550 |
| Interest received | | 43 | 9 |
| Income tax paid | | (3,088) | (1,151) |
| **Net cash from operating activities** | | **7,358** | **6,987** |

## Interim condensed consolidated statement of cash flows (continued)

| Amounts in EUR '000 for the six months period ended 30 September | Note | 2018 | 2017 |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 11 | (822) | (244) |
| Repayment on loans issued | | - | 281 |
| **Net cash from (used in) investing activities** | | **(822)** | **37** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from loans and borrowings | | 1,000 | - |
| Repayment of loans and borrowings | | (4,017) | (3,516) |
| Cash dividends paid to shareholders | | (3,119) | (3,244) |
| Payments made in lease contracts | | (392) | - |
| Interest paid | | (848) | (914) |
| **Net cash from (used in) financing activities** | | **(7,376)** | **(7,674)** |
| | | | |
| **Net increase (decrease) in cash and cash equivalents** | | **(840)** | **(650)** |
| Cash and cash equivalents as at 1 April | | 12,380 | 8,359 |
| Effect of exchange rate fluctuations | | 55 | (78) |
| **Net cash and cash equivalents as at 30 September** | | **11,595** | **7,631** |
| | | - | - |
| Cash and cash equivalents (asset) | | 12,203 | 9,043 |
| Less: bank overdrafts included in current loans and borrowings | | (608) | (1,412) |
| **Net cash and cash equivalents as at 30 September** | | **11,595** | **7,631** |

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 months period ended 30 September 2018 and 2017

### 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 2018 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, Galliano, Vaccari, Pisang Ambon, Bokma, Hartevelt, Coebergh, Passoã and a large group of Dutch jenevers and liqueurs.

### 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 2018.

The interim condensed consolidated financial statements were authorised for issue by the Management Board and Supervisory Board on 19 November 2018.

**(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 the joint venture are accounted for using the equity method;
- 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 as far as possible.

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized 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 recognizes 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 12 – financial instruments.

**(c) Functional and presentation currency**
The interim condensed consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand, except when otherwise indicated.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. 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 2018.

## 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 2018, except for the adoption of new standards and interpretations effective as of 1 January 2018 and the early adoption of IFRS 16.

The Group applied IFRS 9, IFRS 15 and IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. Except for IFRS 16, the Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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

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

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

The IASB provided entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting. The Company shall continue to apply the existing hedge accounting requirements under IAS 39.
The application of this new standard does not have a significant impact on our consolidated financial statements.

**IFRS 15 Revenue from contracts with customers**
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The new standard provides a single, principles-based fivestep model to be applied to all contracts with customers. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. It also provides more guidance on the measurement of revenue contracts which have discounts, rebates, payments to suppliers and consignment stock. Furthermore, it provides new guidance on whether revenue should be recognized at a point in time or over time.

The Company has adopted the new revenue recognition standard IFRS 15 Revenue from Contracts with Customers in its consolidated financial statements. The application of IFRS 15 has primarily triggered the re-classification of certain advertising and promotional expenses as reduction of revenue, with a mid-single digit percentage impact on revenue (impact in the first six months is EUR 2,618 thousand). Overall, it does not have any material effects on the presentation of the Company's financial position or results of operations as a whole, or on earnings per share.

The Company applied the modified transition approach and will not restate the comparative figures for 2017/18.

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

The most significant impact identified as a consequence of applying IFRS 16 is that the Company recognized assets and liabilities for its operating leases of real estate for a total value of EUR 7,415 thousand at the start of the financial year 2018/19. In addition, the nature of expenses related to those leases changed as IFRS 16 replaces the straight-line operating lease expense recognized in Distribution and administrative expenses with a depreciation charge for right-of use assets recognized in Distribution and administrative expenses (EUR 337 thousand of the first six months) and interest expense on lease liabilities recognized in Finance costs (EUR 90 thousand for the first six months).

The Company applied the modified retrospective approach and elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. Any initial direct costs are excluded from the measurement of the right-of-use assets at the date of initial application. The right-of-use of all assets has been measured as being equal to the lease liability upon recognition.

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

## 3. Significant accounting policies (continued)

| Amounts in EUR '000 for the six months period ended 30 September | 2018 reported | IFRS15 & 16 adoption impact | 2018 pre-IFRS |
|---|---|---|---|
| **Revenue** | **45,208** | **2,618** | **47,826** |
| Cost of sales | (18,873) | (33) | (18,906) |
| **Gross profit** | **26,335** | **2,585** | **28,920** |
| Distribution and administrative expenses | (13,331) | (2,633) | (15,964) |
| **Operating profit** | **13,004** | **(48)** | **12,956** |
| Share of profit of joint ventures, net of tax | (81) | - | (81) |
| Finance income | 46 | - | 46 |
| Finance costs | (1,816) | 90 | (1,726) |
| **Profit before tax** | **11,153** | **42** | **11,195** |
| Income tax expense | (3,262) | (10) | (3,272) |
| **Profit for the period** | **7,891** | **32** | **7,923** |

| Amounts in EUR '000 as at | 30 September 2018 reported | IFRS16 adoption impact | 30 September 2018 pre-IFRS |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 9,614 | (7,084) | 2,530 |
| Other non-current assets | 314,242 | - | 314,242 |
| **Total non-current assets** | **323,856** | **(7,084)** | **316,772** |
| **Total current assets** | **44,790** | **-** | **44,790** |
| **Total assets** | **368,646** | **(7,084)** | **361,562** |
| **Equity** | | | |
| **Total equity** | **188,108** | **32** | **188,140** |
| **Liabilities** | | | |
| Loans and borrowings | 40,976 | - | 40,976 |
| Other non-current financial liabilities | 75,245 | (6,346) | 68,899 |
| Employee benefits | 293 | - | 293 |
| Deferred tax liabilities | 45,242 | 10 | 45,252 |
| **Total non-current liabilities** | **161,756** | **(6,336)** | **155,420** |
| Loans and borrowings | 4,608 | - | 4,608 |
| Trade and other payables | 12,854 | - | 12,854 |
| Corporate income tax payable | 129 | - | 129 |
| Other current financial liabilities, including derivatives | 1,191 | (780) | 411 |
| **Total current liabilities** | **18,782** | **(780)** | **18,002** |
| **Total equity and liabilities** | **368,646** | **(7,084)** | **361,562** |

## 4. Operating segments

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

**Brand information**

The Group identifies global and regional brands:

*(I) Global brands*

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

*(II) Regional brands*

The regional brands represent the Group’s brands which in general are sold on one continent and predominantly have an off-premise character.
The main regional brands are the Group’s jenever/vieux portfolio, Pisang Ambon, Coebergh, the Strike brands, Regnier and La Fleurette.

The Group's management reviews internal management reports of each segment. Information regarding the results of each reportable segment is set out on the next pages. For comparison reasons the effect of adopting IFRS 15 & 16 for each reportable segment is presented as well.

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

## Brand Information (continued)

| Amounts in EUR '000 for the six months period ended 30 September | Global brands 2018 | Global brands 2017 | Regional brands 2018 | Regional brands 2017 | Unallocated 2018 | Unallocated 2017 | Total 2018 | Total 2017 |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | 35,150 | 37,355 | 10,058 | 11,470 | - | - | 45,208 | 48,825 |
| Cost of sales | (13,642) | (12,488) | (5,231) | (5,963) | - | - | (18,873) | (18,451) |
| **Gross profit** | **21,508** | **24,867** | **4,827** | **5,507** | **-** | **-** | **26,335** | **30,374** |
| A&P and distribution expenses | (5,410) | (8,481) | (482) | (854) | - | - | (5,892) | (9,335) |
| Personnel and other expenses | - | - | - | - | (7,439) | (7,479) | (7,439) | (7,479) |
| **Total result from operating activities** | **16,098** | **16,386** | **4,345** | **4,653** | **(7,439)** | **(7,479)** | **13,004** | **13,560** |
| Share of profits of joint ventures | (107) | 52 | 26 | 161 | - | - | (81) | 213 |
| **EBIT [1]** | **15,991** | **16,438** | **4,371** | **4,814** | **(7,439)** | **(7,479)** | **12,923** | **13,773** |
| **Amounts in EUR '000 as at** | **30 September 2018** | **30 September 2017** | **30 September 2018** | **30 September 2017** | **30 September 2018** | **30 September 2017** | **30 September 2018** | **30 September 2017** |
| Intangible assets | 214,714 | 214,333 | 92,162 | 92,162 | - | - | 306,876 | 306,495 |
| Inventories | 6,934 | 6,036 | 778 | 843 | - | - | 7,712 | 6,879 |
| Other assets | - | - | - | - | 54,059 | 42,756 | 54,059 | 42,756 |
| **Total segment assets** | **221,647** | **220,370** | **92,940** | **93,005** | **54,059** | **42,756** | **368,646** | **356,130** |
| **Total segment liabilities** | **-** | **-** | **-** | **-** | **(180,538)** | **(179,266)** | **(180,538)** | **(179,266)** |

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

**Brand Information (continued)**

*Results of reportable segments before adoption of IFRS 15 and 16*

| Amounts in EUR '000 for the six months period ended 30 September | Global brands 2018 pre-IFRS | Global brands 2017 | Regional brands 2018 pre-IFRS | Regional brands 2017 | Unallocated 2018 pre-IFRS | Unallocated 2017 | Total 2018 pre-IFRS | Total 2017 |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | 37,626 | 37,355 | 10,200 | 11,470 | - | - | 47,826 | 48,825 |
| Cost of sales | (13,642) | (12,488) | (5,264) | (5,963) | - | - | (18,906) | (18,451) |
| **Gross profit** | **23,984** | **24,867** | **4,936** | **5,507** | **-** | **-** | **28,920** | **30,374** |
| A&P and distribution expenses | (7,886) | (8,481) | (624) | (854) | - | - | (8,510) | (9,335) |
| Personnel and other expenses | - | - | - | - | (7,454) | (7,479) | (7,454) | (7,479) |
| **Total result from operating activities** | **16,098** | **16,386** | **4,312** | **4,653** | **(7,454)** | **(7,479)** | **12,956** | **13,560** |
| Share of profits of joint ventures | (107) | 52 | 26 | 161 | - | - | (81) | 213 |
| **EBIT** [1] | **15,991** | **16,438** | **4,338** | **4,814** | **(7,454)** | **(7,479)** | **12,875** | **13,773** |

| Amounts in EUR '000 as at | Global brands 30 September 2018 pre-IFRS | Global brands 30 September 2017 | Regional brands 30 September 2018 pre-IFRS | Regional brands 30 September 2017 | Unallocated 30 September 2018 pre-IFRS | Unallocated 30 September 2017 | Total 30 September 2018 pre-IFRS | Total 30 September 2017 |
|---|---|---|---|---|---|---|---|---|
| Intangible assets | 214,714 | 214,333 | 92,162 | 92,162 | - | - | 306,876 | 306,495 |
| Inventories | 6,934 | 6,036 | 778 | 843 | - | - | 7,712 | 6,879 |
| Other assets | - | - | - | - | 46,974 | 42,756 | 46,974 | 42,756 |
| **Total segment assets** | **221,647** | **220,370** | **92,940** | **93,005** | **46,974** | **42,756** | **361,562** | **356,130** |
| **Total segment liabilities** | **-** | **-** | **-** | **-** | **(173,422)** | **(179,266)** | **(173,422)** | **(179,266)** |

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

### Geographical information

From a geographical perspective, management has identified the following regions on which they manage their business:

| Amounts in EUR '000<br>for the six months period ended 30 September | Revenue by region of destination *)<br>2018 | 2017 | Gross profit *)<br>2018 | 2017 |
|---|---|---|---|---|
| Western Europe **) | 23,877 | 25,756 | 13,533 | 15,281 |
| Asia Pacific | 7,925 | 8,316 | 5,567 | 6,141 |
| North America ***) | 8,729 | 8,701 | 4,672 | 5,109 |
| Emerging markets | 4,677 | 6,052 | 2,563 | 3,843 |
| **Consolidated totals** | **45,208** | **48,825** | **26,335** | **30,374** |

*) prior year segmentation to region has been adjusted to current year's presentation

**) of which revenue attributed to The Netherlands: 8,712 (H1 2018/19) and 9,027 (H1 2017/18)

***) of which revenue attributed to the USA: 7,196 (H1 2018/19) and 7,217 (H1 2017/18)

Results of the regions before adoption of IFRS 15 and 16:

| Amounts in EUR '000<br>for the six months period ended 30 September | Revenue by region of destination *)<br>2018 pre-IFRS | 2017 | Gross profit *)<br>2018 pre-IFRS | 2017 |
|---|---|---|---|---|
| Western Europe **) | 24,806 | 25,756 | 14,429 | 15,281 |
| Asia Pacific | 8,010 | 8,316 | 5,652 | 6,141 |
| North America ***) | 9,533 | 8,701 | 5,476 | 5,109 |
| Emerging markets | 5,477 | 6,052 | 3,363 | 3,843 |
| **Consolidated totals** | **47,826** | **48,825** | **28,920** | **30,374** |

*) prior year segmentation to region has been adjusted to current year's presentation

**) of which revenue attributed to The Netherlands: 8,836 (H1 2018/19 pre-IFRS) and 9,027 (H1 2017/18)

***) of which revenue attributed to the USA: 8,000 (H1 2018/19 pre-IFRS) and 7,217 (H1 2017/18)

## 5. Seasonality of operations

The Group's business is to a certain extent affected by seasonality. In full year 2017/18 the Group made 53% of its revenue in the first half year (April - September 2017) as distributors built up their stocks in anticipation of the year-end period. In 2018/2019 there are no significant changes in the supply patterns, thus no impact on this year’s revenue seasonality.

On the expense side the seasonality is reflected in higher advertising and promotional costs in the second half of the year, which traditionally results in a lower share of operating profit in the second half year.

## 6. Distribution and administrative expenses

| Amounts in EUR '000 for the six months period ended 30 September | 2018 | 2017 |
|---|---|---|
| Advertising and promotional expenses | (3,536) | (7,011) |
| Distribution expenses | (2,356) | (2,324) |
| Personnel expenses | (5,260) | (5,392) |
| Other administrative expenses | (1,515) | (1,867) |
| Depreciation and amortisation | (664) | (220) |
| | **(13,331)** | **(16,814)** |

Application of IFRS 15 has triggered the re-classification of certain Advertising and promotional expenses (EUR 2.618 thousand for the six month period ended 30 September 2018) as reduction of revenue.
Application of IFRS 16 replaces the straight-line operating lease expense recognized in Other administrative expenses (EUR 352 thousand) with a depreciation charge recognized in Depreciation and amortisation (EUR 337 thousand) and interest expense (see note 8).

## 7. Joint ventures

The movement in investments in joint ventures is related to actuarial result through OCI, dividend received, as well as the half year result of Maxxium Nederland BV and Avandis BV.

## 8. Net finance costs

Finance costs increased as a result of adoption of IFRS 16.

| Amounts in EUR '000 for the six months period ended 30 September | 2018 | 2017 |
|---|---|---|
| Interest income | 46 | 9 |
| **Finance income** | **46** | **9** |
| | | |
| Interest expenses on loans and borrowings | (781) | (867) |
| Interest expense on liability related to the Passoã call/put option | (579) | (569) |
| Interest expense on lease liability | (90) | - |
| Other finance costs | (366) | (334) |
| **Finance costs** | **(1,816)** | **(1,770)** |
| **Net finance costs recognised in profit or loss** | **(1,770)** | **(1,761)** |

## 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 2018.

## 10. Tax expense

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 September 2018 was 29.2% (six months ended 30 September 2017: 27.3%). The percentage of the effective tax rate for the six months ended 30 September 2018 versus the official tax rate in the Netherlands of 25% was caused predominantly by the effect of Passoã SAS profits against a higher tax rate (see table).

**Reconciliation of effective tax rate**

| For the six months period ended 30 September | 2018 | | 2017 | |
|---|---|---|---|---|
| | % | EUR 1,000 | % | EUR 1,000 |
| **Profit before tax** | | 11,153 | | 12,012 |
| | | | | |
| Tax using the Company's domestic tax rate | 25.0 | (2,788) | 25.0 | (3,003) |
| Effect of tax rates in foreign jurisdictions | 4.3 | (484) | 3.6 | (434) |
| Non-deductible expenses | 0.3 | (28) | 0.1 | (9) |
| Effect of share of profits of equity-accounted investees | 0.2 | (20) | (0.4) | 53 |
| Changes in estimates related to prior years | 0.4 | (46) | 0.0 | - |
| R&D tax incentive | (0.9) | 105 | (1.0) | 118 |
| | **29.2** | **(3,262)** | **27.3** | **(3,275)** |

**Deferred tax liabilities**

The deferred tax liabilities (EUR 45,242 thousand) as at 30 September 2018 is a netted amount (EUR 43,120 thousand as at 31 March 2018). It is the net balance of deferred tax assets of EUR 3,315 thousand (EUR 5,272 thousand as at 31 March 2018) and deferred tax liabilities of EUR 48,557 thousand (EUR 48,392 thousand as at 31 March 2018).

## 11. Property, plant and equipment

During the six months ended 30 September 2018, the Group acquired assets with a cost of EUR 822 thousand (the six months ended 30 September 2017: EUR 244 thousand).
Upon application of IFRS 16 as of financial year 2018/19 the Group recognized right-of-use assets for its operating leases of real estate with a value of EUR 7,415 thousand. The balance as at 30 September 2018 is EUR 7,084 thousand.

## 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 2018 no impairment test has been performed as the operations during the six month period ended 30 September 2018 are in line with assumptions as used in last year's impairment test which is performed at 31 March 2018. Management has not identified any indicators at 30 September 2018, nor at 30 September 2017 for carrying out an additional impairment test as no triggering event was in place.

## 13. Loans and borrowings

The Group has drawn EUR 10,0 million term loans and EUR 35,4 million revolving credit facilities under the existing bank facilities. For bank covenants, the leverage ratio is 2.9 and the requirement is 3. There is a slight increase in overdraft due to seasonality compared with 31 March 2018.

## 14. Net working capital

The increase in working capital for the six-month period ended 30 September 2018 and 2017 is caused by seasonality.

## 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 2018<br>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 | 12 | - | - | 12 | - | 12 | - | 12 |
| | **12** | **-** | **-** | **12** | **-** | **12** | **-** | **12** |
| **Financial assets not measured at fair value** | | | | | | | | |
| Loan to joint venture Avandis CV | - | 599 | - | 599 | - | 599 | - | 599 |
| Trade and other receivables | - | 24,863 | - | 24,863 | - | 24,863 | - | 24,863 |
| Cash and cash equivalents | - | 12,203 | | 12,203 | - | 12,203 | - | 12,203 |
| | **-** | **37,665** | **-** | **37,665** | **-** | **37,665** | **-** | **37,665** |
| **Financial liabilities measured at fair value** | | | | | | | | |
| Interest rate swaps used for hedging | (455) | - | - | (455) | - | (455) | - | (455) |
| Forward exchange contracts used for hedging | (108) | - | - | (108) | - | (108) | - | (108) |
| | **(563)** | **-** | **-** | **(563)** | **-** | **(563)** | **-** | **(563)** |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Secured bank loans | - | - | (44,976) | (44,976) | - | (44,976) | - | (44,976) |
| Assumed liability Passoã call/put option | - | - | (68,736) | (68,736) | - | (68,736) | - | (68,736) |
| Lease liability | - | - | (7,126) | (7,126) | - | (7,126) | - | (7,126) |
| Other long term loan | - | - | (11) | (11) | - | (11) | - | (11) |
| Bank overdrafts | - | - | (608) | (608) | - | (608) | - | (608) |
| Trade and other payables | - | - | (12,854) | (12,854) | - | (12,854) | - | (12,854) |
| Corporate income tax payable | - | - | (129) | (129) | - | (129) | - | (129) |
| | **-** | **-** | **(134,439)** | **(134,439)** | **-** | **(134,439)** | **-** | **(134,439)** |

| **31 March 2018**<br>**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 | 50 | - | - | **50** | - | 50 | - | **50** |
| | **50** | **-** | **-** | **50** | **-** | **50** | **-** | **50** |
| **Financial assets not measured at fair value** | | | | | | | | |
| Loan to joint venture Avandis CV | - | 599 | - | **599** | - | 599 | - | **599** |
| Trade and other receivables | - | 21,247 | - | **21,247** | - | 21,247 | - | **21,247** |
| Cash and cash equivalents | - | 12,420 | | **12,420** | - | 12,420 | - | **12,420** |
| | **-** | **34,266** | **-** | **34,266** | **-** | **33,667** | **-** | **33,667** |
| **Financial liabilities measured at fair value** | | | | | | | | |
| Interest rate swaps used for hedging | (595) | - | - | **(595)** | - | (595) | - | **(595)** |
| Forward exchange contracts used for hedging | (102) | - | - | **(102)** | - | (102) | - | **(102)** |
| | **(697)** | **-** | **-** | **(697)** | **-** | **(697)** | **-** | **(697)** |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Secured bank loans | - | - | (47,885) | **(47,885)** | - | (47,885) | - | **(47,885)** |
| Assumed liability Passoã call/put option | - | - | (68,157) | **(68,157)** | - | (68,157) | - | **(68,157)** |
| Other long term loan | - | - | (27) | **(27)** | - | (27) | - | **(27)** |
| Bank overdrafts | - | - | (40) | **(40)** | - | (40) | - | **(40)** |
| Trade and other payables | - | - | (13,819) | **(13,819)** | | (13,819) | - | **(13,819)** |
| Corporate income tax payable | - | - | (1,703) | **(1,703)** | - | (1,703) | - | **(1,703)** |
| | **-** | **-** | **(131,631)** | **(131,631)** | **-** | **(131,631)** | **-** | **(131,631)** |

## Measurement of fair values

### *Valuation techniques and significant unobservable inputs*

The following tables show the valuation techniques used in measuring Level 2 fair values at 30 September 2018 and 30 September 2017, 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 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 |
| Financials liabilities | Discounted cash flows | Not applicable |

Financial assets include trade and other receivables and cash and cash equivalents. Other financial liabilities include bank loans, other short term financial liabilities, trade and other payables. The book value of the secured bank loans are 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 (ESPP)

In 2015 the Group set up an employee share purchase plan. Under this plan, employees are offered the opportunity to buy depositary receipts for shares (investment shares) of the Company from own payment twice a year following publication of the half-year and full-year results, whereas the first time occurred after publication of the full-year 2014/15 results. The employees are entitled to buy shares at a discount of 13.5% of the share price at that time. Each participant may determine at his or her own discretion the amount of money to be invested in investment shares with a yearly maximum of 33.33% of the gross base salary of the participant. Shares issued under the ESPP are bought on the regulated market of Euronext Amsterdam and will be held by a trust foundation. A three-year lock up period is applicable, during which the participants cannot dispose of their investment shares. No other vesting or performance conditions are applicable. The plan qualifies as share based arrangements (equity settled) under IFRS 2. No share based payment costs are recognized in the profit and loss account as the fair value of the share based payment is zero.

## 17. Commitments

### Leases as lessee

The Group leases offices under operating lease. Following adoption of IFRS16 these leases are brought on balance sheet.
For the lessor a guarantee has been issued for an amount of EUR 138 thousand.

## 18. Related parties

The Group has related party relationships with its shareholders, subsidiaries, Management Board and Supervisory Board 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 first six-month period ended 30 September 2018 do in substance not deviate from the transactions as reflected in the consolidated financial statements as at and for the year ended 31 March 2018.

**Other related party transactions**

| | Transaction values for the 6 months period ended 30 September | | Balance outstanding as at | |
|---|---|---|---|---|
| **Amounts in EUR `000** | **2018** | **2017** | **30 Sept. 2018** | **31 March 2018** |
| **Sale of goods and services** | | | | |
| Joint ventures | 7,267 | 6,346 | 1,700 | 726 |
| **Purchase of goods and services** | | | | |
| Joint ventures | (8,785) | (9,024) | (296) | (1,005) |
| **Others** | | | | |
| Joint venture dividends received | 450 | 550 | - | - |
| Joint ventures loan and related interest | - | - | 599 | 599 |

## 19. Subsequent events

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

The existing lender group of NIBC and Rabobank has been extended to three banks with the addition of ABN AMRO. Kempen and Loyens & Loeff acted as advisors to the company. The new arrangement consists of € 30 million term loan facilities, € 50 million revolving credit facilities and € 50 million acquisition facility for the funding for the envisaged Passoã transaction. Lower margins on the new credit facilities reflect Lucas Bols’ improved credit profile since the IPO and a favourable loan market environment, leading to an expected reduction of the annual financing costs of around € 0.4 million. The facilities have a maturity of five years. Increased operational flexibility is achieved through an increase of the flat leverage covenant from 3.0x Net debt / Adjusted EBITDA to 4.0x. One-off advisory costs and the accelerated amortization of the financing costs for the existing facilities will be charged to the second half of the year.

## 20. Auditor’s review

The interim condensed consolidated financial statements for the period ended 30 September 2018 have not been reviewed by the external auditor.

## 21. 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 2018 as prepared in accordance with IAS 34 *Interim Financial Reporting* gives 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 semi-annual report 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*).