



LOTUS BAKERIES NV

Statutory auditor's report to the general  
**shareholders' meeting on the consolidated**  
accounts for the year ended 31 December 2020

15 April 2021

## **STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF LOTUS BAKERIES NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Lotus Bakeries NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 10 May 2019, following the proposal formulated by the board of directors and following the recommendation by the audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2021. We have performed the statutory audit of the Company's consolidated accounts for 14 consecutive years.

### **Report on the consolidated accounts**

#### ***Unqualified opinion***

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated balance sheet total of EUR'000 844,227 and a profit for the year, attributable to equity holders of Lotus Bakeries, of EUR'000 82,593

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

#### ***Basis for unqualified opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory auditor's responsibilities for the audit of the consolidated accounts*" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

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

## ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Impairment testing of goodwill and other intangible assets - Notes 6 and 7**

#### ***Description of the Key Audit Matter***

The carrying value of the Group's goodwill and other intangible assets with an indefinite life amounts to EUR'000 216,485 and EUR'000 137,239 respectively at 31 December 2020.

These assets are subject to impairment testing on an annual basis or more frequently if there are indicators of impairment.

We consider this as most significant to our audit because the determination of whether or not an impairment charge is necessary involves significant judgement in estimating the future results of the business.

#### ***How our Audit addressed the Key Audit Matter***

We evaluated the appropriateness of the Group's accounting policies and assessed compliance with the policies in accordance with IFRS.

We evaluated management's annual impairment testing and assessment of the indicators of impairment and challenged impairment calculations by assessing the future cash flow forecasts used in the models, and the process by which they were drawn up, including comparing them to the latest budgets approved by the board of directors.

We understood and challenged:

- Assumptions used in the Group's budget and internal forecasts and the long-term growth rates by comparing them to economic and industry forecasts;
- The discount rate by assessing the cost of capital and other inputs including benchmarking with comparable organizations;
- The historical accuracy of budgets to actual results to determine whether cash flow forecasts are reliable based on past experience;
- The mechanics of the underlying calculations.

In performing the above work, we utilized our internal valuation experts to provide challenge and external market data to assess the reasonableness of the assumptions used by management.

We evaluated the sensitivity analysis around the key drivers within the cash flow forecasts to ascertain the extent of change in those assumptions and also considered the likelihood of such a movement in those key assumptions arising.

Whilst recognizing that cash flow forecasting, impairment modelling and valuations are all inherently judgmental, we concluded that the assumptions used by management were within an acceptable range of reasonable estimates.

## Revenue recognition relating to commercial arrangements – Note 2

### *Description of the key audit matter*

As described in Note 2 on the applied accounting policies, the Group enters into commercial agreements with its customers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are contractually agreed. The Group measures revenue, cost of sales and cost of services & other goods taken into consideration the estimated amount based on those contractual agreements and the specific classification criteria in accordance with IFRS.

Due to the nature of some arrangements there is a risk that these arrangements are not appropriately accounted for and as a result revenue would be misstated.

We consider this as most significant to our audit because the assessment of customer allowances requires significant judgement from management concerning:

- The nature and level of fulfilment of the company's obligations under the contractual agreements;
- Estimates with respect to sales volumes to support the required provision to fulfil the current obligation towards the customers.

### *How our audit addressed the key audit matter*

We evaluated the appropriateness of the Group's revenue recognition accounting policies, in particular those relating to volume rebates and promotional & marketing allowances and assessed compliance with the policies in accordance with IFRS.

We tested the effectiveness of the Group's controls over accounting for commercial arrangements and the accuracy of the contractual agreements registered in the accounting system.

In addition, we challenged management's assumptions used in determining the commercial accruals through discussions with management and performing specific substantive procedures including:

- A sample basis on which we agreed the recorded amounts to contractual evidence;
- Inspecting supporting documentation for a sample of manual journals posted to revenue accounts;
- Testing credit notes issued after period end to assess the completeness of the commercial accruals recorded;
- A run down on prior years' commercial accruals to evaluate the reliability of management's estimates.

Our procedures confirmed that management's assumptions and estimates in respect of accounting for commercial arrangements are appropriate in all material aspects.

### ***Responsibilities of the board of directors for the preparation of the consolidated accounts***

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### ***Statutory auditor's responsibilities for the audit of the consolidated accounts***

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

### **Other legal and regulatory requirements**

#### ***Responsibilities of the board of directors***

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts and the separate report on non-financial information and the other information included in the annual report on the consolidated accounts.

#### ***Statutory auditor's responsibilities***

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts and to report on these matters.

#### ***Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts***

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts are materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report in chapter 5 'Corporate social responsibility' on the consolidated accounts. The Company has prepared the non-financial information, based on the Sustainable Development Goals (SDG) framework. However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do *not* express an opinion as to whether the non-financial information has been prepared in accordance with the Sustainable Development Goals (SDG) framework as disclosed in the directors' report on the consolidated accounts.



***Statement related to independence***

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

***Other statements***

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

15 April 2021

The statutory auditor  
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV  
Represented by

A handwritten blue ink signature of the name "Lien Winne".

Lien Winne  
Réviseur d'Entreprises / Bedrijfsrevisor



**pwc** Annual Report 2020

Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.



Document to which our Gingerbread factory, the Netherlands  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.



Our mission is to create  
small moments of joy and happiness.  
We do that by offering a versatile range  
of branded snacks with superior  
taste experience. To every consumer.  
For every occasion. In every country.



## MESSAGE FROM THE CEO AND THE CHAIRMAN

2020 will go down in history as the year of COVID-19. The pandemic has had an impact on both private and business life. It has been a tough and eventful year – mentally, socially and economically. Lotus Bakeries has not remained unaffected by the crisis. In particular, sales via the out-of-home channel – including cafés and restaurants, airlines, hotels, schools and hospitals – were substantially curtailed. All products for which on-the-go is a significant consumption moment were also affected by the closure of offices and schools and the restriction of travel out of the home.

### Despite all this, Lotus Bakeries is now stronger than ever

First of all, our thanks go to all of our colleagues for their endless efforts, dedication and flexibility so that Lotus Bakeries has managed to grow in all countries where its products are sold. Our gratitude also goes to our consumers, who have shown trust in our products, and may sometimes even have found comfort in them. During the lockdowns, more than ever, consumers turned to home baking, using our Lotus Biscoff® products. Our permanent dialogue with retailers also helped drive exponential growth in sales via both traditional retail and e-commerce. This growth more than made up for the loss in other segments.

### Biscoff® as a strong growth driver

Lotus Bakeries continues to reap the rewards of its strategy based on three major pillars. In 2020, the globalisation of Lotus Biscoff®, the Group's first and largest strategic pillar, resulted in an acceleration of the international expansion of the brand, for cookies, spread and ice cream. Thus, Biscoff® was once again the mainstay and growth driver in 2020. Our decision to use a single brand name going forward worldwide – including in our home markets of Belgium, France and the Netherlands – symbolises the ambition to forge ahead with globalisation and make Biscoff® a global brand.

Thanks to the launch of several interesting innovations, more and more consumers are discovering the unique taste of Biscoff®. April saw the introduction of the Biscoff® Sandwich Cookie, for which we invested in a brand-new state-of-the-art production line in Lembeke. Following the overwhelming

&lt;

Jan Boone  
CEO

Jan Vander Stichele  
Chairman

success of this cookie in the first four countries, it is being internationalised further in 2021. In September, we launched Lotus chocolate with Biscoff® in Belgium. We can cautiously call our first steps in this brand-new category a success. Lotus Biscoff® chocolate may well win over international consumers in future too. Finally, Lotus Biscoff® ice cream, which was introduced to international retail in 2019, also proved popular with consumers in 2020.

#### Investing in our healthy snacks

In 2020, Lotus Bakeries also invested further in its second strategic pillar, Natural Foods. Besides products based on pure indulgence, Lotus Bakeries also wants to offer a range of natural snacks. While, ten years ago, the health snacking category appealed to a niche audience, we are now seeing eating habits change. Consumers still love a guilty pleasure, but like to alternate that with responsible snacks. Lotus Bakeries has both in its range. In the future, we intend to invest further in our Natural Foods activities, including via TV and online advertising in markets where there is already sufficient distribution in place. Also in 2020, we decided to set up a brand-new International Natural Foods Headquarters in Switzerland. A strong, dynamic team will from now on organise international sales of Nåkd, TREK, Kiddylicious and BEAR from there.

#### Respect for our local heroes

We also strengthened our third strategic pillar, focused on local heroes, through innovation and investment. In the Netherlands, Peijnenburg focused strongly on the launch of the new packaging design, supported by a media campaign starring Dutch singer Frans Bauer. In 2020, Suzy launched a new TV commercial to support the waffles in Belgium. Annas continued to record exceptional growth in the home markets of Sweden and Finland, thanks partly to the successful launch of Annas Pepparkakor ice cream.

#### Looking forward

Lotus Bakeries is a dynamic company that wants to grow and innovate, and that takes sustainable decisions with a long-term perspective. In the coming periods, we will give force to our sustainability ambitions by expanding and strengthening initiatives in various areas. With this in mind, we will take further steps towards using only recyclable packaging by 2025.

In the coming year, we will invest further in an international rollout for Lotus Biscoff® and our strong brands within Natural Foods. Various investments in our factories are also planned, to keep pace with ongoing international demand. This includes a second BEAR production hall in South Africa, where we will also pack the BEAR products ourselves. In Mebane USA, we are also adding a second production hall, which will shortly have room for three new Lotus Biscoff® production lines. In addition, capacity for Lotus Biscoff® is also being increased by a new dough area in Lembeke. Finally, a new waffle line is being added at the Courcelles factory. Every single one of these investments is needed to meet strongly rising consumer demand in the coming years.

It is clear that we are positive about the future. Unfortunately, 2021 will still feel the impact of COVID-19, with – currently – many unknown variables. But we have confidence in our product, our brands, our people, our consumers and our partners.



Jan Boone  
CEO



Jan Vander Stichele  
Chairman





Biscoff® factory, United States



Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

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# INDEX



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## WORD OF THANKS FROM THE CEO

**"We did more than survive. We made the business even stronger. And we can be proud of that."**

Who better to round off the eventful year of 2020 than our own CEO? We spoke with him about how he has experienced recent months. What did he miss most? What surprised him? But above all: what is he grateful for? The final word goes to Jan Boone.

"When the coronavirus crisis had just begun, I spoke to our staff via a video", starts Jan. "In it I promised we'd throw a big party when the crisis was over. I got lots of reactions to that statement. Admittedly, it's taking longer than expected for us to get out of the impasse. But we'll keep our word. There's not a precise date yet, but as soon as it's possible, we'll definitely organise something for us to get together again."

Because that's exactly what he missed the most in 2020: personal contact. "Like the other members of the EXCO team, I still went into the office in 2020. That was essential for our business to function properly. At the start, we mainly functioned as a crisis team. Then it was all hands on deck to steer our way through a year full of uncertainties. I think we took lots of very good decisions together. But I missed having my colleagues around me. I missed travelling to our sites and sales offices around the world. I hope we can see one another again soon."

So much for the less pleasant side of 2020. Otherwise, Jan is very positive about the past year. "We achieved remarkably good results across the whole business. And I want to thank every single one of our colleagues enormously for that. Because the challenges they faced weren't small. During the first lockdown and under the subsequent COVID-19 measures, lots of people worked from home. And though it might seem easy

to combine work with running a home, it's definitely not. In fact, it's much more challenging mentally. I believe it's easier to go into the office and come home to your family. When I see how everyone coped with that, I think it's fantastic. It shows a lot of dedication to Lotus."

Jan is also grateful to the teams on the twelve production sites, who have shown since the start of the crisis how committed they are to Lotus Bakeries, the brands, retailers and consumers. "Thanks to our teams on all of our sites, we kept on delivering every day. I think it's amazing that we managed to do so in such a difficult year. It shows we're one big family. In a crisis you discover who your true friends are, and we've certainly proved that at Lotus Bakeries."

He was also astonished by many reactions to the name change for Lotus Biscoff® in the home markets of Belgium, France and the Netherlands. "Especially in Flanders there were lots of reactions, both positive and negative, and both from consumers and from the press. Some people think it's a shame the 'speculoos' or 'original caramelised cookies' name will be less prominent (although it'll still be on the packaging), others say they're particularly proud of the excellent results we achieve as a Belgian company. One thing is certain: the many reactions show that we're a fantastic brand with which people feel really engaged."

**pwc**

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> Jan Boone, CEO

And – partly thanks to the home baking trend – that brand managed to grow further in a year like 2020. A remarkable achievement. "At Lotus Bakeries we did more than survive last year", Jan emphasises. "We made our business even stronger. And we can be proud of that. So I hope we all started the New Year full of energy. Because – and I'm speaking to all of our colleagues here – we need you. But we're there for you too. Let's make 2021 a fantastic year."

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Thanks to our teams on all of our sites, we kept on delivering every day. I think it's amazing that we managed to do so in such a difficult year. It shows we're one big family. In a crisis you discover who your true friends are, and we've certainly proved that at Lotus Bakeries.

# 2020 AT A GLANCE



**January**



## International partnerships for Lotus Biscoff®

In partnership with several major brands, Lotus Bakeries launches products such as KitKat mini moments with Lotus Biscoff® and Danio crunchy: Lotus Biscoff®.

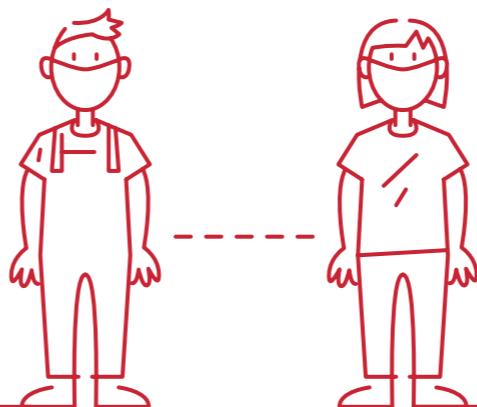


**February**



## Lotus Bakeries formulates ambitious sustainability strategy

Lotus Bakeries commits to make the packaging of all of its brands recyclable by 2025.



**March**

## Lotus Bakeries takes measures following the outbreak of COVID-19

Lotus Bakeries takes the necessary measures to guarantee the safety of Lotus Bakeries staff and ensure business continuity.



**April**

## Launch of Lotus Biscoff® Sandwich Cookie

Lotus Bakeries introduces the Lotus Biscoff® Sandwich Cookie in three different flavours: original Biscoff® cream, vanilla and milk chocolate.



**May**



## In-house packaging for BEAR in the US

With the start-up of the BEAR packaging line at the Lotus Bakeries factory in Mebane, North Carolina, USA, BEAR fruit rolls are shipped straight from our South African factory to the US for delivery to American consumers.

## Lotus Bakeries acquires the majority of the remaining stake of Natural Balance Foods' founders

In May, Lotus Bakeries comes to an agreement with Natural Balance Foods founders Jamie and Greg Combs to acquire almost all of their remaining shares.



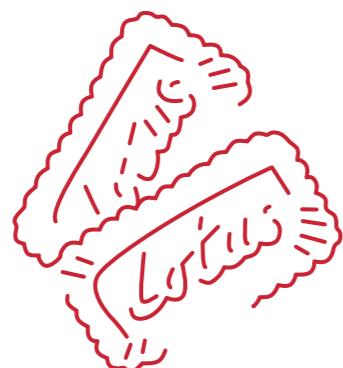
## KEY FIGURES 2020

### TURNOVER in millions of EUR

**663.3**

↑ 8.3%

612.7 in 2019



### Rebit in millions of EUR

**111.1**

↑ 8.0%

102.9 in 2019

### Gross dividend in euro

**35.5**

↑ 10.9%

32.0 in 2019

### Net result in millions of EUR

**82.5**

↑ 8.9%

75.8 in 2019

### Net financial debts in millions of EUR

**110.5**

129.7 in 2019

### CO<sub>2</sub> neutral label obtained by our owned sites

**100%**

↑ 0%

100% in 2019

### Code of Conduct signed by current employees

**99%**

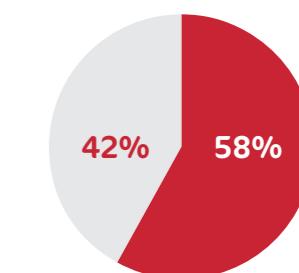
### Supplier Code of Conduct signed by key suppliers<sup>2</sup>

**62%**

### Palm Oil Policy signed by our palm oil suppliers

**96%**

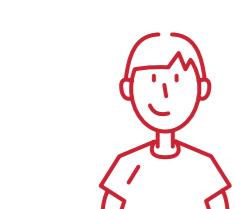
### Gender diversity Leadership team<sup>3</sup> F/M



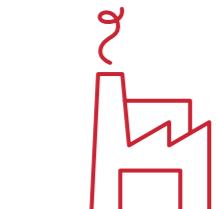
### Board of Directors 30% F / 70% M

### Management 40% F / 60% M

### All employees 52% F / 48% M



**2,155**  
Number of persons employed  
2,056 in 2019



**12**  
Production facilities  
in 6 countries



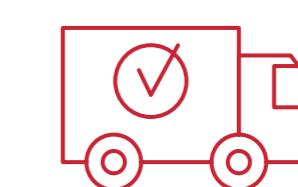
**21**  
Sales offices  
in 15 countries



**50+**  
Countries  
with commercial partners



**100%**  
External  
quality certification





CHAPTER 1

# OUR STRATEGY

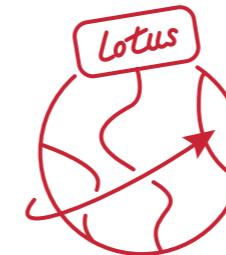
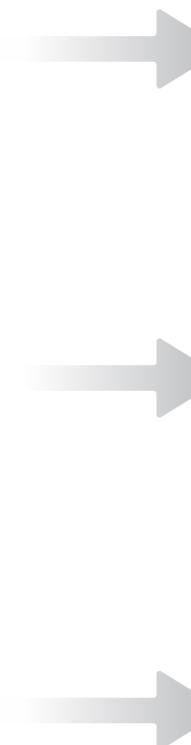


## OUR STRATEGY

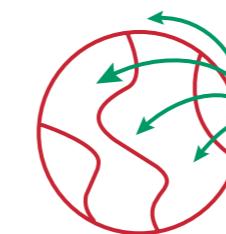
Lotus Bakeries aims to offer every consumer a versatile range of responsible and tasty snacks for every consumption moment. The cookies, ice cream, spread, chocolate, waffles, cakes, gingerbread and natural snacks our company offers, create a moment of pure enjoyment for consumers. Lotus Bakeries wants to be an established part of consumers' daily lives, in as many countries as possible.

In order to climb to the top among global brands and achieve sustainable growth, Lotus Bakeries has a clear strategy in mind. Building brands is central to this. Lotus Bakeries is active worldwide in the snacking segment with the Lotus, Biscoff®, Nåkd, TREK, BEAR, Kiddylicious, Dinosaurus, Peijnenburg and Annas brands. To give each of these brands, each of which has its own DNA and its own target group, sufficient focus and attention, the strategy is shaped by three pillars.

**MISSION**  
Our mission is to create small moments of joy and happiness. We do that by offering a versatile range of branded snacks with superior taste experience. To every consumer. For every occasion. In every country.



**LOTUS BISCOFF**  
Globalisation of Lotus Biscoff® products with Lotus Biscoff® – ultimately – at the top of global brands



**NATURAL FOODS**  
Investment in a strong healthy snacking business, both in our home market, the UK, and internationally, from the Natural Foods International HQ in Switzerland



**LOCAL HEROES**  
Development of strong market positions in our home markets by continuous investments in our broad range

**VISION**  
Realise sustainable profitable growth by offering a versatile range of branded snacks for every consumption occasion, while maximising opportunities for generations to come via our programme

**CARE FOR TODAY – RESPECT FOR TOMORROW**

» Read more on page 60





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## LOTUS BISCOFF® STRATEGY

The globalisation of Lotus Biscoff® is the first pillar of Lotus Bakeries' strategy. This pillar focuses on the globalisation of Lotus' original caramelised cookie taste, marketed under the Lotus Biscoff® brand. Lotus Biscoff® has a highly unique but accessible flavour, with a subtle caramel touch. Lotus Bakeries believes in the universal character of its Lotus Biscoff® cookie, and consequently its Lotus Biscoff® spread, Lotus Biscoff® ice cream and recently also its own range of chocolate with crunchy Biscoff® pieces and Lotus Biscoff® spread. Biscoff® enjoys success across national borders and cultural differences – a quite exceptional situation in the food sector. Lotus Biscoff® is now enjoyed in more than sixty countries. In 2020, Lotus Bakeries achieved strong growth with Lotus Biscoff® in the following promising newer markets: Australia, Indonesia, Malaysia, Morocco, Egypt, Turkey and Canada. This success supports the ambition of globalisation. The geographical expansion of Lotus Biscoff® is the primary growth area, with plenty of further potential for growth, particularly in big consumer markets such as the US, the UK, China, Japan and also Italy and Germany.

To support the further internationalisation of Lotus Biscoff®, Lotus Bakeries operates in fifteen countries with its own sales offices and its own sales teams. Cooperation also takes place with local commercial partners in some fifty countries. The main sales potential lies in supermarkets, where we highlight our products via displays and promotions. We also try to introduce Lotus Biscoff® to consumers via the out-of-home channels (restaurants, hotels, airlines, etc.). The more households are familiar with our products, the better. Once a substantial percentage of households within a particular region consume our products, we can start advertising on TV and online to continue to grow steadily.

## BRANDS AND PRODUCTS



### Lotus Biscoff® cookie

Lotus Biscoff® is a surprisingly crunchy cookie loved around the world for its unique, caramelised taste. A great match for a cup of coffee, a tasty treat or kitchen ingredient. It starts from the right combination of carefully selected natural ingredients. But the true magic happens in the oven, during the well-mastered caramelisation process. In fact, it's all a matter of craftsmanship.

Through the years, Lotus Biscoff®'s popularity spreads far beyond borders. The name Lotus Biscoff® itself is a combination of 'biscuit' and 'coffee', a reference to the complementarity of the two tastes. Lotus Biscoff® and coffee are the perfect match.



### Lotus Biscoff® spread

Our Lotus Biscoff® spread is a spreadable, sweet spread with the familiar, unique taste of Lotus original caramelised cookies. There are two varieties: crunchy and smooth. Both varieties offer an original, delicious alternative to traditional spreads. Because this product is also enjoyed as a snack, we launched Lotus Biscoff® & Go, a combination of our delicious Lotus Biscoff® spread and mini-breadsticks in a handy pack to eat on the go.

In 2019, we also launched Lotus Topping in the out-of-home channel, a liquid version of Lotus Biscoff® spread in a handy squeezy bottle. Perfect for topping your crepes, waffles, ice cream and more!





### Lotus Biscoff® ice cream

The combination of Lotus Biscoff® and delicious velvety ice cream is enough to make anyone melt. With many formats, Lotus Biscoff® ice cream makes an ideal snack for any occasion.



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## INNOVATIONS

### Lotus Biscoff® Sandwich cookie

Lotus Biscoff® Sandwich cookie is made of two crunchy original caramelised cookies with a deliciously creamy milk chocolate, vanilla or Biscoff® filling. This cookie was launched in April 2020 in four countries: Belgium, France, the UK and the US. In the second half of the year, several more countries were added. And the internationalisation continues in 2021! In view of this, we have invested in a new Biscoff® Sandwich cookie production line in Lembeke, to keep pace with market demand.

The secret of the Biscoff® Sandwich cookie?  
A deliciously creamy filling that's the perfect match for the crunchy, intensely caramelised Biscoff® cookie.

Jonas Vandamme, R&D Project Engineering

TOP teamwork - the ambitious start date was met despite COVID-19. Very proud of the team!

Jeroen Osten, Project Manager Engineering



### Fun Facts

Voted 'best product of the year' in the Bakery category by consumers in the Netherlands.

We reach a younger target audience with our Biscoff® Sandwich Cookies

## Lotus Biscoff® chocolate

Also in 2020, a specially developed new range of Lotus Biscoff® chocolate was introduced to the Belgian market. The range consists of two delicious varieties: milk chocolate with crunchy Biscoff® pieces and milk chocolate with smooth Biscoff® spread filling. Both are available in bar form and as Minis. We're sure you'll agree they taste sensational.



With its crunchiness & unique taste, Biscoff® adds an amazing extra dimension to chocolate: a match made in heaven!

Pauline Helsen, Brand Manager

Our customers' hearts melted immediately at the idea of Belgian chocolate filled with Belgian Biscoff® cookie pieces.

David De Prest, National Account Manager

For a true chocolate lover like me, the new Biscoff® chocolate was a real revelation! It's a fantastic chocolate with an amazing caramelised cookie flavour. The perfect combination!

Cristel Van Hurck, Marketing Coordinator

### Fun Facts

By buying Lotus Biscoff® chocolate you support the Lotus Foundation for Education

Since its launch, Lotus Biscoff® chocolate has represented 21% of growth in the chocolate category in Belgium<sup>1</sup>.

Only launched in September, Lotus chocolate is already the number 3 brand in Belgium (by value) in the filled bar category<sup>1</sup>.



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<sup>1</sup> Nielsen data up to w52 2020

## BISCOFF®: THE STRONG GROWTH DRIVER IN 2020

**“Smart strategic decisions and the home baking trend during lockdown laid the foundation for this strong growth.”**

Ignace Heyman, COO

We partly have Lotus Biscoff® to thank for Lotus Bakeries' very good results in this challenging year. The brand was a real growth driver for the whole company in 2020. This is partly due to a substantial rise in consumer demand, the move into new product categories, and innovation in the cookie category.

In all countries where Lotus Biscoff® is on the market, the brand did very well in 2020. “We were truly amazed at that”, starts off COO Ignace Heyman. “We had already achieved excellent structural growth in past years. So, for us to grow even more strongly in the context of a global pandemic is a remarkable achievement. The lockdowns, the closure of the hospitality sector, the drop in the number of flights: they all had their impact on the out-of-home channel, which is an essential sales channel for our caramelised cookies. But we managed to make up for this loss and forge ahead of this with retail sales.”

### Home baking during lockdown

Ignace attributes Lotus Biscoff®'s strong growth partly to the strong rise in consumer demand in all countries where the cookie is sold. “We're delighted to see this trend in all markets, even in countries where Lotus Biscoff® has only just been introduced, such as Australia and Indonesia.”

According to Global Brand Director Kathleen Buyst, this is partly down to the home baking trend during lockdowns. “Consumers were looking for a new way to pass the time, and baking was the ideal activity. Many of them

seized upon our products – cookies and spread – to make cheesecake or muffins, for example. They shared their fantastic creations enthusiastically via social media with the hashtag #lotusbiscoff, so that Lotus Biscoff® reached even more people. What's nice is that, through channels like TikTok, a younger generation is now getting to know our product too.”

### Introduction into other categories

Kathleen and Ignace also put the good results down to Lotus Bakeries' strategy of introducing the unique taste of the cookies into other global product categories such as ice cream and spread. “In this way we create cross trials and increase the total reach of our brand”, says Ignace. “Lotus Biscoff® spread is now registering strong growth globally. There's also Lotus Biscoff® ice cream, which – following the successful launch in Belgium – we internationalised further in 2020. In countries like the USA, the UK and Switzerland, our efforts delivered good shelf impact. That gives us plenty of confidence that we're on the right track. Along the same lines, we took our first steps in the chocolate category in Belgium last year.”



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### Innovation in cookies

Finally, there are the innovations Lotus Bakeries has made to the existing range. Lotus Biscoff® Sandwich Cookie was a new addition to the cookie category in 2020. “For the first time, with this round cookie, we're breaking away from the iconic shape of the Biscoff® cookie”, says Kathleen. It was launched at a difficult time – in the middle of lockdown – but the introduction was still a boost. “We were so confident in this cookie that, before even one box was sold, we decided to invest in an extra production line in Lemeke.”

While awaiting the new production line, the Lotus Biscoff® Sandwich Cookie was already launched in Belgium, France, the United Kingdom and the United States. “Sales are going fantastically in every market, and are on top of sales of the familiar Biscoff® cookies. That means that we're reaching different consumers too”, concludes Ignace.



> Ignace Heyman, COO



> Kathleen Buyst, Global Brand Director Biscoff®

“Since the end of 2020, we've also begun rolling it out in more countries. We're very confident that this product will continue to grow in 2021, internationally as well. The addition of two smaller pack formats containing one and five cookies – encouraging consumers to try the product – is sure to help us with this.”

We were so confident in this cookie that, before even one box was sold, we decided to invest in an extra production line in Lemeke.

Ignace Heyman, COO

## LAUNCH OF LOTUS BISCOFF® CHOCOLATE ANOTHER BOOST

**“It’s fantastic that we can already expand the range in response to customer demand!”**

Hendrik Van Steendam, Marketing Director Belgium

When Lotus Bakeries launched the new Lotus Biscoff® chocolate – with pieces of caramelised cookie or Biscoff® cream filling – in September, this was also the first step in a brand-new category: chocolate. Just six months later, the launch is already a hit. Retailers and consumers are reacting so positively that new varieties will already be added to the range in 2021.

The launch of the Biscoff® cookie goes back to 1932, but since then the original caramelised cookie with its unique taste has also found its way into other categories in which indulgence is key. There is Lotus Biscoff® spread of course, and later Lotus Bakeries also brought Lotus Biscoff® ice cream to the market in Belgium. “This launch was incredibly successful, even without extensive support”, starts off Hendrik Van Steendam, Marketing Director Belgium. “So, we explored other categories into which we could introduce the Biscoff® taste. After all, our goal is to make Lotus Biscoff® a global brand. One way we do this is by introducing the unique taste of the product to other categories. After the cookie category, the chocolate category is the second biggest indulgence category in the market. Not just in Belgium but globally.”

### Pieces and spread

So the decision was soon made: Lotus Bakeries moved into the chocolate category in Belgium. With milk chocolate with Biscoff® pieces on the one

hand and a version with a creamy Biscoff® spread filling on the other. Both products are available in bar form and as minis. That was a deliberate decision too: “The biggest segment in the chocolate category is bars, followed by minis (or individually packaged portions). Lots of products on the chocolate shelf combine chocolate with another ingredient, either in the form of pieces, or in the form of a filling. At Lotus Bakeries we’re lucky enough to have both in our range. For greater recognition of our new product, we also carried forward the distinctive Biscoff® design into the chocolate. As a result, both the bar and the mini-version fully match the Lotus Biscoff® branding. What’s nice is that by buying this product, consumers also support Lotus Bakeries’ Foundation for Education, one of which projects being the Kusasa school in South Africa. This unique school offers disadvantaged children in the region a future by giving them a high standard of education”.



> Hendrik Van Steendam, Marketingdirector België

**What’s nice is that by buying this product, consumers also support Lotus Bakeries’ Foundation for Education.**

Hendrik Van Steendam, Marketing Director Belgium



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The feedback on the new product is really good, both from retailers and from consumers, as well as from our own staff.

Hendrik Van Steendam, Marketing Director Belgium

### Extra varieties in response to retail demand

When Lotus Bakeries went to pitch the new product to retailers, they were so enthusiastic that by the time of the launch almost full distribution was already achieved for the four varieties. “Retailers themselves say that they’ve rarely experienced such a launch in the chocolate category”, says Hendrik enthusiastically. “They’re even already asking for more varieties. So we’re already getting ready to expand the range in April 2021. We think it’s fantastic that we’re doing this in response to demand from our customers.”

### Future plans

It should therefore come as no surprise that Lotus Bakeries is already considering the next steps. “The feedback on the new product is really good, both from retailers and from consumers, as well as from our own staff. Colleagues in other countries often ask me if we want to cross the border with Lotus Biscoff® chocolate too. Our CEO Jan Boone introduced all of our staff to the product worldwide: every single one of them was sent a box as a thank-you for their flexibility and efforts during the difficult months of the coronavirus crisis. This led to many great posts on social media, so that our own employees became our best ambassadors. Whenever we create a new Biscoff® product, we always choose products that we can roll out globally after launching them in Belgium. However, for now, we want to see how sales are going at home first, and are examining how we want to continue to support the brand. Crossing the border to countries where Lotus Biscoff® is already an established brand is of course one possibility”, concludes Hendrik.



## NATURAL FOODS STRATEGY

The internationalisation of our Natural Foods brands Nákd, BEAR, TREK and Kiddylicious forms the second pillar of our strategy. Since 2015, Lotus Bakeries has invested in the natural and healthy snacking category with a focus on the strong brands of Nákd, BEAR, TREK and Kiddylicious. In May 2020, Lotus Bakeries acquired almost all of the remaining shares in British company Natural Balance Foods from the founders. As a result, Lotus Bakeries now has full control of the entire Natural Foods portfolio.

Our aim is to create constant growth in the home market for these brands, the United Kingdom. We do so firstly through the activation of our own hero products, both at the point of sale and through targeted marketing activities online and on TV. Secondly, we make use of an ambitious innovation programme by which we strive to bring innovative products to the market in and outside the existing categories.

The geographical expansion of our Natural Foods brands outside the United Kingdom is another major growth area. In 2016, we took our first steps towards further internationalisation, focusing on Lotus Bakeries' home markets of Belgium, the Netherlands and France, plus the

United States specifically for BEAR. In 2020, Lotus Bakeries decided to accelerate this growth by centralising all international activities, brands and Global Accounts at Natural Foods International headquarters. Organisationally, the whole international Natural Foods team has been brought together. This allows an abundance of synergies to be achieved. On the one hand, in terms of strategy, development and protection of the international brands. On the other hand, regarding the optimisation of the supply chain and sales strategies for Natural Foods products.

The Nákd, BEAR, TREK and Kiddylicious brands bring healthy snacks to market that will often be disruptive in existing categories. That is the reason for the strong focus on communication to consumers about the advantages of these healthy and tasty snacks. This takes place on the packaging, at the point of sale and via video campaigns on TV and social media.

## BRANDS & PRODUCTS



### Nākd

Nākd bars are made with just fruit and nuts. Containing only 100% natural ingredients with no added sugar, syrups or mysterious additives, Nākd bars are the perfect mid-morning snack or afternoon pick-me-up. Appealing to health-conscious consumers who don't want to compromise on taste, Nākd's yummy treats are vegan and gluten, wheat and dairy free.

Available in a wide variety of mind blowing flavours including Blueberry Muffin, Peanut Delight and Salted Caramel, Nākd bars are the tastiest way to genuinely enjoy healthy snacking.

At the start of 2020, Nākd bars with a chocolish topping were added to the range. Chocolish tastes of chocolate, has the smooth texture of chocolate, but only contains fruit, nuts and cocoa. The topping is 100% natural and contains no added sugar.



### TREK

TREK is the ideal snack for people with an active lifestyle. TREK bars supply everyone with nutritious, long-lasting energy. This is because we select 100% plant-based ingredients, with no refined or artificial sugars, for TREK bars contain 9g of plant-based protein. Looking for a great, delicious energy boost? TREK is the perfect solution.





## BEAR

BEAR offers an extensive range of tasty and healthy snacks for kids. The philosophy is simple: to offer healthy snacks that children enjoy and their parents can trust. BEAR's healthy and innovative range comprises 100% fruit snacks. It is available in a variety of appealing formats, including rolls (BEAR Fruit Rolls) and fruit shapes (BEAR Fruit Minis and BEAR Paws). BEAR only uses gently baked, freshly picked seasonal fruits to ensure that as much as possible of the fruity goodness such as fibre, minerals & vitamins is kept in the end product. The products are free from added sugars, concentrate, preservatives and stabilisers.

All BEAR products are not only tasty, they make it fun for children to eat more fruit too. Each BEAR Fruit Rolls packet contains a free card to collect, so the enjoyment continues after eating a fruit roll. In 2021, BEAR launches a new card campaign to keep loyal BEAR fans entertained. Grrr...



## Kiddylicious

The Kiddylicious brand brings to market delicious, nutritious food for little ones. It is sold in every major UK supermarket and being introduced to more and more markets internationally.

Kiddylicious brings a very extensive range of responsible snacks to market designed to offer a healthy and safe alternative to existing snacks, especially for little ones. Most products have no added sugar or salt and the majority of the range is free from dairy, lactose, gluten and allergens. With a variety of tastes and textures in suitably sized portions, the Kiddylicious range encourages a positive attitude to food and helps toddlers' motor development.

Thanks to its diverse and innovative portfolio, Kiddylicious is the second biggest brand in the baby snacking category in the UK<sup>1</sup>.

<sup>1</sup> Source IRI EPOS data (week ending 26/12/20)



## INNOVATIONS

### Nākd Chocolish

Nākd Drizzled Chocolish bars have a soft fruit and nut centre, dipped and drizzled in rich, smooth Nākd Chocolish – Nākd's amazing healthy new answer to chocolate! The bars are made of 100% natural ingredients, contain no added sugar and are wheat, gluten and lactose free. The bars are available in four flavours: Double Chocolish, Peanut Chocolish, Raspberry Chocolish and Toffee Chocolish.



The illustrations on the packaging reflect the amazing chocolate sensation inside. Of course, to help us design them, we had to try lots of bars...a great job!

Denise Fishburn, Head of Design

It was an exciting project from beginning to end, in which we combined our experience with fruit and nut bars with the innovative alternative to chocolate as a topping. We learnt a lot along the way and came up with lots of ideas for the future.

Liane Kynaston, Technical Manager

#### Fun Facts

The chocolate alternative used as a topping on Chocolish products is vegan and contains only fruit sugars. It contains 50% less sugar per 100g than popular alternatives on the UK market.



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### TREK power bars

TREK power bars are the latest addition to the TREK range. They are made from 100% natural ingredients and covered in a great natural alternative to chocolate. The bars are available in two flavours: Peanut Butter Crunch and Millionaire Shortbread.



In spite of all the challenges, we developed a product that tastes great and consumers really love. An achievement that shows teamwork and dedication!

Miroslava Butalova, NPD Manager

What a success and a brilliant addition to the TREK range: a vegan bar with multiple layers, each containing plant-based proteins and covered with an alternative to chocolate.

Liane Kynaston, Technical Manager

#### Fun Facts

The bars are available from UK retailers including Tesco & Sainsbury's!

The bars are high in fibre, so they are really satisfying.

## TREK flapjacks

TREK's flapjack range was recently expanded to include three new flavours. The delicious vegan toppings with which we deliver a delicious energy boost are 'Salted Caramel', 'White Choc & Raspberry' and 'Smooth Lemon'.



The new flavours add a fresh, fruity touch to the range that carries through to the packaging – a real eye-catcher on the shelf!

Claire Viner, Manager Packaging

## Kiddylicious: Rice Crispy Sticks, Melty Buttons & Juicy Fruit Bars

In 2020, Kiddylicious launched Rice Crispy Sticks, made of puffed rice, puffed quinoa and crushed sunflower seeds. These tasty snacks contain no added salt and are both gluten and nut free. Melty Buttons and Juicy Fruit Bars were also launched in 2020, introducing vegetable and fruit flavours respectively to little ones. The ideal snack at home or on the go!



### Fun Facts

The 'White Choc & Raspberry' bar is topped with an all-natural, vegan layer with the gorgeous sensation of white chocolate.

Unlike other products in the category, TREK flapjacks are gluten free.



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It was really great to work on the Rice Crispy Sticks packaging that brings out the fun, tasty and healthy nature of the product.

Kevin Taggart, Studio Manager Marketing

Melty Buttons have been one of the favourites in the 9+ months age segment right from the launch. And they're well on the way to becoming one of our most popular snacks.

Rob Fife, Category & Insights

### Fun Facts

Kiddylicious introduced 10 tasty new snacks to the range in 2020.

## NEW HEADQUARTERS IN SWITZERLAND FOR NATURAL FOODS INTERNATIONAL DIVISION

**“It’s the ideal time to take the internationalisation  
of the Natural Foods brands up a gear.”**

Isabelle Maes, CEO Natural Foods

At the end of 2020, Lotus Bakeries centralised all international activities of the Natural Foods division at a single headquarters in Baar, Switzerland. This decision was taken in order to accelerate the international growth of this range of healthy snacks, which, alongside Lotus Biscoff®, forms the major second pillar for the Lotus Bakeries Group.



> Isabelle Maes, CEO Natural Foods



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We’re investing in recruiting new people in Switzerland too, but are also offering staff from Belgium and our other sites the chance to take up an international opportunity as an expat in the fine country of Switzerland.

Isabelle Maes, CEO Natural Foods

Internationalisation is a key strategy of Lotus Bakeries for sustainable future growth. This is also the case for the Natural Foods range, as CEO Natural Foods Isabelle Maes explains. “After the acquisition in 2015, we focused at first on growth in their country of origin, the United Kingdom. At the same time, we also began taking careful steps towards internationalisation. Every one of the brands in this range – Nákd, TREK, BEAR and Kiddylicious – has the potential to break through internationally. “Now is the ideal time to take this up a gear. The healthy snacking category has become mainstream in many countries in and outside Europe.”

Bringing together all of the activities involved in the internationalisation of Natural Foods at a single headquarters in Baar, Switzerland, shows that Lotus Bakeries is now fully committed to the internationalisation of the range. Through this, it intends to make the most of synergies and grow faster. All strategic decisions concerning international business will now therefore be taken in Switzerland. “We chose Baar because we already had a sales office for the Swiss market there, as well as a corporate procurement department. The town is also close to Zurich, a major international hub from which we can easily fly to any destination, including outside Europe.”

Lotus Bakeries is building brand-new offices in Baar, to be completed in October 2021 and with room for around 30 staff. “By this, we’re making a statement that we really believe in the international success of our Natural Foods. We’re investing in recruiting new people in Switzerland too, but are also offering staff from Belgium and our other sites the chance to take up an international opportunity as an expat in the fine country of

Switzerland. This has been welcomed with enthusiasm. Alongside this, we’re also underlining our belief in Natural Foods with extra investments in various countries. Depending on the penetration and distribution in these markets, this can involve for example TV commercials, online campaigns or choosing motivated, loyal ambassadors who shine the spotlight on our brand on a regular basis.”

In view of this, the goals that Isabelle Maes has set for the Natural Foods range are not small. “We want to make Natural Foods the second strategic international growth area for the Lotus Bakeries Group. Of course, at present, we’re still much smaller than Biscoff®, but why not? The potential exists and so does the demand, and the target audience is big: for Nákd and TREK, for example, it’s all people with an active lifestyle, with no age limit. We therefore all truly believe we can realise our ambitious goal.”

We want to make Natural Foods  
the second strategic international growth  
area for the Lotus Bakeries Group.

Isabelle Maes, CEO Natural Foods



## LOCAL HEROES STRATEGY

Focus on our 'hero' products or 'local heroes' forms the third pillar of Lotus Bakeries' strategy. We are present in Belgium, the Netherlands and France with a wide range of local 'hero' products: cookies, waffles, cakes and gingerbread. We want to develop these already strong market positions by investing continuously in this wide range. In this way, Lotus Bakeries strengthens its position as market leader in the relevant subsegments. Belief in 'hero' products is great. It is no coincidence that, when making acquisitions, Lotus Bakeries has always focused on companies with a strong brand, exceptional products and a strong market position in the home market of the company concerned. We are firmly convinced that, by paying attention to these local 'hero' brands in their home market, we can further strengthen the success of these products.

## BRANDS & PRODUCTS



### Lotus cakes

The Lotus cake range comprises a wide range of cake specialties, including the hero concepts Frangipane, Madeleine, Tartélice and Zebra. They are all fabulous quality products to enjoy at home or on the go.

In 2020, each of these 'heroes' was given new packaging, for greater transparency in the design. In addition, the range was expanded once more: following the launch of Madeleine Chocolat and Zebra Framboise in 2019, the introduction of Tartélice Myrtille this year gave the range a boost.



### Dinosaurus

Lotus Dinosaurus cookies are not just deliciously crunchy. They're perfectly balanced. Every cookie is bursting with tasty natural ingredients that provide children and young people with the energy they need to discover the world, try new things and let their imagination run wild. With its cool look, Dinosaurus inspires them to take on new adventures.

The basic version of the beloved Dinosaurus cookies comes in three flavours — milk chocolate, dark chocolate and whole wheat. They are available in a mini-version too. The range also includes Lotus Dinosaurus filled, a crunchy round cookie with a light filling of Belgian milk or dark chocolate.





### Lotus waffles

In Belgium and France, Lotus Bakeries continues to offer an extensive range of waffles. In Belgium, the waffles are marketed under the brand name Lotus Suzy, with as its figurehead the young lady of the same name who promotes the waffles from her retro van, winning many hearts in the process. Suzy is the brand name of the divine Liège Waffles, Vanilla Waffles, and since 2020 also Soft Waffles from Lotus.

In any case, the members of the Lotus waffle family have one thing in common: they all stand out thanks to their high quality, taste and texture.

In 2020, Suzy launched a new TV commercial in Belgium. After moving home and the open-air cinema, Suzy is now opening her own hip Suzy pop-up shop!



### Peijnenburg

As a brand, Peijnenburg stands for simple enjoyment every day.

Peijnenburg gingerbread has been baked at Geldrop in the Netherlands since 1883. Over the years, the bakery grew into a fully-fledged factory. In 1983, one hundred years of craftsmanship were crowned with the title 'Koninklijke' or Royal. With its unique flavour, traditional baking and preparation process using well-loved, nutritious ingredients, Peijnenburg is a popular choice for enjoying a special moment at breakfast time.

In 2020, Peijnenburg launched a new media campaign 'van Happen word je Happie' (Eating Peijnenburg makes you happy) starring Dutch singer Frans Bauer.





### Snelle Jelle

Snelle Jelle stands for energy, adventure and challenges. The brand has marketed delicious gingerbread since 2002. This tasty rye gingerbread snack that's handy to eat on the go is packed full of energy. A spicy gingerbread with a unique twist that inspires young and old to keep going.

The brand houses a range of filling bars, packed with energy, also available in several flavours. There are also bars in handy formats for snacking on the go and a no added sugar version, Snelle Jelle Zero.

In 2020, the whole range was given a new look, highlighting Snelle Jelle's sporty, dynamic character. Energy gets a new look!



### Annas

The Annas brand dates from 1929, the year in which Anna and Emma Karlsson opened their bakery near Stockholm (Sweden). There they baked the typical Swedish speciality of pepparkakor biscuits: thin, crunchy biscuits flavoured with ginger and cinnamon. Annas is the most popular brand of pepparkakor cookies in its home markets of Sweden and Finland. The cookies can also be found on the shelves in some twenty other countries, including the US, Canada and a number of Asian markets.

There are now four different traditional flavours, as well as limited editions and an Annas variety with organic ingredients bearing the EU Organic Logo. Annas also markets special Annas Pepparkakor houses, which are traditionally

assembled and decorated by the whole family. Although Annas Pepparkakor cookies are available all year round, in Scandinavia they are especially popular during the Christmas period.

In 2019, Annas Pepparkakor ice cream was added to the range. Annas ice cream is a combination of deliciously smooth ice cream and crunchy pieces of Annas Pepparkakor ginger thins. For the 2020 pepparkakor season in Scandinavia, Annas also reintroduced three favourites from the past: Annas Polka, Liquorice and Toffee. These flavours combine the classic character of the ginger cookies with amazing flavours.

## INNOVATIONS

### Snelle Jelle redesign

In 2020, the whole Snelle Jelle range was given a new look. Taking the powerful brand personality and its positioning as “(too) powerful gingerbread” as our basis, we tackled the logo and design. The result: a powerful, bold style, full of energy, that guarantees recognisability. Snelle Jelle has now become even more Snelle Jelle.



A (too) powerful change to our brand image while retaining our recognisability for consumers. It jumps out at you from the shelves!

Bart Hendriks, Brand Manager Snelle Jelle

Retaining the existing branding elements and colour and flavour navigation in the new design means that our consumers can still easily find their favourite bar.

Jeroen Harks, Marketing Director

### Honey waffle

Since April 2020, there's a new filled waffle on the shelves: the Lotus Honey Waffle. With a honey centre, this soft waffle is the latest addition to the well-known 'Coeur fondant' range, comprising soft waffles with a vanilla and brown sugar filling.



#### Fun Facts

Top sportspeople also love our (too) powerful gingerbread!



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Our new filled honey waffle is unique in the French market: while other brands use a crispy waffle, ours is deliciously soft.

Catherine Sabatier, Brand Manager

#### Fun Facts

The honey used for the filling of the honey waffle is the same honey we use to produce our Peijnenburg gingerbread.

The new honey waffle is attracting new customers: 75% of consumers who buy the honey waffle have never bought another variety of the filled waffle before.

## Tartélice Myrtille

Since its launch in 2009, the Lotus fruit-filled cake range has grown into a successful range of products under the Tartélice name. Tartélice are delicious little cakes made of soft sponge with a fresh fruit filling of apples or raspberries and there is also a version with a smooth chocolate filling. In October 2019, Tartélice Myrtille was added to the range. Blueberries aren't just trendy, they're super delicious too! This version therefore makes a delightful addition to the range.



### Fun Facts

Tartélice is currently the 3<sup>rd</sup> largest sub-range within cakes.

There's 16% blueberry filling in a Tartélice cake.



Document to which our report dated 15/04/2021 also refers.  
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CHAPTER 2

# OUR SUSTAINABILITY PROGRAMME: CARE FOR TODAY – RESPECT FOR TOMORROW

pwc

Document for internal report Pepparkaker factory, Sweden

15/01/2021, also relevant

Intended for identification purposes

PwC Bedrijfsrevisoren - PwC Reviseurs d'Entreprises

## OUR SUSTAINABILITY AMBITION

Lotus Bakeries wants to grow by offering a varied range of branded snacks for all times of the day. This growth must be profitable and sustainable, while maximising chances for future generations. That is our vision.

"Through our 'Care for Today, Respect for Tomorrow' sustainability strategy and the expansion and strengthening of integrated action plans, we will strengthen our ambitions in the coming periods. Consequently, our sustainability ambition forms an integral part of our vision and corporate strategy.

Our sustainability strategy is based on three pillars, within which we have formulated specific ambitions:

### Our environment

We are committed to the environment and to help fight global warming. In everything we do, we aim to reduce our ecological footprint. One way in which we express this commitment is through our promise to only use recyclable packaging for all of our brands by 2025. Secondly, we already produce in a CO<sub>2</sub>-neutral way in our 12 factories, and involve our employees in our drive to cut emissions.

### Our employees

We follow a recruitment policy designed to attract a diversified and talented group of people who, just like us, have TOP values at heart. We are committed to long-term employment and offer our employees a pleasant, challenging, inspiring and safe working environment. Through

training, development and constant challenge, we make sure that employees feel good at Lotus Bakeries, and flourish, so that know-how acquired stays in the company sustainably.

### Our community

We stand up to our social responsibility too. Through the implementation of our Code of Conduct and the Supplier Code of Conduct, we guarantee ethical business practices across the whole organisation. With our Foundation for Education, we help build a future for generations to come through carefully selected educational and learning projects.

We underlined our sustainability ambition recently by signing the UN Global Compact. In signing up to this, Lotus Bakeries demonstrates its long term commitment. It will report on the progress of its efforts around sustainability."

Jan Boone  
CEO



Document to which our report dated  
15/04/2021 also refers.  
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## OUR SUSTAINABILITY STRATEGY

Lotus Bakeries' sustainability strategy is based on three pillars: our environment, our employees and our community<sup>1</sup>. Within each pillar, specific targets and priorities are set to help realise our sustainability objectives.

### Ambitions

We are committed to the environment and to help fight global warming. In everything we do, we aim to reduce our ecological footprint.

We follow a recruitment policy designed to attract a diversified and talented group of people who, just like us, have the TOP values at heart. We are committed to long-term employment and offer our employees a pleasant, challenging and safe working environment.

We stand up to our social responsibility. We guarantee ethical business practices throughout the organisation. With our Foundation for Education, we support educational projects and help build a future for generations to come.



### Environment



### Employees



### Community

<sup>1</sup> Previously, within Lotus Bakeries, a distinction was made between 'people' on the one hand and 'society' on the other, but in view of the significant overlap between our objectives and priorities for both, we decided to combine these two pillars in 2020.

## Governance and reporting

Lotus Bakeries' 'Care for today, Respect for Tomorrow' sustainability strategy is the responsibility of the Executive Committee (EXCO).

The EXCO reports regularly to the Board of Directors about the various priorities and actions. Matters discussed within the Board of Directors during 2020 include: sustainable packaging strategy, Young Graduate Programme, Dealing Code, bicycle leasing scheme, Code of Conduct and Supplier Code of Conduct.

## Top 20 sustainability priorities

A materiality study helps identify which topics are important, both for the company and for stakeholders. It is important to involve stakeholders and give them a say in our sustainability ambition and our sustainability programme. Lotus Bakeries performs a full review of the sustainability priorities periodically to ensure that all developments in and outside the company are reflected. The starting-point is a questionnaire based on the one hand on the pillars and existing priorities of our sustainability programme and on the other hand inspired by developments and priorities in the broader area of sustainability. These questions are put to a relevant group of stakeholders and the EXCO.

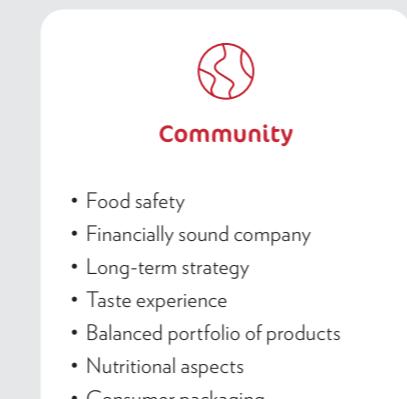
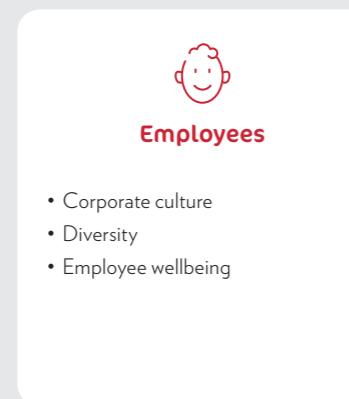
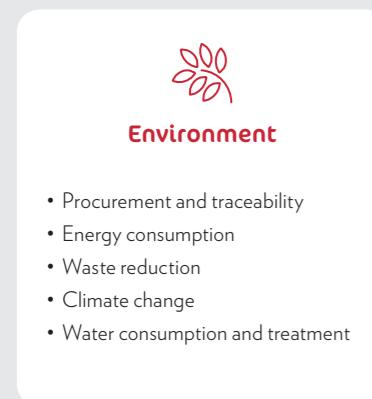
Accordingly, these top 20 sustainability priorities were defined based on the materiality study. The relevance and importance of these aspects is confirmed periodically and updated where necessary. The latest update took place in 2019.

## Signing of the United Nations Global Compact

In March 2021, Lotus Bakeries signed the United Nations Global Compact. The UN Global Compact is a global sustainability initiative for companies brought into being by the United Nations. By doing so, Lotus Bakeries commits to comply with the Ten Principles<sup>1</sup> of the United Nations in the areas of human rights, labour, environment and anti-corruption and to incorporate them into its strategy, culture and day-to-day activities. Furthermore, Lotus Bakeries commits to take part in projects promoting the broader development goals of the United Nations, in particular the 17 Sustainable Development Goals or SDGs. Our participation in the UN Global Compact also means that we renew our commitment on a yearly basis and report on the progress of our efforts to implement the Ten Principles.

<sup>1</sup> Businesses should support and respect the protection of internationally proclaimed human rights; Businesses should make sure that they are not complicit in human rights abuses; Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; The elimination of all forms of forced and compulsory labour; The effective abolition of child labour; The elimination of discrimination in respect of employment and occupation; Support for a precautionary approach to environmental challenges; Initiatives to promote greater environmental responsibility; Encouragement of the development and diffusion of environmentally friendly technologies; Businesses should work against corruption in all its forms, including extortion and bribery.

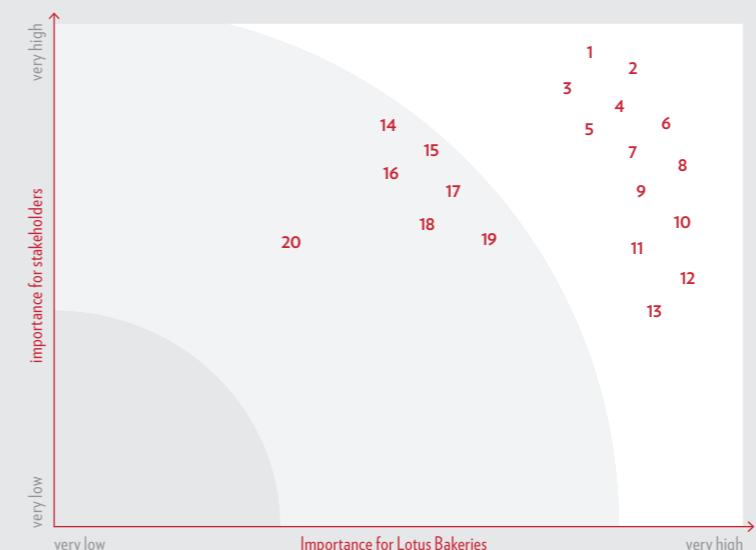
### Top 20 sustainability priorities



Document to which our report dated 15/04/2021 also refers.

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### Our Materiality matrix



1	Food safety	11	Diversity
2	Financially sound company	12	Education for all
3	Long-term strategy	13	Employee wellbeing
4	Procurement and traceability	14	Energy consumption
5	Taste experience	15	Waste reduction
6	Balanced portfolio of products	16	Climate change
7	Nutritional aspects	17	Sustainability reporting
8	Consumer packaging	18	Code of Conduct
9	Corporate governance	19	Local involvement
10	Corporate culture	20	Water consumption and treatment



## United Nations Sustainable Development Goals

Lotus Bakeries uses the United Nations Sustainable Development Goals (SDGs) as a framework and guide for determining its sustainability strategy, priorities and action plans. The SDGs were set in 2015 by the United Nations General Assembly and comprise 17 goals intended to be achieved by 2030.

As a company, our contribution is focused on those goals where we as Lotus Bakeries can make the greatest and most direct impact. The SDGs that are directly supported by the priorities we have set ourselves within our sustainability strategy are reproduced in our discussion of the three pillars below.

## OUR SUSTAINABILITY IN ACTION

In 2020, Lotus Bakeries formulated specific ambitions within each of its three pillars of sustainability. In the report which follows, it wants to communicate its targets and priorities and provide transparency around what was actually achieved within the Group in 2020. In this way, we show that our ambitions are not mere words. But are translated into concrete actions.

This Care for Today, Respect for Tomorrow chapter has been validated by PwC Bedrijfsrevisoren BV. This validation took place in accordance with the International Standard on Assurance Engagements (ISAE) 3000, a model that has been developed for providing assurance for non-financial data. The assured indicators are marked throughout the text by .

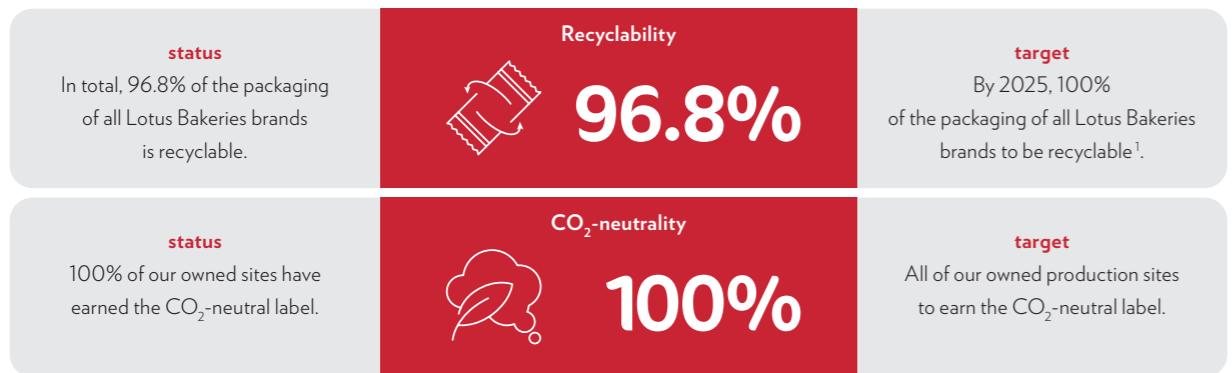
 The assurance report can be found  
on page 99 of this annual report





## ENVIRONMENT

SDG 12 13 14 15 17



Priorities	Unit	2020	2019	2018
% of packaging of all Lotus Bakeries brands that is recyclable	%	96.8	93.9	91.1 <sup>2</sup>
% of our owned sites that have earned the CO <sub>2</sub> -neutral label	%	100	100	100
Waste	Unit	2020	2019	2018
Kg waste per tonne produced <sup>4</sup>	Kg/tonne	54 <sup>3</sup>	45	47
Energy consumption	Unit	2020	2019	2018
Energy consumption per tonne	kWh/tonne	944	923	933
CO <sub>2</sub> equivalent emissions	Unit	2020	2019	2018
Output of scope 1 & 2 CO <sub>2</sub> equivalent emissions per tonne produced on our owned sites, excluding own transport	kgCO <sub>2</sub> e/tonne	129	126	128
Output of scope 1 & 2 CO <sub>2</sub> equivalent emissions per tonne produced on our owned sites	kgCO <sub>2</sub> e/tonne	135	133	135

<sup>1</sup> The recyclability rate is the average technical recyclability of packaging from all Lotus Bakeries brands at the end of 2020. This includes consumer packaging, distribution packaging and transport packaging. The technical recyclability rate is calculated per packaging component based on state-of-the-art design guidelines for recyclability (Ceflex, Recyclass). Average technical recyclability is a weight average based on the packaging weight of each packaging component. <sup>2</sup> The recyclability% for 2018 is determined for the Biscoff® brand.

<sup>3</sup> In 2020, the amount of waste per tonne produced was negatively impacted by the start-up of the new factory in United States. The waste rates will be further reduced.

<sup>4</sup> This concerns residue, production waste, fat, paper, cardboard in our owned sites.

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15/04/2021 also refers.

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## OUR ENVIRONMENT: AMBITIONS & ACHIEVEMENTS 2020

We are committed to the environment and to help fight global warming. In everything we do, we aim to reduce our ecological footprint.

### All packaging recyclable by 2025

**Our commitment:** Lotus Bakeries commits to design all packaging for all of its brands to be recyclable by 2025.

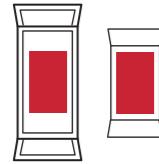
The target for our packaging is clear. On the one hand, packaging is the ideal medium for ensuring clear and accurate communication to consumers. On the other, the packaging protects the product. While travelling to the retailer, from the store shelf to the consumer's cupboard, to the moment of consumption. To guarantee the taste experience and product quality, we must package our product. In doing so, we create a barrier to external influences.

But quality packaging also means that Lotus Bakeries products have a longer shelf-life and so helps prevent food waste. An equally concerning topic as packaging waste. It is estimated that 1/3 of food products produced globally – around 1 billion tonnes – are lost due to food waste. Mainly at the point of sale and at the consumer. Consequently, our products cannot be transported to retailers and consumers without packaging.

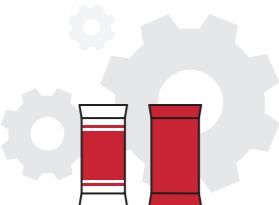
At the same time, Lotus Bakeries recognises the problems associated with the use of packaging, such as ocean pollution, carbon emissions, and the use of non-renewable resources. Lotus Bakeries shares these concerns and wants to take responsibility for making the switch from the current linear economy, where packaging is produced, used and thrown away, to a circular economy, in which materials are kept within the loop. To this end, Lotus Bakeries has formulated a **packaging strategy** focused on reducing packaging, innovative design and investing in circularity.

### Reduce what we use

The ideal packaging contains as little packaging material as possible, without compromising on taste and freshness. For this reason, we continually invest in optimising our packaging, with the aim of using as little packaging material as possible. In this, we focus on guaranteeing a superior taste experience for consumers and minimising food waste. It is a careful balance between using as little material as possible for the environment and enough material to protect our products fully.



Reduce what we use



Design for tomorrow



Aim for circularity

#### Design for tomorrow

The recyclability of packaging starts with its design. We continuously explore sustainable and innovative packaging materials to increase the recyclability of our products and facilitate recycling processes. We use objective eco-design guidelines to make our packaging recyclable, including CEFLEX and RecyClass. In this way, we further our aim to make all packaging for our brands recyclable by 2025.

#### Aim for circularity

As we design for recyclability, we believe it is also vital to move towards a circular economy and are committed to invest in closing the loop. It is our intention to further investigate how responsible sourcing, recycled content, consumer awareness, sorting guidance, innovative solutions, etc. can contribute to achieving this goal.

We prefer to use recycled content due to the better carbon footprint, without losing sight of the requirements for quality and functionality. Accordingly, we aim for the maximum technically achievable and have already reached an average of 77% recycled content across all cardboard packing for our brands. In addition, 77% of the cardboard packaging for our brands is currently certified with a guarantee that the products come from sustainably managed forests.

## EXPLAINED BY: ELS VAN PARYS

Program Manager Strategic Projects

## SUSTAINABLE PACKAGING MADE A REALITY IN 2020



&gt; Els Van Parys, Program Manager Strategic Projects

**“Along with R&D and our suppliers, we’re permanently looking for ways to make packaging more sustainable.”**

Sustainable packaging: this is an absolute top priority for Lotus Bakeries. A team has therefore been set up, led by Corporate Director Els Van Parys, to focus entirely on this. The team reports directly to the COO, a member of the EXCO. This ensures that these topics also feed through to the Board of Directors and that the matter receives the appropriate attention. In 2020, several more important steps were taken towards increased sustainability.



"We're working full-time with our team on the sustainability of our packaging", begins Els Van Parys, Program Manager Strategic Projects. "Working closely with our colleagues from procurement, R&D and the plants." The role of the sustainable packaging team is to refine Lotus Bakeries' packaging strategy, and to roll it out within the organisation through multidisciplinary projects. Els and her colleague Laetitia Vlaminck also seek out new packaging solutions, materials and technologies, as well as trends in waste management and legislation.

#### Aiming for 100% recyclable

"We design packaging that can be recycled as much as possible", Els continues. "One of our priorities last year was to remove disruptive components from our packaging. These are components that make it impossible to recycle packaging."

The main step taken in this area in 2020 was the switch to packaging film without a PVDC coating<sup>1</sup> for all individually packaged and twin Biscoff® packs. "PVDC gets burned during the recycling process and makes the plastic unusable. So, we stopped using it. Without compromising on quality, we also replaced the multi-material packaging from mini-Dinosaurus (which can't be recycled because it combines different plastics) with recyclable mono-material packaging." The same is set to happen to mini-Biscoff® in 2021, and the packaging of Lotus Chocolate with Biscoff® was fully recyclable from launch.

Many of our brands are already packed in recyclable packaging. Currently, 96.8% of the packaging of the brands marketed by Lotus Bakeries is technically recyclable.



<sup>1</sup> PVDC (Polyvinylidene chloride) is a component that is burned during the recycling process, making the recyclate far inferior.



#### Using less packaging

As this mono-material packaging also needs less plastic, this means some 2.7 tonnes less plastic on the market each year for mini-Dinosaurus alone. "This also reduces the amount of packaging we use", says Els. "Compared to other brands, the ratio of the weight of our packaging to the product is also very good. But we can still make further improvements if we look at it again with a fresh eye. In 2020, we reduced the thickness of the shrink foil around trays for spread by 10%. That means 2.3 tonnes less plastic per year."

#### Towards a circular economy

It is even better to use only recycled or renewable materials according to the principle of the circular economy. "At Lotus Bakeries we look at sustainability as a whole", Els explains. "Not just how far a material can be recycled, but also the CO<sub>2</sub> footprint of the processing and production of the packaging, for example. We only replace plastic with paper or cardboard if that decision is good for the environment as a whole."

In 2020 this happened to several products in the cake and waffle assortments, where the plastic trays were replaced by cardboard ones. This resulted in a further reduction in plastic of 13.5 tonnes annually. Even the ice cream tubs – previously made from polystyrene – are now made of cardboard."

#### Keeping an eye on trends

Finally, the sustainable packaging team also keeps a close eye on trends and developments in the market. "For instance, there's a trend to switch to paper films as a packaging material. However, we're yet to find a paper for our products with the same barrier properties as the light film we use now", says Els. "So we have no guarantee that our product will stay tasty and fresh as long. Paper films also tend to be a bit heavier, and overall the footprint doesn't match up to that of plastic film. But, along with R&D and our suppliers, we keep looking for a solution. By the way, the same applies to metallised film: this is recyclable, but isn't well sorted in sorting plants due to the reflection."

**18.5 tonnes**

Reduction in plastic in 2020



### CO<sub>2</sub> neutral production

Lotus Bakeries' production is CO<sub>2</sub>-neutral. This has been the case since 2015 and remained the case in 2020. We are working to reduce emissions and switch to green electricity where possible.

With the expansion of the factory in South Africa, we invested further in renewable energy in 2020 by installing solar panels. As a result, the factory can now generate up to 75% of the entire energy consumption via solar panels, compared with a maximum of 30% before.

Setting-up the Lotus Biscoff® manufacturing facility in North Carolina, USA in 2019 was a key step towards this. Producing locally in the largest Lotus Biscoff® market means that a thousand fewer containers cross the ocean each year than before. Our production lines there are also already

equipped with modern energy recovery technologies. In addition, our ingredients and packaging materials are sourced locally where possible.

We went a step further in 2020. Whereas so far all BEAR fruit rolls have been shipped from South Africa to the United Kingdom for packaging and further global distribution, this process was optimised in 2020. The installation of a BEAR packaging line in the United States means that the BEAR fruit rolls are now shipped direct from South Africa to the US for further distribution to American consumers. A packaging line in South Africa helps guarantee a shorter and more eco-friendly transport route to other markets.



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Our employees are involved in reducing emissions on a daily basis. This includes promoting the use of modern means of communication and critically assessing the need to travel in all cases. However, we also believe that direct contact between employees is very important, particularly in an increasingly international context. Attention is paid to a greener car fleet as well. In Belgium, for example, the use of electric cars by employees is promoted via the autolease policy and electric charging stations are provided to further encourage and facilitate their use. A bicycle leasing scheme has also been introduced for our employees in Belgium. So far, more than 252 enthusiastic employees have opted to purchase a bicycle via this scheme and to regularly commute by bicycle. This is not only good for the employees' health, but also has a positive effect on CO<sub>2</sub> emissions.

The remaining output of CO<sub>2</sub> emissions is offset via the wind park project in Anantapur, India, where sustainable energy is generated by 50 wind turbines. Through our support, we make a positive contribution to the local community.

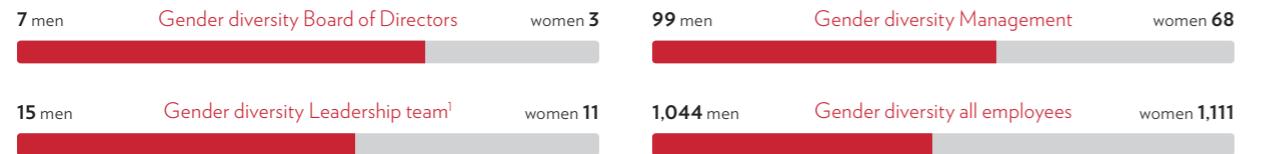
### Together we reduce the plastic waste mountain

Our employees are involved in reducing waste and emissions too. For instance, Lotus has introduced more water coolers and dispensers in the workplace and employees are encouraged to use their own drinking bottles or glasses. The water bottles are also made from 100% recyclable materials and can be reused up to 60 times. This is a major contribution to reducing the plastic waste mountain.



## EMPLOYEES

SDG 3 5 8



Gender diversity	Unit	2020	2019	2018
Board of Directors	%	70 M   30 F	70 M   30 F	70 M   30 F
Leadership team	%	58 M   42 F	60 M   40 F	68 M   32 F
Management	%	60 M   40 F	60 M   40 F	60 M   40 F
All employees	%	48 M   52 F	47 M   53 F	48 M   52 F

Geographic distribution	Unit <sup>2</sup>	2020	2019	2018
Belgium	#	1,073	1,063	978
South Africa	#	314	289	-
Netherlands	#	258	233	229
United Kingdom	#	152	154	148
France	#	140	140	123
United States	#	97	71	29
China	#	29	24	16
Sweden	#	22	21	22
South Korea	#	21	21	21
Other (AT, CH, CZ, DE, ES, IT)	#	49	40	38

Safety in the workplace	Unit	2020	2019	2018
Total occupational accidents involving absence from work	#	62	45	47
Total occupational accidents per 100 FTE	#	2.8	2.5	3.0

<sup>1</sup>The group of the Executive Committee, the General Managers and the Corporate Directors.

<sup>2</sup>Employees as at 31/12/2020

## OUR EMPLOYEES: AMBITIONS & ACHIEVEMENTS 2020

We follow a recruitment policy designed to attract a diversified and talented group of people who, just like us, have the TOP values at heart. We are committed to long-term employment and offer our employees a pleasant, challenging, inspiring and safe and safe working environment.

### Our corporate values are TOP

**Team spirit:** each link in the process is equally important, from marketing to production and packaging. It is essential to work as a well-oiled team. We work together every day to make Lotus Bakeries a success, in an inspiring working environment.

**Open dialogue:** a listening, open attitude, proactive communication and respectful feedback are priorities in dealings with and between employees. This is put into practice via regular departmental meetings, use of internal communication platforms and promotion of two-way communication between employees.

**Passion:** our employees' dedication and commitment are evident on a daily basis in the workplace. In their justified pride in our products and our company. Investing in our employees benefits the whole company.

### Recruitment policy

A key challenge for Lotus Bakeries is to attract competent employees who reflect the TOP values. When selecting new employees, the competencies of the applicant and the TOP corporate values are paramount. During the selection process, the applicants meet several Lotus Bakeries employees and undergo an external assessment adapted to the role for which they are applying. This way, the candidates get a better idea of the corporate values and culture.

### Diversity policy

Via its recruitment policy, Lotus Bakeries moreover creates a broad platform for attracting a diverse and talented group of people. Attention for diversity is key to this strategy, via which we aim to select candidates with the best set of skills and competencies for the role in question. At the same time, the existing knowledge and experience within existing teams is taken into account, as well as the desired competencies, knowledge and/or experience of the candidate.



This way, we employ a diverse group of employees with a balanced gender diversity. For example, there's a nice balance of 48% men and 52% women within the Lotus Bakeries Group. When looking at management (60% men, 40% women), the Leadership team (58% men, 42% women) and the Board of Directors (70% men, 30% women), the gender diversity within the Group continues to be guaranteed.

 [Read more about our Diversity policy](#)  
on page 144 of this annual report

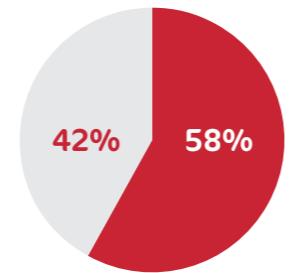


What I find most amazing as a Young Graduate at Lotus Bakeries is the palpable ambition to grow and the rate at which the Lotus Bakeries Group continues to grow worldwide.

Elisa Vandekerckhove, Young Graduate Marketing

## Gender diversity

Leadership team F/M



### Young Graduate Programme

On 1 September 2020 the first young graduates started on the Lotus Bakeries 'Young Graduate Programme', an intensive two-year programme specifically for Master's or MBA graduates. For two years, these young graduates are immersed in one of our departments, and are also given the opportunity to participate in a cross-departmental strategic project.

### Onboarding

Once on board, Lotus Bakeries aims for thorough onboarding, in which new Lotus employees are immersed in our company, our products, our brands and our culture. Special induction days are organised for new employees. In the case of acquisitions too, we ensure that employees are rapidly integrated into the Lotus Bakeries Group.

### Training & development

Once fully integrated, it is a question of retaining these engaged and motivated TOP talents in the company so that the know-how these employees have acquired is not lost. Focus areas here include the continuing learning and development of our employees, offering training opportunities and constant challenge.

Last year, Lotus Bakeries launched its first Young Graduate Programme: a two-year programme in which a handful of promising young talents get to know a discipline within the organisation inside out and are then fast-tracked to a leadership role.

**"By this programme, we ensure a permanent inflow of promising young blood."**

## EXPLAINED BY: STÉPHANIE DE LANGE

Group HR Director



> Stéphanie De Lange, Group HR Director

## FIVE YOUNG TALENTS JOIN LOTUS BAKERIES UNDER THE YOUNG GRADUATE PROGRAMME



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The programme forms part of Lotus Bakeries' talent strategy and aims to provide the organisation with a permanent inflow of promising young blood fresh from their studies. Group HR Director Stéphanie De Lange explains: "Lotus Bakeries is growing in all markets, and we're constantly looking for new talent. But today's job market is competitive, and certain profiles are really scarce. With the Young Graduate Programme we want to attract the best talents early in their careers and bring them into our organisation. And then fast-track them within Lotus Bakeries."

These are young people with a university background, often with an MBA and international experience thanks to an exchange programme or an extra Master's or internship abroad on top. "What's unique about our programme is that these young talents are immediately immersed in a specific functional discipline. They don't rotate through all departments of the business, but choose marketing, sales, operations, R&D or finance, for example. We're convinced that this creates greater added value, both for the person involved – who usually knows in advance what direction he or she wants to take – and for the company."

#### A breath of fresh air for the organisation

During the programme, the high potentials get to know the chosen discipline, without fulfilling a permanent role there. "This means that they bring a breath of fresh air to our teams. Part of their job is operational, and alongside this they work on optimisation projects to help the department in question progress. Since these young people always bring new insights and new trends as well as reinforcements, our teams welcome them with open arms. At the same time, we want them to get a transversal view of the organisation. For this reason, once they've been with us for six months, as a group they take part in a cross-functional project around a strategic topic and will prepare a concrete action plan for this. After two years, the young graduates move on to a different position in the organisation."

#### First intake a resounding success

Although the programme was only organised for the first time in 2020, it was an immediate success. During campus recruitment at the top universities and business schools, Lotus Bakeries found that demand was high: many candidates applied. It is noteworthy that selection took place during the first lockdown period and was largely online. "The candidates told us that lots of other companies were either cancelling their programmes due to the pandemic, or had stopped communicating about it", says Stéphanie. "We deliberately chose to go ahead, which the candidates really appreciated. Once the restrictions were eased for the first time in June, ten final candidates attended a speed-dating event with all members of our EXCO, after which five of them were awarded a permanent contract. They all started on 1 September."

#### Second recruitment on the starting blocks

Meanwhile, the selection of the second intake has already started. "We're now in the middle of campus recruitment activities. The nice thing is that our current young graduates are now enthusing potential candidates about our organisation and our programme. They're really keen and very proud to be working for us. This makes them the best advert for our programme", Stéphanie adds.

#### Safe working environment

Any accident is one too many. Lotus Bakeries will therefore continue to make every effort to significantly reduce the risk of occupational accidents.

In all countries in which Lotus Bakeries operates, there are strict laws about safety at work which are enforced by the government. Lotus Bakeries pays close attention to this workplace safety legislation. There is a range of procedures in place, geared to the specific risks at each production site.

The starting-point is always risk analyses within our production sites. Here, the specific risks are analysed based on the machinery, the environment around the machinery and the people who operate the machinery. Such risk analysis is compulsory and is followed up by Lotus Bakeries.

#### Some real examples

New machinery is designed according to the latest safety standards and always undergoes an extensive Site Acceptance Test by our own safety officers. Machinery is modified where necessary to meet our high safety standards.

Safety procedures are then designed to make operation in the production environment as safe as possible. These procedures are translated into work instructions for each workstation. Appropriate work clothing also contributes to a safe working situation.

Other factors include a continuous focus on training, awareness and prevention:

- Workplace safety is an integral part of the onboarding programmes for new employees starting in the factory.
- An SOS (Safety Observation Stop) procedure is in place on all production sites, via which employees can report unsafe situations.

#### Various actions illustrate this policy



In Belgium, you have the awareness-raising campaign VAM (VeiligheidsActieMoment/Safety Action Moment) and the prevention programme ZAP (Zien en Aanspreken-Preventie/See and Say-Prevention) in which, through training sessions, people are taught how to approach someone about safety.

In South Africa, a health & safety questionnaire is completed every quarter, following which existing risk analyses are reviewed and existing procedures updated.

In the Netherlands, the production units at Geldrop and Enkhuizen have the Arbovignet occupational health and safety label.

In the US, a monthly safety walk is organised by an external partner.

Thanks to various safety programmes, Lotus Bakeries was accident-free this year at the factories in Tyresö (Sweden) and Eeklo (Belgium). Despite this, the total number of occupational accidents increased this year. Partly due to the increased need for flexibility as a result of the COVID-19 pandemic, in particular to adapt workstations and adjust working methods in view of social distancing.

### Pleasant working environment

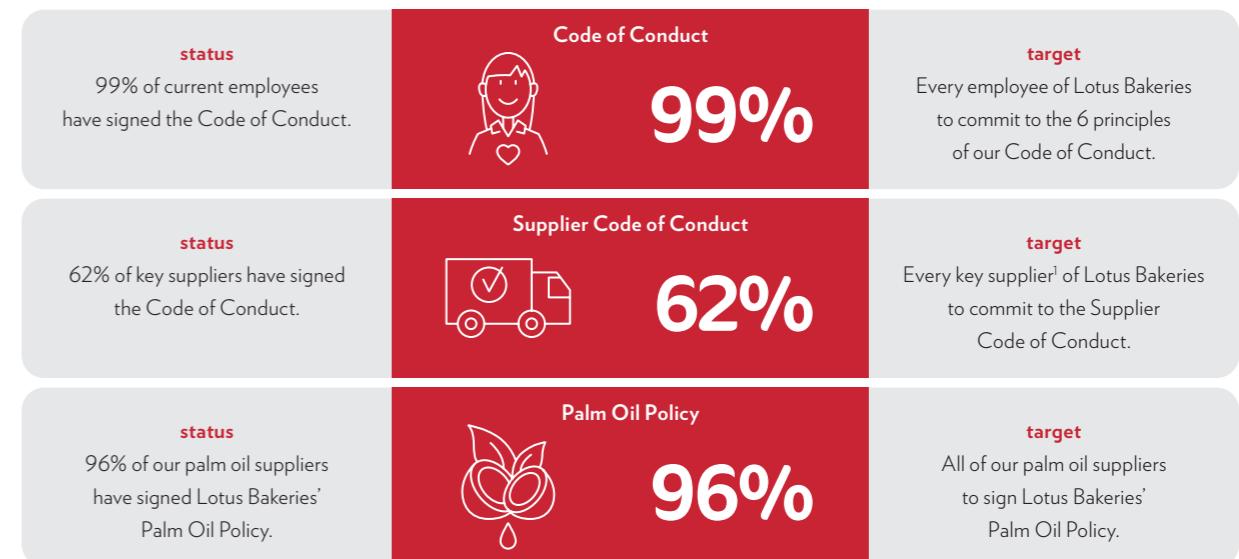
Lotus Bakeries aims to offer a pleasant working environment with a variety of facilities such as desks that encourage working standing up, showers so that employees can easily cycle to work, sufficient expanses of glass to create light and airy offices.

In view of the constantly growing group of employees, Lotus Bakeries continues to invest in new pleasant workplaces. For instance, in 2020 it decided to expand its headquarters and build a brand-new, modern, contemporary 'House of Biscoff®'. As well as offices, there will be meeting rooms, a boardroom and a Lotus coffee shop there.

A great deal of attention is paid to health and fitness on all sites. The initiatives organised vary from site to site. Some examples: possibility to join a bicycle leasing scheme, fitness opportunities, weekly healthy lunches, boot camps, etc.



Document to which our report dated 15/04/2021 also refers.  
Initials for identification purposes  
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Priorities	Unit	2020	2019	2018
% of current employees who have signed the Code of Conduct	%	99	-	-
% of key suppliers which have signed the Code of Conduct	%	62	-	-
% of our palm oil suppliers which have signed Lotus Bakeries' Palm Oil Policy	%	96	-	-
RSPO certification	Unit	2020	2019	2018
% of our production sites which process palm oil that has achieved the RSPO certificate	%	100	100	100
External quality certificates	Unit	2020	2019	2018
Lotus Bakeries production sites where our products are produced with external quality certification (BRC, IFS)	%	100	100	100

<sup>1</sup> Key suppliers are all of our suppliers of end products (external production), raw materials, packaging and machinery, with whom Lotus Bakeries has entered into a framework contract.

## OUR COMMUNITY: AMBITIONS & ACHIEVEMENTS 2020

We stand up to our social responsibility. We guarantee ethical business practices throughout the organisation. With our Foundation for Education, we support educational projects and help build a future for generations to come.

### Ethical business practices in our own organisation

At the start of 2020, the corporate directors of legal & compliance, HR, quality, procurement and R&D looked into Lotus Bakeries' rules of conduct. The Code of Conduct which was drawn up following this was discussed with EXCO and deliberated upon in-depth by the Board of Directors on 2 April 2020.

### The Code of Conduct

Lotus Bakeries is committed to act with integrity, honesty, fairness and in full compliance with applicable laws, rules and regulations at all times. It has developed a code of conduct which sets out six key principles which must be respected by all employees of Lotus Bakeries at all times:

#### 1 Transparency

Lotus Bakeries aims for accurate and clear communication with its customers, suppliers, consumers and business partners and promotes open communications with all of its stakeholders. Lotus Bakeries also refrains from non-compliant, dishonest, deceptive or misleading market practices.

#### A case example 2020

In 2020, Lotus Bakeries signed the Belgian Pledge 3.0, by which it extends its commitment to responsible advertising to children. The Belgian Pledge – which follows the principles of the EU Pledge – is a self-regulatory initiative by which participating food companies, retailers, restaurant chains and caterers make clear commitments regarding advertising to children under 12. Lotus Bakeries had already signed up to the Belgian Pledge 2.0, but in the revised version it commits to follow the same guidelines on social media channels and when communicating via influencers.



Document to which our report dated  
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2

#### Respect for others

Lotus Bakeries aims to create a safe working environment and sets great store by integrity & respect for others. Respect for human rights and labour regulations, including freedom of association of employees and combating child labour, are key policies. All personal data is always treated with respect and processed in accordance with the relevant regulations.

#### A case example 2020

Lotus Bakeries complies with GDPR, which took effect on 25 May 2018. In 2020, it updated its GDPR handbook slightly based on experiences from the last two years. For instance, the respective responsibilities of the central Data Protection Office and the local Data Protection Officers were clarified. While the GDPR handbook was initially designed around those departments that deal with personal data most (HR, Marketing, IT & Reception), it has now been revised and fully implemented in all other departments. Meanwhile, 77% of our office staff have been trained and the GDPR rules for the business have been added to the onboarding packs.

3

#### Fair & compliant trade

Lotus Bakeries ensures fair competition, respect for export laws and regulations and prevention of insider dealing.

#### Some case examples 2020

- On 2 April 2020, the Board of Directors endorsed and approved a revised Dealing Code setting out clear guidelines to prevent insider dealing. This Dealing Code was communicated to all employees via internal communication channels. The members of the Board of Directors, the EXCO and all other persons identified as "persons with critical information access" have also signed the Dealing Code.

 **The full Dealing Code is available on our website via** [www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

- In September 2020 all of our sales departments received training on the impact of competition law on price negotiations with customers. This was to clarify the possibilities and limitations regarding negotiations for 2021.

4

#### Anti-corruption

Lotus Bakeries has a **zero tolerance** approach to bribery and corruption and has in place a clear procedure concerning conflicts of interest and accurate records, reporting and accounting.

5

#### Information security

Lotus Bakeries is committed to protect its own confidential information and the confidential information of third parties.

#### A case example 2020

On 7 February 2020, the Corporate ICT Director set out Lotus Bakeries' policy regarding cyber security and protection against cyber attacks for the Board of Directors. The policy is based on broad and robust procedures designed to offer us maximum protection.

6

#### Respect for the environment & responsible sourcing

Lotus Bakeries closely monitors the impact of its activities on the environment and constantly strives to reduce its ecological footprint. Real examples of actions taken in 2020 include the 2020 environmental achievements on page 67 and the implementation of the Supplier Code of Conduct on page 88 of this annual report.



> Sofie De Letter, ICT director

 The full Code is available in 10 languages on our website  
[www.lotusbakeries.com](http://www.lotusbakeries.com)



Document to which our report dated  
 15/04/2021 also refers.  
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#### Responsibilities

Each Lotus Bakeries employee has a responsibility to follow the principles set out in this Code.

Responsibility for the implementation of the Code of Conduct lies with the Compliance Officer, assisted by the HR department.

#### Whistleblowing

All employees of Lotus Bakeries are encouraged to report concerns around the Code of Conduct to the Compliance Officer. Lotus Bakeries also prohibits retaliation against any person who reports issues in good faith and commits to investigate any such reported issues. Lotus Bakeries will take corrective action if warranted by the situation. Failure to comply with the Code may result in disciplinary or legal action.

In 2020, 24 enquiries were received by the Compliance department via the reporting line set out in the Code of Conduct. The enquiries related in particular to training around GDPR and Competition. No concerns or irregularities were reported.

#### Reporting

The Compliance Officer will report to the Board of Directors where necessary on an annual basis on the enforcement of the Code. The report will cover any breaches or concerns expressed, which will also be formulated into action points to avoid a repetition.

The Code of Conduct was discussed in depth on 2 April 2020. Due to the lack of reports, there was no reason for further discussion by the Board of Directors in 2020.

#### Implementation

In 2020, Lotus Bakeries implemented its revised Code of Conduct as follows:

- The Code of Conduct has been translated into the official languages of those countries in which Lotus Bakeries has a sales office or factory. The document is available in 10 languages.
- The Code of Conduct is included in the onboarding pack for new employees on all of our sites and explained verbally during the onboarding programme.
- Existing employees of Lotus Bakeries were asked to sign the Code of Conduct and all received a brief explanation of the six principles contained in it. By the end of 2020, 99% of current employees had signed the Code of Conduct.

## Responsible sourcing & ethical business practices for our suppliers

The principles of the Lotus Bakeries Code of Conduct also apply to our suppliers of packaging, raw materials, equipment and end products.

The principles to which these suppliers have to commit can be summarised as follows:

### 1. Legal and ethical business practices

- Respect for human rights
- Child labour is unacceptable
- Treating people with dignity, honesty, fairness and respect
- Refraining from any form of discrimination, harassment, verbal or physical abuse
- Implementation of thorough health and safety procedures
- Compliance with employment laws and workplace regulations

### 2. Fair and ethical business practices

- Compliance with the relevant competition laws
- Use of fair and transparent pricing mechanisms and other contractual provisions towards suppliers
- A zero-tolerance approach towards bribery and corruption
- Safeguarding of Lotus Bakeries' confidential information
- No counterfeiting, smuggling, or other related crimes

### 3. Respect for the environment

- Obtaining and documenting all necessary environmental permits, licenses and registrations.

- Putting in place an environmental management system, including:
  - Processes aimed at reducing waste, diminishing energy consumption, minimising emissions and preventing pollution
  - Conservation of biodiversity, including endangered flora and fauna (no deforestation) and attention to soil conservation
  - Respect for water resources and assurance of proper (waste)water management
  - No use of illegal products and minimisation of the use of pesticides and other legal chemicals

### 4. Traceability

The supplier keeps adequate records on direct suppliers

We expect these suppliers to implement the Supplier Code of Conduct and inform their employees, agents and subcontractors in a thorough and transparent manner.

Moreover, Lotus Bakeries selects its suppliers carefully based on their responsible sourcing standards according to NDPE: No-Deforestation, No-Peat, No-Exploitation.

#### Case example regarding palm oil 2020

Lotus Bakeries is a member of the 'Roundtable for Sustainable Palm Oil' (RSPO) and is committed to ensuring that the palm oil it sources is RSPO certified. In view of this, it formulated and implemented a 'Sustainable Palm Oil Policy' in 2020. All key suppliers of palm oil and palm oil-based products such as margarines have now signed Lotus Bakeries' Palm Oil Policy.

 The full text of the 'Sustainable Palm Oil Policy' is available on our website [www.lotusbakeries.com](http://www.lotusbakeries.com)



Document to which our report dated 15/04/2021 also refers.  
Initials for identification purposes  
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## Responsibilities

The procurement department is responsible for the implementation of the Supplier Code of Conduct, supported where necessary by Legal & Compliance or Quality.

## Whistleblowing

Suppliers are asked to express any concerns to their contact person at Lotus Bakeries.

## Monitoring

The Supplier Code of Conduct contains an obligation for the supplier to provide documentation based on which Lotus Bakeries can verify compliance with the Code of Conduct.

Lotus Bakeries already conducts audits of its suppliers, focused primarily on quality and food safety. It is examining how it can monitor the correct enforcement by the suppliers of other principles from the Rules of Conduct and integrate them into existing audits, where possible.

Lotus Bakeries expects suppliers to take any requisite mitigating actions as a consequence of any gaps identified.

## Implementation

The Supplier Code of Conduct was implemented as follows in 2020:

- The Supplier Code of Conduct is provided in the language of the contract and available in 10 languages.
- Existing suppliers of packaging, raw materials, equipment and end products with which Lotus Bakeries has a framework contract are asked to sign the Code of Conduct individually. In 2020, 62% of key suppliers have signed the Code of Conduct.
- For new suppliers of packaging, raw materials, equipment and end products, the Supplier Code of Conduct is added to the contract.
- All of our procurement terms and conditions contain a reference to the Supplier Code of Conduct, which is available on our website.

## EXPLAINED BY: BRECHTJE HAAN

Corporate Legal, IP & Communication Director

### EVALUATION PROCESS GOVERNANCE MODEL AND CODE OF CONDUCT

**“Responsible, ethical and sustainable  
behaviour comes first.”**

When the Belgian Corporate Governance Committee, established by the FSMA, VBO-FEB and Euronext Brussels, launched the new Belgian Corporate Governance Code (2020 Code for short) during 2020, containing revised corporate governance regulations for listed companies, this was the ideal opportunity for Lotus Bakeries to review its governance model and Code of Conduct. A brief explanation from Corporate Legal, IP & Communication Director Brechtje Haan.



> Brechtje Haan, Corporate Legal, IP & Communication Director

“The new 2020 Code focuses on corporate governance and sustainable value creation”, begins Brechtje. “In a regulatory context, in recent years, we’ve heard increasing calls for responsible conduct from a long-term perspective, at all levels of businesses and organisations. We decided to discuss both our governance structure (and the associated charter) and our Code of Conduct in depth and critically evaluate them.”

#### Strong governance framework in place

At the meeting of the Board of Directors in April, the board members reviewed the current way of working, and discussed what could be retained and what needed to be updated in view of the new 2020 Code. “This exercise confirmed that certain aspects of our structure are working really well”, says Brechtje. “One example is our decision to opt for a one-tier governance model. We have a strong governance framework with a board of directors (on which four independent directors sit), an audit committee and a remuneration and nomination committee. The board of directors has full executive powers and delegates the day-to-day management to the CEO. All members agreed that this approach is working well, so we’re going to keep to it.”

#### Long-term commitment

At the same time, several criteria were revised. For instance, the remuneration policy was updated so that directors are now remunerated partly in cash and partly in shares, while this was previously in cash alone. Members of the EXCO are also required to hold a package of shares by 2022. “By this kind of provisions, we underline the importance of long-term commitment for people at the top of our organisation”, says Brechtje. “Another change is that, in our corporate governance charter, we now refer explicitly to our Code of Conduct revised in 2020 – ‘Let’s do it our way’. The 2020 Code refers more to responsible and ethical conduct than its predecessor from 2009 and the Board of Directors wanted to emphasise the importance of these themes in our revised charter.”

#### Six principles of conduct

The Code of Conduct itself was also reviewed. “First of all, a working group made up of corporate directors of legal & compliance, HR, quality, procurement and R&D set out the six key principles that our employees must respect at all times. These six principles also formed the basis for the rules of conduct for our suppliers.” Following validation by the EXCO and the Board of Directors, the Code of Conduct was translated into all official languages of the countries in which Lotus Bakeries is based.

“Then, we launched a campaign to familiarise our employees with the revised rules of conduct and the six principles”, continues Brechtje. “Almost everyone in the organisation has now signed the Code of Conduct, and it’s been added to the onboarding programmes. We ask all key suppliers with whom we have a framework agreement to sign the Code of Conduct as well.”

Finally, by adding the Supplier Code of Conduct to our template contracts and our terms and conditions, we ensure that it is fully integrated into our collaboration model with suppliers. From the questions we receive in Compliance via our hotline, we notice that the new code is starting to have an impact in and outside the company. And that can only be positive”, concludes Brechtje.



## Quality management system

Lotus Bakeries' quality policy forms an integral part of its strategy aimed at building strong, reliable brands. After all, the strength of our brands relies heavily on the quality of our products.

## Responsibility

The Corporate Quality Assurance department is responsible for monitoring the quality of our products, led by the Corporate QA Director, who is ultimately responsible for ensuring that the conditions of Lotus Bakeries' quality management system are met at all production sites and offices. The Area QA Managers have the same responsibilities for their areas.

## Product safety and quality

Lotus Bakeries' quality management system covers the whole value chain. From procurement of raw materials and packaging to production, labelling and delivery of the end products to the customer. External production is also captured within the quality management system.

## Quality control for suppliers

Our suppliers are selected according to predefined criteria, including the availability of a well-functioning quality and food safety management system, incorporating a tracing system so that Lotus knows at all times where our raw materials come from. For ingredients and packaging materials that are critical in terms of product safety such as flour, eggs, fats, margarines, chocolate and printed packaging with direct product contact, Lotus Bakeries has also produced specifications containing product safety requirements which must be met.

The products delivered by our suppliers are also subjected to an inbound check. In addition, the accompanying analysis report provided by the supplier is assessed and checked via regular counter analyses by our own specialist internal laboratories.

The check on our suppliers is supplemented by supplier visits and audits, which are carried out every year based on performance measurements, and on new suppliers. Although these audits still took place in 2020, due to the exceptional COVID-19 circumstances, several visits were postponed. Those visits and audits that were unable to take place will be rescheduled for 2021.

The only way to guarantee that we continue to work with the best suppliers at all times is through such thorough performance measurement.

## Quality assurance for our products and production processes

First and foremost, our end products, both the product and the packaging, must comply with the relevant food legislation. Labelling of products and processing of ingredients and packaging materials according to the requirements specified in the countries in which they are sold are monitored by Corporate Quality Assurance. In 2020, a project was launched for an updated database to manage all of this information in an efficient manner, and apply it in product specifications and customer information.

Production processes have also been devised for all of our production sites so as to guarantee the quality and safety of our products. For instance, detailed HACCP plans (risk studies relating to product safety) have been worked out. These are updated at least once a year or on each thorough overhaul of the process or machinery. A food defence plan, aimed at preventing deliberate contamination, is also in place at each site.

Every employee receives the necessary training regarding these processes. Verification takes place via internal and external audits. In 2020, 52 internal audits took place. Every production site was audited at least three times, except our site in Sweden, which was audited only once, in view of the COVID-19 restrictions on travel and access. The other audits were postponed to the first quarter of 2021. Our external production partners are monitored in a similar way by our Corporate Quality Assurance department. Here, 11 physical audits and visits took place, of both existing and new suppliers. In addition to this, there were five virtual quality inspections.

End products are then critically assessed via self-assessment by the production department at our production sites. The quality of our end products is also assured by analyses in our internal laboratories.

External certification forms a significant support for the continuous improvement of both processes and products. Every Lotus Bakeries production site is BRC or IFS certified.

The quality management system is analysed annually based on a range of criteria, in response to which corrective and preventive measures are taken.

## Quality processes for our customers

Product complaints are received, recorded and dealt with in a systematic manner and, since 2020 for all sales offices in the Group, recorded in ZENDESK, a central database. The number and seriousness of complaints is monitored very thoroughly and reported to senior management on a monthly basis. In case of serious complaints, there is a specific product withdrawal and recall procedure as well as a highly-trained crisis management team at each of our sites and sales offices. This procedure is tested annually and learning points are identified and updated. In 2020, no serious complaints were received and no recall or recall campaign was necessary.



## Nutritional policy

In this respect, Lotus Bakeries has defined a clear nutritional policy, focused on five concrete goals.

## Superior taste experience

Lotus Bakeries wants to offer its consumers tasty and high-quality snacks for all times of day. Key to this is a **superior taste experience**, whether in the range of cookies and cakes or of natural snacks. To achieve this, we only use high-quality ingredients and monitor production and supply chain processes from start to finish. Ensuring the quality, origin, composition and safety of our products is vital. Our R&D department plays a key role in developing products with a focus on continuously improving quality and taste.

## Diversified offering

Lotus Bakeries strives to serve every consumer at every moment with a high-quality range of snacks, offering a portfolio of products with varying nutritional compositions.



### A case example of our diversified offering in 2020

In 2020, Kiddylicious introduced to the market three innovations that offer a healthier alternative to existing family favourites. Juicy Fruit Bars, Melty Buttons and Rice Crispy Sticks are delicious individually packaged snacks that not only guarantee controlled portions, but are also a step ahead of similar products. For instance, Rice Crispy Sticks are very low in sugar, fat and calories compared to alternative family favourites.

Through the acquisition of such brands as Nákd, TREK, BEAR and Urban Fruit, a new focus area of snacks based on fruit and nuts was tapped into. On the other hand, the takeover of Kiddylicious has extended our range to include snacks and meals for little ones. These Natural Foods brands offer consumers the choice of opting for a healthier alternative to existing snacks in the food category.

## No artificial flavours or colours

In order to only offer healthy and high-quality products to consumers, we aim to use no artificial flavours or colours in our products. Ever since the establishment of Lotus Bakeries in 1932, we consider it important to use pure, natural ingredients.

## Different portion sizes

It is our goal to offer consumers responsible snacks. Via our range of natural snacks, but also through a number of top products in both large and small packs. Products offered in small sizes always contain less than 150 Kcal per portion.

## Clear information & responsible marketing

We want to support consumers in their nutritional choices. That's why we consider it important for them to be given accurate product information, including nutritional values.

In addition, Lotus Bakeries adopts a clear position with regard to responsible advertising to children.



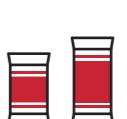
Superior taste experience



Diversified offering



No artificial flavours or colours



Different portion sizes



Clear information & responsible marketing

## Case examples of clear communication 2020

- In 2020, Lotus Bakeries Belgium signed the Belgian Pledge 3.0, by which it extends its commitment to responsible advertising to children compared with its existing commitment under the Belgian Pledge 2.0.

 **More information on the Belgian Pledge**  
see page 84 of this annual report

- The packaging of BEAR fruit rolls has been totally redesigned to provide clearer and more transparent information for consumers. The product name has changed from BEAR YoYos to Bear fruit rolls, so that consumers are better informed about the product thanks to the clearer description. The health claims were also clarified and restricted to

- no added sugar
- 100% natural
- high in fibre
- no added syrup

Finally, plenty of attention was paid to a consumer campaign in which consumers are informed about the nature of the product: pure fruit.



## LOTUS BAKERIES FOUNDATION FOR EDUCATION

**Mission:** Lotus Bakeries aims to make a substantial contribution to carefully selected educational projects focusing on providing quality education to disadvantaged children and young people.

At Lotus Bakeries, we help ensure the wellbeing of others by offering support for education. The reason is simple: education is the key to breaking the vicious circle of poverty.

Anyone who has access to quality education can learn a profession and thus also gain access to the labour market, earn an income and support a family, share knowledge and develop further.



Document to which our report dated 15/04/2021 also refers.

Initials for identification purposes

PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.



It is no coincidence that education is a universal human right, to which every child has a right. Education offers a future. Education helps the child grow into an independent and self-sufficient person. A person who can make a contribution to the economy. Education is therefore the key to success for the child and society.

Our principles are clear:

- We want to give disadvantaged children and young people in various regions access to high quality education.
- We do this by supporting projects focussing on primary and secondary education, as well as technical skills and extracurricular cultural or sports activities.
- We select a few projects to which we can make a substantial contribution.

The four main development projects within Lotus Bakeries Foundation for Education are currently:

### Kusasa school

The Kusasa school is an educational project in South Africa's Western Cape Province of which Lotus Bakeries has been the main sponsor since 2018. Every year, around 130 children can receive a good basic education and are supported in their further development. As a result, they can look forward to a better future, which is also good for society in the region.

### Lotus Bakeries child sponsorships

This project was set up together with Cunina at the school in Reichenau, Underberg, South Africa. In 2017, employees of Lotus Bakeries Corporate were given the opportunity to become sponsors. All sponsored children are offered education from the first year of primary education to the final year of secondary education. This means a long-term commitment of 12 years for about 135 children.

### TAJO

Through its support for the Ghent Talent Workshop for young people ('TAJO'), Lotus Bakeries is offering socially vulnerable young people in the Ghent region (Belgium) new opportunities and stimulating their motivation to study.

### City Pirates

Via City Pirates, a social football project in Antwerp (Belgium), where football is used to give young people a chance in life and to learn skills, we want to give deprived young people from Antwerp a chance to obtain training, a qualification and a job.

 **Read more about each of these and our other social and development projects on the corporate website:**

[www.lotusbakeries.com](http://www.lotusbakeries.com)

> A summary of Lotus Bakeries' sustainability policy including its specific targets and priorities.

### Ambitions

We are committed to the environment and to help fight global warming. In everything we do, we aim to reduce our ecological footprint.

We follow a recruitment policy designed to attract a diversified and talented group of people who, just like us, have the TOP values at heart. We are committed to long-term employment and offer our employees a pleasant, challenging and safe working environment.

We stand up to our social responsibility. We guarantee ethical business practices throughout the organisation. With our Foundation for Education, we support educational projects and help build a future for generations to come.



#### Environment



#### Employee



#### Community

- All of the packaging of all Lotus Bakeries brands to be recyclable by 2025
- All Lotus Bakeries owned sites to be CO<sub>2</sub>-neutral

- Recruitment of ambitious TOP candidates with respect for diversity
- Creating a great place to work, a safe, challenging and pleasant working environment

- Ethical business practices through the Lotus Bakeries Code of Conduct
- Responsible sourcing through the Supplier Code of Conduct
- Our palm oil suppliers to commit to our policy

### Priorities



Document to which our report dated 15/04/2021 also refers.  
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## INDEPENDENT LIMITED ASSURANCE REPORT

on the Care for Today — Respect for Tomorrow section of the annual report 2020 of Lotus Bakeries and its subsidiaries

This report has been prepared in accordance with the terms of our contract dated 8 February 2021 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with selected sustainability indicators in the Care for Today – Respect for Tomorrow section as of and for the year ended 31 December 2020 in the Annual Report 2020 of Lotus Bakeries and its subsidiaries (the "Report").

### The Directors' Responsibility

The Directors of Lotus Bakeries NV ("the Company") are responsible for the preparation and presentation of the selected sustainability indicators, for the year ended 31 December 2020, marked with a Ø in the Care for Today – Respect for Tomorrow section of the Report (the "Subject Matter Information"), in accordance with the criteria disclosed in the Care for Today – Respect for Tomorrow section (the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance

of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

### Our Independence and Quality Control

We have complied with the legal requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Auditor's Responsibility**

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement contract.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information does not comply, in all material respects, with the Criteria.

In a limited-assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable-assurance engagement. The procedures selected depend on the auditor's judg-

ment, including the assessment of the risks of material misstatement of the Subject Matter Information in respect of the Criteria. The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2020 presented in the Report;
- conducting interviews with responsible officers including site visits;
- inspecting internal and external documents.

The scope of our work is limited to assurance over the selected sustainability indicators, for the year ended 31 December 2020, marked with a Ø in the Care for Today – Respect for Tomorrow section of the Report. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

#### **Conclusion**

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected sustainability indicators, for the year ended 31 December 2020, marked with a Ø in the Care for Today – Respect for Tomorrow section of the Report, do not comply, in all material respects, with the Criteria.

#### **Restriction on Use and Distribution of our Report**

Our report is intended solely for the use of the Company, in connection with their Report as of and for the year ended 31 December 2020 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Sint-Stevens-Woluwe, 15 April 2021  
 PwC BV/Reviseurs d'Entreprises SRL  
 represented by  
 Lien Winne,  
 Registered auditor



Document to which our report dated  
 15/04/2021 also refers.  
 Initials for identification purposes  
 PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.



Waffle factory, Belgium

Document to which our report date is  
15/04/2021 also applies.  
Initials for identification purpose:  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises

CHAPTER 3

# OUR ORGANISATION



Jan Boone – CEO



Isabelle Maes – CEO Natural Foods



Mike Cuvelier – CFO



Ignace Heyman – COO



William Du Pré – Corporate Director Quality, Procurement and R&amp;D



John Van de Par – General Manager Belgium



Han van Welie – General Manager Netherlands



Jean-Philippe Kloutz – General Manager France



Els De Smet – General Manager Sales Offices Europe



Michelle Singer – General Manager US



Ronald Drieduite – General Manager SOF Asia



Bart Bauwens – General Manager ID Biscoff®



Leon Broer – General Manager ID Natural Foods



Paul Hunter – Managing Director UFF



Gareth Dunne – Managing Director NBF



Twan Thorn – Managing Director Kiddylicious



## Group structure and day-to-day management

The Executive Committee ('EXCO') determines Lotus Bakeries Group's strategy and objectives and submits them to the Board of Directors for approval.

This strategy is implemented by the country and regional organisations ('areas') in the different business units, supported by the corporate departments.

### Executive Committee 2020

- Jan Boone, CEO
- Isabelle Maes, CEO Natural Foods
- Mike Cuvelier, CFO
- Ignace Heyman, COO
- William Du Pré, Corporate Director Quality Procurement and R&D

### Corporate Departments

**Belgium**

- Controlling & reporting
- HR
- ICT
- Legal, IP & Communication
- Quality
- R&D
- Treasury, internal audit & risk management
- Global Brand Biscoff®
- Procurement Co-manufacturing & Packaging

**Switzerland**

- Procurement Energy & Raw materials
- Global Brand Natural Foods
- IP

### Business Unit Customer Brand Business

#### Business Unit Biscuits & Bakery

**Business Unit Biscuits & Bakery**

- Belgium
- Netherlands
- France
- Sales Offices Europe
- UK & Ireland
- Germany
- Austria
- Czech Republic & Slovakia
- Nordics
- Switzerland
- Spain
- Italy
- United States
- International Distributors Biscoff®
- Sales Offices Asia
- China
- South Korea

#### Business Unit Natural Foods

**Business Unit Biscuits & Bakery**

- Natural Balance Foods
- Urban Fresh Foods
- Kiddylicious
- Belgium
- Netherlands
- France
- Sales Offices Europe
- Austria
- Czech Republic & Slovakia
- Germany
- Nordics
- Switzerland
- Spain
- United States
- International Distributors NF
- Sales Offices Asia
- China
- South Korea



From left to right: Ignace Heyman (COO), Isabelle Maes (CEO Natural Foods), Jan Boone (CEO), William Du Pré (Corporate Director Quality, Procurement and R&D), Mike Cuvelier (CFO)



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Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

**Jan Boone** has been CEO of Lotus Bakeries Group since 2011 and leads the members of the EXCO on a day-to-day basis. He began his career in the audit department of PwC. From 2000-2005, he was responsible for corporate controlling, reporting and M&A at pharmaceutical company Omega Pharma. He sat on the Executive Committee and Board of Directors there. Jan joined Lotus Bakeries as General Manager and Director in May 2005.

**Isabelle Maes** is CEO Natural Foods within the Lotus Bakeries Group. She began her career as an auditor for PwC. In May 2001, she moved to the Barry Callebaut chocolate company. Having fulfilled various roles and been involved in various projects in Finance and SAP, she was appointed Finance Officer of Barry Callebaut Belgium in 2006. Between 2014 and 2017, Isabelle fulfilled the role of CFO at Lotus Bakeries Group. So as to be able to dedicate herself fully to the internationalisation and growth of the natural snacking segment, she has fulfilled the role of CEO Natural Foods since September 2017. Since 2019, Isabelle has been part of the Board of Directors at Van de Velde and fulfills the role of Chairman of the audit committee there.

**Mike Cuvelier** has been CEO of Lotus Bakeries Group since September 2017. Mike began his career in 1996 as an auditor for PwC. Between 2000 and 2013 he fulfilled various controlling roles at Bekaert in the US, Asia and finally Vice President Control Global Business Platforms in Belgium. From 2013 to 2017, Mike was CFO of the Unilin Group, part of Mohawk Industries.

**Ignace Heyman** is COO of Lotus Bakeries Group. He pursued a career in marketing in both Belgium and France, firstly at Procter & Gamble, PAB Benelux (Panzani-Amora-Blédina) and then at Reckitt Benckiser. In 2008, Ignace joined Lotus Bakeries as Marketing Director Belgium, before going on to become Corporate Director Marketing in 2011. From mid-2012 to the end of 2015 he was General Manager France.

**William Du Pré** is Corporate Director Quality, Procurement and R&D, in charge of these corporate departments. William's career with Lotus Bakeries began in 1982. Over the years, he has occupied a variety of sales roles. He has been General Manager Belgium for almost ten years (2007-2015).

Together with the general managers from the various areas within the business units, the EXCO members form the Group Management Team ('GMT'). Each area implements the Lotus Bakeries strategy according to a clearly defined business model. The corporate departments advise and support the Group across all business units and areas and report directly to the EXCO.

## Sales structure

Lotus Bakeries has a total of twenty-one Sales Offices in Belgium, France, the Netherlands, the United Kingdom, Spain, Germany, Italy, Sweden, Switzerland, the Czech Republic, Austria, the United States, Hong Kong, China and South Korea.

In approximately fifty other countries, we work closely with commercial partners. These partnerships are combined into the areas: International Distributors Biscoff® and International Distributors Natural Foods.

## Production sites

Lotus Bakeries has a total of twelve production sites. They are spread across Belgium, France, the Netherlands, Sweden, the US and South Africa. We also have our own distribution centre in Lokeren (Belgium).

With the exception of Nākd, TREK and Kiddylicious, all products are produced at our own production sites. To guarantee the typical characteristics of our extensive product range, we deploy various production technologies. Mastering, managing and developing these technologies represent a permanent challenge for Lotus Bakeries Group. We therefore try to limit the number of products and technologies for each production site and to centralise production processes in specialised plants.

## Investments and expansions

Construction of the Lotus Biscoff® manufacturing facility in Mebane, North Carolina (United States), was completed in spring 2019, with the first commercial production of US-made Lotus Biscoff® cookies in August 2019. Due partly to BEAR's success and rapid growth in the US, a packaging line for BEAR is also operational at the factory in Mebane since April 2020. BEAR fruit rolls are shipped straight from our South African factory to the US for delivery to American consumers.

In October 2020, a new Biscoff® Sandwich cookie production line, capable of producing the extra volumes for the launch of this product in more countries, went into operation at the factory in Lemeke (Belgium).

We are expanding Lotus Bakeries' Headquarters in Lemeke with a new office complex. The demolition work began in January 2021. We plan to move into the new complex in spring 2022.

In connection with the establishment of international Natural Foods headquarters in Baar (Switzerland), the new Natural Foods teams and the existing sales and corporate procurement teams are relocating to a new office complex. According to the project schedule, they should move into the offices from October 2021.

## Personnel

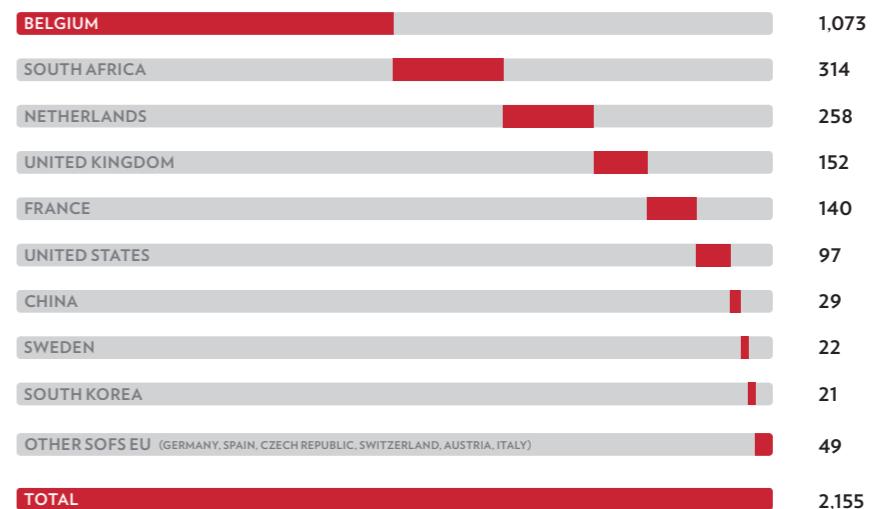
### Evolution



### The proportion of men and women



### Number of employees per country





Elena Bayod – R&amp;D Manager



Kathleen Buyst – Global Brand Director Biscoff®



Roel de Jong – Corporate Procurement Director



Stéphanie De Lange – Group HR Director



Sofie De Letter – ICT Director



Saskia De Paepe – Finance &amp; Supply Chain Director Natural Foods



Pascal Deckers – Global e-Commerce &amp; Category Development Director Biscoff®



Sabien Dejonckheere – Global Brand Director BU Natural Foods



Brechtje Haan – Corporate Legal, IP &amp; Communication Director



Els Rutsaert – Corporate QA Director



Annelies Santens – Director Treasury, International Audit and Risk Management



Els Van Parys – Program Manager Strategic Projects



Wouter Verstringe – FF 2032 Investment Fund Director

## CORPORATE SERVICES

### EMPLOYEES

× 90

### CORPORATE OFFICES

× 2

### CORPORATE DEPARTMENTS

#### Belgium

Controlling & Reporting • HR • ICT • Legal, IP & Communication • Quality • R&D • Treasury, internal audit & risk management • Global Brand Biscoff® • Procurement Co-manufacturing & Packaging

#### Switzerland

Global Brand Natural Foods • IP • Procurement Energy & Raw Materials



1 Lembeke, Belgium

1 Baar, Switzerland



> Corporate Directors

## BELGIUM



&lt; John Van de Par, General Manager Belgium

EMPLOYEES	× 958	SALES OFFICES	× 1
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BUSINESS UNITS	Biscuits & Bakery	Natural Foods
	Lotus Biscoff® (caramelised cookies, spread, ice cream, chocolate) • Lotus Dinosaurus • Lotus Suzy waffles • Lotus cake specialities (i.a. Frangipane, Madeleine)	BEAR • Nākd • TREK

PLANTS	× 4	<b>Lembeke:</b> Lotus Biscoff®, Lotus Biscoff® spread and Lotus Dinosaurus • <b>Courcelles:</b> Lotus waffles • <b>Oostakker:</b> Lotus cake specialities • <b>Eeklo:</b> caramelised cookies, caramelised cookies spread
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## NETHERLANDS



&lt; Han van Welie, General Manager Netherlands

EMPLOYEES	× 258	SALES OFFICES	× 1
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BUSINESS UNITS	Biscuits & Bakery	Natural Foods
	Lotus Biscoff® (caramelised cookies, spread, ice cream) • Lotus cake specialities • Enkhuizer biscuits and cake specialities • Peijnenburg gingerbread • Snelle Jelle gingerbread	BEAR • Nākd • TREK

PLANTS	× 3	<b>Enkhuizen:</b> Enkhuizer biscuits and cake specialities • <b>Geldrop:</b> Peijnenburg gingerbread • <b>Sintjohannesga:</b> Peijnenburg gingerbread, Snelle Jelle gingerbread
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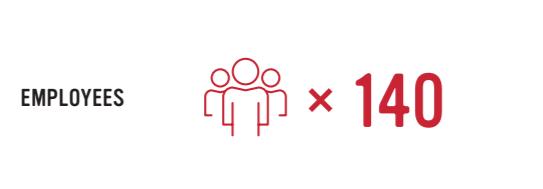


## FRANCE



1 Comines, France

&lt; Jean-Philippe Kloutz, General Manager France



BUSINESS UNITS

**Biscuits & Bakery**

Lotus Biscoff® (caramelised cookies, spread, ice cream) • Lotus Dinosaurus  
 • Lotus cake specialities and waffles  
 • Breton butter specialities

**Natural Foods**

BEAR • Nåkd • TREK



Comines: Lotus cake specialities and filled waffles  
 • Briec-de-L'Odé: Breton butter specialities

## SALES OFFICES EUROPE



8 Europe

&lt; Els De Smet, General Manager Sales Offices Europe



United Kingdom & Ireland • Spain • Germany  
 • Switzerland • Czech Republic • Austria • Nordics • Italy

BUSINESS UNITS

**Biscuits & Bakery**

Lotus Biscoff® (caramelised cookies, spread, ice cream) • Annas Pepparkakor

**Natural Foods**

BEAR • Nåkd • TREK



Tyresö: Annas Pepparkakor



## UNITED STATES



&lt; Michelle Singer, General Manager US

EMPLOYEES

  $\times 97$ 

SALES OFFICES

  $\times 2$ 

BUSINESS UNITS

**Biscuits & Bakery**

Lotus Biscoff® (caramelised cookies, spread, ice cream) • Annas Pepparkakor

PLANTS

  $\times 1$ 

**Mebane:** Lotus Biscoff® cookies, packaging line BEAR

## SALES OFFICES ASIA



&lt; Ronald Drieduite, General Manager SOF Asia

EMPLOYEES

  $\times 50$ 

BUSINESS UNITS

**Biscuits & Bakery**

Lotus Biscoff® (caramelised cookies, spread, ice cream)

**Natural Foods**

Kiddylicious



## INTERNATIONAL DISTRIBUTORS

BISCOFF®



&lt; Bart Bauwens, General Manager ID Biscoff®

EMPLOYEES

 $\times 13$ 

SALES OFFICES

 $\times 2$ 

BUSINESS UNITS

**Biscuits & Bakery**

Lotus Biscoff® (caramelised cookies, spread, ice cream)

DISTRIBUTION COUNTRIES

The most important countries within this area are:

- Saudi Arabia
- Israel
- United Arab Emirates
- Japan
- Australia

## INTERNATIONAL DISTRIBUTORS

NATURAL FOODS



&lt; Leon Broer, General Manager ID Natural Foods

EMPLOYEES

 $\times 13$ 

SALES OFFICES

 $\times 1$ 

BUSINESS UNITS

**Natural Foods**

BEAR • Nåkd • TREK • Kiddylicious

DISTRIBUTION COUNTRIES

The most important countries within this area are:

- Australia
- Ireland
- Iceland
- Norway
- Canada



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## URBAN FRESH FOODS



1 London, UK

&lt; Paul Hunter, Managing Director UFF

EMPLOYEES

× 43

SALES OFFICES

× 1

BUSINESS UNITS

**Natural Foods**

BEAR

## NATURAL BALANCE FOODS



1 Aylesbury, UK

&lt; Gareth Dunne, Managing Director NBF

EMPLOYEES

× 63

SALES OFFICES

× 1

BUSINESS UNITS

**Natural Foods**

Näkd • TREK



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# KIDDYLICIOUS



Since 1987



1 Amersham, UK

< Twan Thorn, Managing Director Kiddylicious

EMPLOYEES

 × 34

SALES OFFICES

 × 1

BUSINESS UNITS

**Natural Foods**

Kiddylicious

## Our worldwide presence



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CHAPTER 4

# REPORT OF THE BOARD OF DIRECTORS

pwc

Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

# 1. ACTIVITIES IN 2020

## 1.1 Market situation and sales results in 2020

### General evolution of turnover

In 2020, Lotus Bakeries Group's consolidated turnover increased by more than EUR 50 million to EUR 663.3 million, representing 8.3% growth. Without negative exchange rate effects, turnover growth in 2020 would have been 9%. The growth in the first half of the year therefore continued in the second half. In the final quarter, there was also increased demand for stockbuilding among customers in the United Kingdom. This was due to the uncertain outcome of the Brexit negotiations and possible problems at the border.

This solid growth is mainly due to double-digit growth for Lotus Biscoff®, the Group's first and largest strategic pillar. The international expansion of Lotus Biscoff®, Lotus Biscoff® Spread and Lotus Biscoff® Ice Cream accelerated once more this year with substantial increases in the level of penetration in many countries.

The growth of Biscoff® was also supported by two successful innovations. In the first half of 2020, Biscoff® Sandwich Cookie went on sale. Following an initial launch in four countries, Biscoff® Sandwich Cookie is now being rolled out globally. To that end, the new, state-of-the-art Biscoff® Sandwich Cookie production line in Lembeke recently came on line - one of the key investments in 2020. In the second half of the year, Lotus Bakeries made its debut in the chocolate category. As of September, Lotus Biscoff® Chocolate is available in Belgian supermarkets and has proved an instant hit with consumers.

Biscoff® experienced strong global growth in all countries and continents in 2020. Growth was realised both in Lotus Bakeries' traditional major markets and in several promising newer markets for the Group, namely Australia, Indonesia, Malaysia, United Arab Emirates, Morocco, Egypt, Turkey and Canada.

Biscoff® saw slightly slower growth in countries with more significant share of sales in the out-of-home channel. They were obviously hit by the negative impact of the pandemic and the introduction of lockdowns. The out-of-home channel comprises all sales, direct or indirect, to cafés and cafeterias, airlines, hotels, restaurants, cruise ships, cinemas, events, theme parks, schools, hospitals, etc.

Lotus Bakeries' second strategic pillar is natural snacking within Natural Foods. After a very strong first quarter, sales of Natural Foods brands Nåkd, TREK and BEAR fell sharply with the introduction of lockdowns. All products for which on-the-go is a significant consumption moment were affected by the closure of offices and schools and the restriction of travel to work, to visit family or out of the home. From July, the Natural Foods brands recovered significantly and systematically to 2019 levels. Kiddylicious achieved good growth in 2020, due partly to internationalisation and the success in the UK of its innovations, Juicy Fruit Bars, Melty Buttons & Rice Crispy Sticks. The BEAR brand also experienced an increase in turnover in 2020, driven by strong growth in the US and a strong third quarter in the UK.

The third pillar of the Lotus Bakeries strategy is the focus on 'local heroes' in the home markets of Belgium, the Netherlands, France and Sweden.

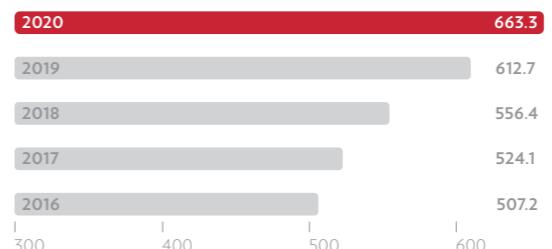
Within this pillar of local specialities, Annas Pepparkakor achieved remarkable growth of more than 20% this year. This makes Annas the undisputed market leader in Sweden in the pepparkakor category, a cookie that is traditionally consumed over the Christmas period. The exceptional growth this year is the result of strong sales of the biscuit range, aided by the successful launch of the new Annas Pepparkakor ice cream.

In Belgium, Lotus grew its already high market share and general level of household penetration even further. Besides Biscoff®, the 'hero' products in the waffle and cake ranges also recorded solid growth. Waffles were supported by a new media campaign for Suzy in the second half of the year. There were also product innovations with Tartélice Myrtille and Lotus honey waffle.

In the Netherlands, during the first few months of 2020, Peijnenburg focused strongly on the introduction of the new packaging design and the launch of the new media campaign starring Dutch singer Frans Bauer, with the baseline 'Van Happen word je Happie' (Eating Peijnenburg makes you happy). With the outbreak of the pandemic, the campaign was temporarily paused, but since November Peijnenburg is back on TV. The campaigns to revive growth in the gingerbread category and for the Peijnenburg brand are starting to bear fruit. As a result, Peijnenburg recorded slight growth again in 2020. Also in the Netherlands, the on-the-go gingerbread brand Snelle Jelle experienced the negative impact of the lockdowns.

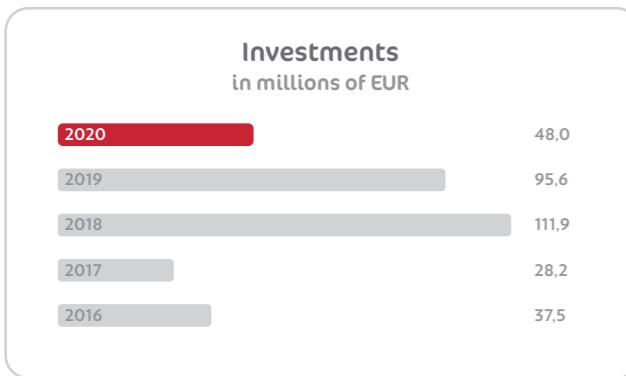
In France, waffles continued to grow unabated in 2020, supported partly by the Liège milk chocolate waffle, which was launched in the second half of 2019.

### Evolution of turnover in millions of EUR



## 2. FINANCIAL INFORMATION

This total investment programme for the capacity expansions for both Biscoff® and Lotus waffles is estimated at more than EUR 150 million and will be spent over the next three years.



### 2.1 Profitability and evolution of costs

In 2020, Lotus Bakeries achieved a recurrent operating result (REBIT) of EUR 111.1 million and a recurrent operating cash flow (REBITDA) of EUR 135.7 million. Both profitability parameters rose, by EUR 8.2 million and EUR 12.1 million respectively.

The turnover and volume growth bring about a positive sales and operating margin contribution. While the Group still invested strongly in media support for Biscoff® in Belgium, France, the UK and Spain, for Nākd in the UK and Belgium, for Peijnenburg in the Netherlands and for waffles and cakes in France and Belgium during the first quarter, the campaigns were suspended temporarily on the announcement of the first lockdowns. During the second half of the year, certain media campaigns were relaunched and new commercials were developed for 2021.

Year on year, depreciation charges increased by EUR 3.7 million, mainly due to the factory in the US. The Lotus Biscoff® factory in the US has been operational since August last year and will scale up further in 2021. The BEAR factory in South Africa officially became part of the Group in the second half of 2019. In 2020, this factory made a positive contribution to results thanks to growing volumes and a strong operating performance.

The non-recurrent operating result amounts to EUR -4.6 million and is primarily made up of COVID-19-related costs in order to guarantee continuity and safety in the factories. In addition, further expenses were incurred in the first half of the year in the US to support the Biscoff® factory and for the installation and start-up of the BEAR packaging line.

The financial result of EUR -3 million consists primarily of interest expenses and foreign exchange results on balance sheet positions held

in foreign currencies. Interest expenses fell year on year due to the refinancing of long-term debt at the end of 2019.

The tax expense decreased to EUR 21 million or 20.3% of the profit before taxes. The release from deferred taxes on the foreign exchange result arising on the repayment of an intercompany debt had a positive impact to reduce the tax expense. The tax expense also includes a negative impact on deferred taxes as a result of the rollback of the corporate tax income rate reduction proposed in 2021 in the Netherlands. These deferred tax effects are purely accounting transactions and of a non-cash nature.

In addition to the effects mentioned above, the completion of a Mutual Agreement Procedure also had a more limited positive effect on tax expense. This led to the realised exemption from double taxation that arose on reaching an agreement with the tax authorities in Belgium, the Netherlands and France several years ago. This agreement concerns remuneration for purchasing activities which have been centralised in Switzerland for more than ten years. In this agreement, a consensus was also reached as to the remuneration method to be used. This remuneration method had already been in place since 2018.

The recurrent net profit rose by more than 11% to EUR 86.2 million or 13% of turnover. The net profit increased by 9% to EUR 82.5 million.

### 2.2 Principal risks and uncertainties

#### 2.2.1 Raw material and packaging costs

The risk of negative consequences of fluctuations in raw material prices on the results is limited by the signing of forward contracts with a fixed price for the most important volatile raw materials. For other raw materials and for packaging, yearly agreements are made when possible.

#### 2.2.2 Currency risk

Sales and purchasing take place predominantly in euros. The main foreign currency transactions are in USD, GBP, CHF, SEK, CNY, ZAR and KRW. Lotus Bakeries Group seeks to hedge its purchases and sales in foreign currencies naturally as far as possible, with net foreign exchange risks hedged if necessary by forward and/or option contracts if there is a material unhedged net risk for the Group.

Lotus Bakeries' consolidated financial statements are presented in euros. The operating results and financial position of each Lotus Bakeries company whose functional currency is not the euro have to be converted into euros at the applicable exchange rate for inclusion in the Group's consolidated financial statements. Lotus Bakeries does not hedge against this "conversion risk".

A 5% lower average rate for Lotus Bakeries' key foreign currencies would have had a negative impact on the net profit amounting to a total of 1,785 kEUR. A 5% higher average rate for Lotus Bakeries' key foreign currencies would have had a positive impact on the net profit amounting to a total of kEUR 1,973.

#### CURRENCY RISK

	EFFECT ON THE NET RESULT OF THE LOWER AVERAGE RATE OF 5% (AMOUNT IN KEUR)	EFFECT ON THE NET RESULT OF THE HIGHER AVERAGE RATE OF 5% (AMOUNT IN KEUR)
GBP	(1,176)	1,300
USD	(611)	675
CNY	(136)	150
Other	138	(152)
Total	(1,785)	1,973



### 2.2.3 Interest rate risk

The interest rate risk is the risk associated with interest-bearing financial instruments and relates to the risk of the fair value or related interest cash flows of the underlying financial instrument fluctuating due to future changes in market interest rates.

Lotus Bakeries Group's objectives with regard to interest rate risks are to reduce fluctuations in income, limit interest expenses in the long term and protect future cash flows against the impact of significant negative interest rate fluctuations.

### 2.2.4 Credit risk

The Lotus Bakeries Group opts to conclude contracts as far as possible with creditworthy parties or to limit the credit risk by means of securities.

The Lotus Bakeries Group has a diversified international customer portfolio, consisting mainly of large retail, cash-and-carry and food service customers in various countries. For export outside Western and Northern Europe, the United States, South Korea and China, the Lotus Bakeries Group works on a documentary credit basis or uses credit insurance. Within the Lotus Bakeries Group, there are strict procedures to accurately follow up on customers and to handle possible risks as quickly and as efficiently as possible.

For financial operations, credit and hedging, the Lotus Bakeries Group works only with established financial institutions.

### 2.2.5 Liquidity risk

Lotus Bakeries uses an international cash pooling structure for daily cash pooling where possible. Lotus Bakeries also closely monitors the amount of short-term funds and the ratio of short-term funds to its total debts, as well as the availability of committed lines of credit in relation to the level of outstanding short-term debt.

In view of the significant cash flow from operations compared with the net financial debt position, and the available committed lines of credit, the liquidity risk for the Lotus Bakeries Group is low.

### 2.2.6 Balance sheet structure

Lotus Bakeries aims for a capital structure (the balance between debt and capital) which will give it the required financial flexibility to implement its growth strategy.

Lotus Bakeries strives to keep the proportion of net financial debt (defined as interest-bearing financial debt - monetary investments - liquid assets - treasury shares) and the recurrent company cash flow (REBITDA) at what is considered to be a normal healthy level in the financial market.

FINANCIAL RATIOS	2020	2019	2018	2017	2016
Days customer credit	48	47	45	42	37
Solvency ratio (%)	51.4	49.5	48.8	49.1	45.3
Net financial debts / REBITDA <sup>1</sup>	0.87	1.10	0.87	0.55	0.93
Net profitability of equity (%)	19.0	18.8	19.6	22.0	25.1

<sup>1</sup> REBITDA normalised for the impact of acquisitions



### 2.2.7 Product liability risks

The production, packing and sale of food products give rise to product liability risks.

Lotus Bakeries applies the highest product safety standards to the entire production and distribution process, from the purchase of raw materials through to the distribution of the final product, supported and guaranteed by structured procedures and systematic internal quality audits. External audits take place at regular intervals.

 [Read on about Lotus Bakeries' quality management system](#)  
on page 92 of this annual report

The necessary product liability insurance has been taken out within reasonable limits in line with the market.

### 2.2.8 Pension scheme risks

The form of and benefits under pension schemes existing within the Lotus Bakeries Group depend on the conditions and customs in the countries involved. Pension benefits can be provided under defined contribution schemes or defined benefit schemes.

A major portion of these pension schemes are defined contribution schemes, including in Belgium, France, Sweden and the United States. These are funded by employer and employee contributions and charged to the income statement of the year in question. Under this type of scheme, there is no legal or constructive obligation to pay further contributions irrespective of the capacity of the funds to pay future pension contributions.

Because of the Belgian legislation applicable to second pillar pension plans (so-called 'Vandenbroucke Law'), basically all Belgian defined contribution plans have to be considered under IFRS as defined benefit plans because of the minimum guaranteed return, although it is normally insured by an external insurance company that collects and manages the contributions. This 'Vandenbroucke Law', which came into force in 2004, stipulates that, in the context of a defined contribution plan, the employer must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions. As from 1 January

2016, these percentages were replaced by a single percentage which changes in line with market rates, subject to a minimum of 1.75% and a maximum of 3.75%, which reduces the risk for the employer.

In the Netherlands a defined contribution scheme has been concluded with BPF. Because employers pay a fixed contribution, the scheme falls under the defined contribution scheme.

Defined benefit pension schemes exist in the Dutch and German subsidiaries. In certain companies provisions also exist for pension obligations resulting from legal requirements. These are also treated as defined benefit schemes. For these defined benefit schemes the necessary provisions are set up based on the actuarial present value of the future obligations to the employees concerned.

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Changes in bond yields: a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Salary risk: the majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, a salary increase of plan members higher than expected will lead to higher liabilities.
- Longevity risk: pension plans provide benefits to the participants throughout their remaining lives. An increase in life expectancy will therefore result in an increase in the pension plan obligations.

## 2.3 Financial instruments

The Lotus Bakeries Group uses financial instruments to hedge the risk of adverse exchange and interest rate fluctuations. No derivatives are used for trading purposes. Derivatives are initially measured at cost and thereafter at fair value.

## 2.4 Research and development, innovation and sustainability

### 2.4.1 Innovation and product development

The quality of all Lotus Bakeries products is an absolute priority and all employees are intensely involved in the continuous drive for high quality products and processes, which are audited internally as well as externally.

The R&D department hopes to contribute to better products with new insights into processes and the interactions between various ingredients. In this, Lotus Bakeries not only employs its own expertise but also calls on the expertise of well-known university knowledge centres, and of existing innovation platforms set up by the food industry.

Our efforts in terms of innovation also translate into an extensive, innovative product range, where quality and superior taste are paramount. 2020 saw innovation in our first strategic pillar, Lotus Biscoff®, with the introduction of the Lotus Biscoff® Sandwich Cookie and – on the Belgian market – Lotus Biscoff® chocolate. In the natural snacking segment, Lotus Bakeries launched Nákd Drizzled Chocolish bars with a delicious chocolish topping and many innovations were also added to the Kiddylicious range, such as Rice Crispy Sticks, made from puffed rice, puffed quinoa and crushed sunflower seeds. Among our Local Heroes, several new products also saw the light for the first time in 2020, including Tartélice Myrtle and the Lotus Honey Waffle.

 [Read more about these innovations](#) on p. 29 (Lotus Biscoff®),  
p. 42 (Natural Foods) and p. 56 (Local Heroes)

### 2.4.2 Sustainability and responsibility

The 'Care for Today – Respect for Tomorrow' sustainability ambition represents in a clear way how Lotus Bakeries is handling sustainability and responsibility. This action plan has been widely communicated to all employees and the Board of Directors. Lotus Bakeries opts to report on its priorities, targets and achievements based on the Sustainable Development Goals (SDG reporting) proposed by the United Nations.

 [Read more about our sustainability strategy 'Care for Today – Respect for Tomorrow'](#) on page 60

## 2.5 Significant events after 31 December 2020

No significant facts have occurred after 31 December 2020 with a material impact on the 2020 financial statements.

## 3. PROSPECTS FOR 2021

After a particularly strong start in the first quarter of 2020, Lotus Bakeries was hit hard by the outbreak of COVID-19 and the global lockdowns. The most direct and negative impact of COVID-19 on Lotus Bakeries' turnover was on products which find their way to consumers via the out-of-home channel. This channel represents around 10% of group turnover. Those brands and products specifically designed for an on-the-go consumption moment also experienced falling demand. These on-the-go products have not yet managed to return to pre-COVID-19 levels, with periodic and geographically varying measures and lockdowns.

All 12 of the Group's production sites remained operational during the lockdown and throughout the year. Lotus Bakeries managed to organise production so as to balance the safety and availability of employees with the regulatory requirements and market demand. At no time did the company rely on furlough schemes, for example.

The company invested heavily in Natural Foods. In May, Lotus Bakeries acquired almost all of the remaining shares in Natural Balance Foods from the founders. As a result, Lotus Bakeries now has full control over the entire Natural Foods portfolio with the BEAR, Nákd, TREK and Kiddylicious brands. Lotus Bakeries now wants to accelerate the international growth of these brands beyond the UK by centralising all international activities, brands and Global Accounts at Natural Foods International headquarters.

FF2032 also went 'fast forward' in 2020 with two new investments, Love Corn and Partake Foods.

CEO Jan Boone looks back on what turned out to be a totally unpredictable 2020:

"In the year that will always be associated with the COVID-19 pandemic, Lotus Bakeries achieved turnover growth of 50 million euros or more than 8%. That makes me proud and happy! This wouldn't have been possible without the dedication and flexibility of our more than 2,000 colleagues. Our Lotus family has shown flexibility, commitment and resilience and together we have achieved a great result."

The final Brexit deal is very good news for us. It means that import duties on our products are avoided. The technical preparations we had made in terms of customs and logistics also paid off and there was no interruption in supply to our customers, either for our products coming from the UK or those going to the UK. The stockbuilding at the end of 2020 in the UK appears to be a prelude to sales in the first weeks of 2021.

However, 2021 is starting as 2020 ended, with a world still in the grip of the pandemic. The out-of-home channel and on-the-go products remain hard hit and we'll certainly have to allow for this in the first half of the year. But in 2020 we once again laid firm foundations to face the longer-term future positively. We launched some excellent, successful innovations, we laid the organisational and strategic basis for the continuing internationalisation of Natural Foods, we started major capacity investments and were very active with our FF2032 fund. In short, we've come out of this crisis stronger and our healthy cash flow development means that we can continue to invest in the future."



## 4. RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULTS

### Consolidated

The consolidated net profit for 2020 amounted to EUR 82.5 million as compared to 75.8 million EUR in 2019.

### Statutory

The 2020 results for the parent company Lotus Bakeries NV are as follows:

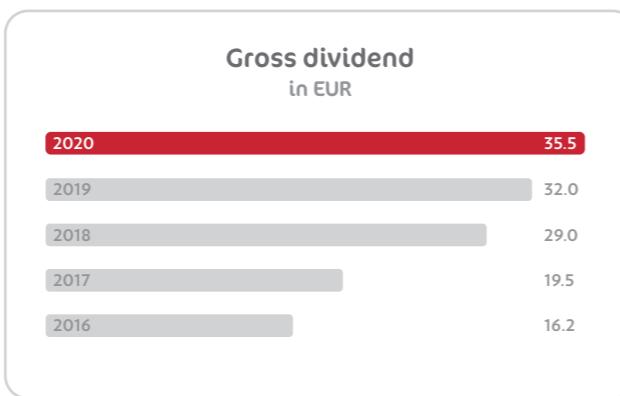
IN EUR	
Profit for the financial year	117,029,840.18
<b>Profit for the year available for appropriation</b>	<b>117,029,840.18</b>

The Board of Directors proposes to appropriate the profit as follows:

IN EUR	
Allocation to legal reserves	0
Allocation / (Transfer) to other reserves	87,811,378.68
Distribution of a gross dividend <sup>1</sup>	28,968,461.5
Distribution of emoluments to directors	250,000.00
<b>TOTAAL</b>	<b>117,029,840.18</b>

<sup>1</sup> The dividends on the purchased Lotus Bakeries shares will be paid to Lotus Bakeries NV and, as a consequence, will not be suspended.

The Board of Directors will propose to the Ordinary Shareholders Meeting of 18 May 2021 to pay a gross dividend of EUR 35.5 per share for 2020 compared with EUR 32 per share in 2019. This maintains the dividend policy in recent years, whereby one third of the recurrent net profit is paid out.



## 5. CORPORATE GOVERNANCE DECLARATION

Both the new Belgian Companies and Associations Code (CAC) and the Corporate Governance Code 2020 came into force on 1 January 2020. Lotus Bakeries adopts the Corporate Governance Code as a reference code, in accordance with Article 3:6(2) of the CAC and the Royal Decree of 12 May 2019 laying down the corporate governance code to be complied with by listed companies.

In view of this, Lotus Bakeries has reviewed and revised its articles of association and its Corporate Governance Charter. The adapted articles of association and Corporate Governance Charter were discussed by the Board of Directors and approved on 2 April 2020 and the articles of association were subsequently adopted at the Extraordinary General Meeting held on 8 May 2020.

### Revised governance principles

The revised Corporate Governance Charter outlines our corporate governance policy and the internal rules of procedure of the Board of Directors, the Committees and the Executive Committee.

In the course of the review in 2020, the items adapted included the following:

- The Board of Directors opted to introduce double voting rights in accordance with Article 7:53 of the Belgian Companies and Associations Code. The strengthening of the control rights for loyal shareholders, whose shares have been held continuously for at least two years and are registered, fits seamlessly with Lotus Bakeries' sustainability vision and underlines its focus on long-term investments.

- The Board of Directors decided to follow the new Articles 7.6 (partial remuneration of non-executive board members in shares) and 7.9 (minimum threshold of shares to be held by executives) of the Corporate Governance Code so as to align the interests of its members and members of the executive management more closely with the company's sustainability strategy.

In this annual report, we report factual applications of the Corporate Governance Charter.

 **More information about our Corporate Governance Charter can be found on our website:**

[www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

Deviations from Articles 7.3 and 7.12 of the Corporate Governance Code are set out. So far, no remuneration policy has been approved in 2020 as stipulated by Article 7.3 of the Corporate Governance Code and Article 7:89(1) CAC. This is on the agenda for the Ordinary General Meeting to be held on 18 May 2021. With respect to Article 7.12, which is conditional on statutory enforceability, it is pointed out that the Board of Directors has thus far adopted no provisions which would enable Lotus Bakeries to claw back the variable remuneration paid to the CEO or the members of the executive management. Reference is also made to the remuneration report.

## Governance structure

The Board of Directors chose to consolidate its current single-tier governance model as referred to in Article 7:85 et seq of the CAC, since the functioning of the Board is highly effective and transparent. Furthermore, the powers relating to day-to-day management versus supervision/control are clearly defined, the Board is kept thoroughly informed at all times by the CEO and the EXCO and all necessary decisions are approved and/or ratified.

## 5.1 Share capital and shares

### 5.1.1 Capital

The share capital of Lotus Bakeries NV amounts to EUR 3,591,183.65.

### 5.1.2 Notices with respect to Art. 34 of the Royal Decree of 14 November 2007 - anti-takeover measures

The Board of Directors of Lotus Bakeries NV was authorised by the Extraordinary General Meeting of 8 May 2020 to increase issued capital one or more times up to a maximum amount of four million seven hundred and eighty-eight thousand two hundred and forty-four euros and eighty-seven cents (EUR 4,788,244.87). This authorisation, which is granted only for a period of five years starting on the date of the publication of the resolution of the Extraordinary General Meeting of 8 May 2020 in the Supplements to the Belgian Official Journal.

Within the limits of authorised capital, the Board of Directors of Lotus Bakeries NV was furthermore authorised by the Extraordinary General Meeting of 8 May 2020, within a period of three years commencing

with the Extraordinary General Meeting of Shareholders of 8 May 2020, following notification from the Financial Services and Markets Authority of a public takeover bid for the company's stock, to increase the company's capital subject to fulfilment of the legal requirements.

### 5.1.3 Shares

Since the beginning of January 2002, Lotus Bakeries shares have been listed on the continuous trading market of Euronext (Brussels). Previously, the shares were listed on the spot market.

As of 31 December 2020, there were 816,013 shares of Lotus Bakeries NV, in registered or dematerialised form.

### 5.1.4 Share options

In the context of the Lotus Bakeries share option scheme, 962 new share options were issued in 2020. As at 31 December 2020 the total number of unexercised share options was 5,267.

YEAR OF ISSUE OF THE OPTIONS	NUMBER OF ALLOCATED OPTIONS <sup>1</sup>	NUMBER OF OPTIONS EXERCISED <sup>2</sup>	TOTAL OF AVAILABLE OPTIONS
2015	3,302	(3,302)	-
2016	2,334	(1,993)	341
2017	1,626	-	1,626
2018	1,139	-	1,139
2019	1,199	-	1,199
2020	962	-	962

<sup>1</sup> Number allotted minus cumulative number lapsed.

<sup>2</sup> Cumulative number exercised.

### 5.1.5 Purchase of treasury shares

The Extraordinary General Meeting of 8 May 2020 authorised the Board of Directors of Lotus Bakeries NV as follows regarding the buying and selling of treasury shares:

- For a period of five years, within legal limits, whether via the stock exchange or otherwise, whether directly or indirectly, whether by purchase or exchange, whether by contribution or any other form of acquisition, to acquire shares, profit-sharing certificates or certificates related thereto, with as compensation the average closing share price of the company over the last thirty calendar days prior to the date of purchase, reduced by twenty percent as a minimum price and increased by ten percent as a maximum price. This authorisation applies also to the acquisition of shares of the company, carried out, directly or indirectly, by direct subsidiaries of the company within the meaning of Article 7:221 of the Companies and Associations Code.
- To dispose of shares, profit-sharing certificates or other certificates acquired by the company, whether via the stock exchange or otherwise, through sale, exchange, contribution, conversion of bonds or any other form of transfer (whether or not for consideration), to offer them to the staff, to offer them to one or more specified persons other than staff, or to otherwise exercise control over them, always in accordance with the legal provisions, or to cancel these shares or profit-sharing certificates, without requiring further approval or other intervention of the General Meeting of Shareholders and without any time restrictions.

- To acquire, whether via the stock exchange or otherwise, whether directly or indirectly, the company's stock, when such acquisition is necessary to prevent the company from suffering serious imminent damage. This authorisation is granted for a period of three years.

No treasury shares were purchased during 2020. The total number of purchased treasury shares in the portfolio at the end of the financial year is 5,542 shares. They represent an accounting par value of EUR 24,384.8 or 0.68% of the issued capital.



## 5.2 Shareholders and shareholders structure

The shareholding structure of Lotus Bakeries NV on 31 December 2020:

	NO. OF SHARES	NO. OF VOTING RIGHTS	% OF VOTING RIGHTS
Stichting Administratiekantoor van Aandelen Lotus Bakeries <sup>1</sup>	455,417	910,834	70.92%
Lotus Bakeries NV <sup>2</sup>	5,542	5,542	-
Publicly held	355,054	366,969	28.65%
<b>Total</b>	<b>816,013</b>	<b>1,284,345</b>	<b>100.00%</b>

<sup>1</sup> Stichting Administratiekantoor van Aandelen Lotus Bakeries is not controlled. The interest of Stichting Administratiekantoor van Aandelen Lotus Bakeries in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on 5 April 2013\* and in the notifications to Lotus Bakeries NV of the certification of Lotus Bakeries shares in July 2014 and in April 2018.

<sup>2</sup> The voting rights attached to the shares held by Lotus Bakeries NV have been suspended. The dividends have not been suspended and will be distributed to Lotus Bakeries NV.

\* Pursuant to article 6 of the Law of 2 May 2007 on disclosure of major holdings.

### Communication according to Article 14, para. 1, of the Law of 2 May 2007 on disclosure of major holdings

Lotus Bakeries NV received no transparency notifications in 2020.

### Communication according to article 74§7 of the Law of 1 April 2007 on public takeover bids

Lotus Bakeries NV is not aware of any updates to any communication according to Article 74 of the Law of 1 April 2007.



Document to which our report dated 15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

## 5.3 Board of Directors and Committees of the Board of Directors

### 5.3.1 Board of Directors

#### 5.3.1.1 Composition

The composition of the Board of Directors:

##### Chairman

Vasticom BV, represented by its permanent representative Jan Vander Stichele

*Current term of office ends: 2021 General Meeting*

##### Managing director:

Mercuur Consult BV, represented by its permanent representative Jan Boone

*Current term of office ends: 2021 General Meeting*

##### Non-executive directors:

- Beneconsult BV, represented by its permanent representative Benedikte Boone

*Current term of office ends: 2024 General Meeting*

- PMF NV, represented by its permanent representative Johan Boone

*Current term of office ends: 2021 General Meeting*

- Concelent NV, represented by its permanent representative Sofie Boone

*Current term of office ends: 2024 General Meeting*

- Anton Stevens

*Current term of office ends: 2021 General Meeting*

##### Independent directors:

- Peter Bossaert

*Current term of office ends: 2021 General Meeting*

- Benoit Graulich BV, represented by its permanent representative Benoit Graulich

*Current term of office ends: 2021 General Meeting*

- Lema NV, represented by its permanent representative Michel Moortgat

*Current term of office ends: 2022 General Meeting*

- Sabine Sagaert BV, represented by its permanent representative Sabine Sagaert

*Current term of office ends: 2023 General Meeting*

##### Secretary:

Brechtle Haan

**Benedikte Boone** Non-executive director  
 • Master's degree in Applied Economics (KU Leuven)  
 • She has held positions at Crey's Interim and Avasco Industries  
 • Director in various family companies (Bene Invest BV, Holve NV and Harpis NV) and also director at Deceuninck NV  
 • Member of the Board of Directors at Lotus Bakeries since 2012

**Jan Boone** CEO / Managing director  
 • Master's degree in Applied Economics (KU Leuven);  
 Master in Audit (UMH)  
 • Started his career in the Audit department of PwC  
 • Between 2000 and 2005 Head of Corporate Controlling,  
 member of the Executive Committee and Board of Directors  
 at Omega Pharma  
 • Since 2005, active at Lotus Bakeries as managing director  
 and since 2011 as CEO  
 • Since 2005, member of the Board of Directors  
 at Lotus Bakeries and managing director since 2011  
 • Member of the Board of Directors of Omega Pharma,  
 director at Club Brugge and FF2032  
 • President of the Board of Directors of Animal Care,  
 a listed company in the veterinary sector

**Johan Boone** Non-executive director  
 • Master's degree in dentistry (KU Leuven)  
 • Dentist  
 • Member of the Board of Directors at Lotus Bakeries since 1996

**Sofie Boone** Non-executive director  
 • Master's degree in Pharmaceutical Sciences (KU Leuven),  
 postgraduate degree in Business Economics (Vlekho) and Business  
 Management for pharmacists (Vlerick Business School)  
 • 1996 – 2001: deputy pharmacist and titular pharmacist  
 • Since 2002, owner and titular pharmacist of Boone pharmacy  
 in Tervuren  
 • Since 1999, active as volunteer departmental pharmacist  
 at the Red Cross Tervuren  
 • Member of the Board of Directors at Lotus Bakeries since 2016

**Peter Bossaert** Independent director  
 • Commercial engineer (University of Antwerp)  
 • 1989 - 1997: various marketing and sales roles at Unilever  
 and Campina  
 • Between 1989 and 2018 active at Mediaalaan, from 2012 as CEO  
 • Since 2018 CEO at KBVB  
 • Member of the Board of Directors at Lotus Bakeries since 2017

**Benoit Graulich** Independent director  
 • Master's degrees in Law, Business and Finance (KU Leuven)  
 • Began his professional career at PwC and then at Paribas Bank/  
 Artesia Bank. In 2000 he became a partner at EY.  
 • Currently he is a managing partner at Bencis Capital Partners  
 • Various directorships at Confinimmo and FF2032,  
 among other companies  
 • Member of the Board of Directors at Lotus Bakeries since 2009

**Michel Moortgat** Independent director  
 • Master's degree in Business and Finance (Ichech Brussels) and MBA  
 (Vlerick Business School)  
 • Since 1991, active at Duvel Moortgat and since 1998 as CEO  
 • Member of the Board of Directors at Lotus Bakeries since 2018

**Sabine Sagaert** Independent director  
 • Master's degree in Commercial Engineering (KU Leuven),  
 Master in Economic Legislation (UCL) and MBA (KU Leuven),  
 Graduate degree in Taxation (Fiscale Hogeschool Brussel)  
 • Held various positions in the Benelux at CBR cement companies  
 and at AB InBev, amongst others as Business Unit President Belux.  
 Subsequently, she led the Dental Division at Arseus  
 • Since 2011, employed by Cargill as General Manager Malt  
 business Europe. As of 2015, Global Managing Director Malt  
 Business and since June 2018, Managing director  
 Oils and Seeds Ermea  
 • Member of the Board of Directors at Lotus Bakeries since 2011  
 • Since 1 October 2020, Managing Director Bakery Products  
 at Vandemoortele

**Anton Stevens**  
 • Master's degree in Law (UGent) and in Notarial law (UGent)  
 • Member of the Board of Directors at Lotus Bakeries since 2002

**Jan Vander Stichele** Chairman of the Board of Directors  
 • Master of Science in Electromechanical Engineering (KU Leuven)  
 and a Bachelor's degree in Business Economics (KU Leuven)  
 • Was technical director of the Verlipack Group  
 • Since the end of 1996 active in the Lotus Bakeries Group  
 as General Manager Lotus Bakeries France, thereafter  
 as General Manager Operations and between 2011 and 2016  
 as Executive Director  
 • Since 2005, member of the Board of Directors at Lotus Bakeries  
 • Member of the Board of Directors at TVH Parts Holding, Ardo,  
 BIG and OLV Hospital Aalst  
 • Chairman of the Board of Directors at Team Industries, FEVIA  
 and Flanders'FOOD



### 5.3.1.2 Activities of the Board of Directors

The Board of Directors met six times in 2020. Apart from the first meeting on 7 February, all board meetings were held virtually, due to the COVID-19 measures.

Sabine Sagaert BV, represented by its permanent representative Sabine Sagaert, and Peter Bossaert were absent from one meeting of the Board of Directors.

#### Within the Board of Directors, the following matters were discussed in detail:

- Coronavirus policy:
  - Production
  - Offices
  - Contingency plan
- Investment budget and global budget
- Financial results
- Sales results
- Results at 31/12 and 30/06 and proposed press release
- Establishment of Natural Foods International Headquarters
- Initiatives within Lotus Bakeries' sustainability strategy Care for Today – Respect for Tomorrow policy, including:
  - Cyber attack prevention policy
  - Sustainable packaging
  - Young Graduate Programme
  - Code of Conduct
  - Supplier Code of Conduct
  - Dealing Code
- Corporate Governance
- General Meeting:
  - Agenda
  - Holding behind closed doors
  - Approval of reports on powers of attorney in accordance with the articles of association
  - Dividend proposal
- Media investments
- Capex investments
- Integration of Natural Balance Foods
- Investments of FF2032 NV
  - Love Corn
  - Partake Foods
- Product developments and innovations
- Rebranding projects
- Reports and recommendations from Committees

In the course of 2020, there were no incidences within the Board of Directors which led to the application of the conflict of interest procedure as set out in Articles 7:96 and 7:97 of the Companies and Associations Code.



Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

### 5.3.2 Audit Committee

The Audit Committee consists of two independent directors and one non-executive director. The two independent directors are Lema NV, represented by its permanent representative Michel Moortgat (Chairman) and Benoit Graulich BV, represented by its permanent representative Benoit Graulich. The non-executive director is Vasticom BV, represented by its permanent representative Jan Vander Stichele. All members have accounting and audit experience.

The Audit Committee met three times in 2020 and all members were present at all meetings. The Auditor participated in all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- Risk management
- Discussion of report and internal controls / recommendations of the Statutory Auditor
- Discussion of annual and interim results
- Audit plan 2020
- Establishment of Natural Foods International HQ

### 5.3.3 Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of two independent directors and one non-executive director. The independent directors are Sabine Sagaert BV, represented by its permanent representative Sabine Sagaert (Chairman) and Benoit Graulich BV, represented by its permanent representative Benoit Graulich. The non-executive director is Vasticom BV, represented by its permanent representative Jan Vander Stichele. All members have both HR management and remuneration policy experience.

The Committee met twice in 2020, with all members present.

The subjects examined were:

- Remuneration policy and its application
- Impact of the new Companies and Associations Code and the Corporate Governance Code 2020
- Remuneration of members of the Board of Directors
- Remuneration of CEO and Executive Committee

### 5.3.4 Evaluation of the Board of Directors and its Committees

The operation of the Board of Directors and of the Committees is evaluated every three years. The evaluation of the effectiveness of the Board of Directors is undertaken by the Board itself under the leadership of its Chairman. This evaluation covers the size of the Board, the general functioning of the Board of Directors, the way meetings are prepared, the contribution of each individual director to the work of the Board, the presence and involvement of each individual director at meetings and decision-making, the composition of the Board of Directors and the interaction with the Executive Committee.

This assessment makes it possible to constantly optimise the management of Lotus Bakeries. Where appropriate, based on this review, and eventually in consultation with external experts, the Remuneration and Nomination Committee presents a report on the strengths and weaknesses of the Board of Directors and, where necessary, a proposal for the appointment of a new director or the non-prolongation of a directorship. The non-executive directors evaluate annually the interaction of the Board of Directors and the Executive Committee and when appropriate, submit proposals for improving cooperation. The CEO and the Remuneration and Nomination Committee also together evaluate annually the operation and performance of the Executive Committee. The CEO is not present at his own evaluation.

## 5.4 Executive Committee

Composition of the Executive Committee:

- Jan Boone, permanent representative of Mercur Consult BV, CEO
- Isabelle Maes, permanent representative of Valseba BV, CEO Natural Foods
- Mike Cuvelier, permanent representative of Cumaco BV, CFO
- Ignace Heyman, COO
- William Du Pré, Corporate Director Quality, Procurement and R&D

The members of the Executive Committee are appointed by the Remuneration and Nomination Committee.

The Executive Committee held 13 official meetings in 2020. All members were present at all meetings.

## 5.5 Diversity policy

Lotus Bakeries ensures the presence on the Board of Directors, the Committees and the Executive Committee of critical members with specialist knowledge of the various areas relevant to Lotus Bakeries. Certain diversity criteria are imposed by law and are naturally adopted by Lotus Bakeries. Moreover, skills, competencies and diversity are paramount in the selection of members of the Committees, the Executive Committee, and in the selection of candidates for the Board of Directors proposed to the General Meeting.

First and foremost, Lotus Bakeries fulfils the diversity criteria regarding the number of independent directors and the number of directors of a different gender. In this respect, Lotus Bakeries declares that the composition of its Board complies with the requirement for at least one third of directors to be of a different gender than that of the other members. The aforementioned obligation is contained in Article 7:86 of the Companies and Associations Code. It also wishes to point out in this connection that the abovementioned independent directors fulfil the independence criteria of Article 7:87 of the Companies and Associations Code and the Corporate Governance Code 2020. Besides these diversity criteria

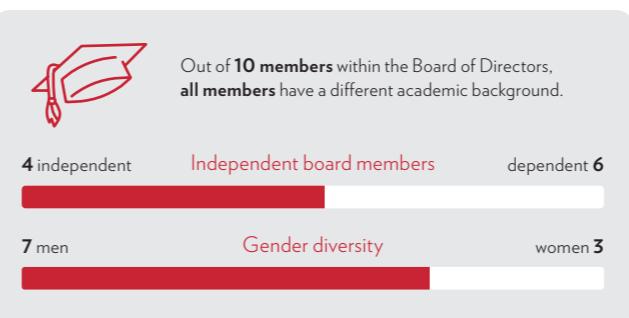
enshrined in law, Lotus Bakeries also aims for diversity in knowledge and experience and, when selecting candidates, performs a thorough assessment based on competencies which would additionally benefit the company in view of the existing competencies among the members of the Board of Directors.

In defining the appointment procedure and selection criteria for candidates for the Board, the following principles are always applied:

- The candidate must be expert in a field pertaining to the company's activities;
- The competencies, knowledge and/or experience which the candidate possesses must complement the competencies already present in the Board;
- In the interests of diversity on the Board, the Board shall consider different nominations, taking into account diversity in terms of gender, age and background, for example;
- Each candidate must have sufficient availability to fulfil his/her obligations properly, while non-executive directors must hold no more than five directorships in listed companies.

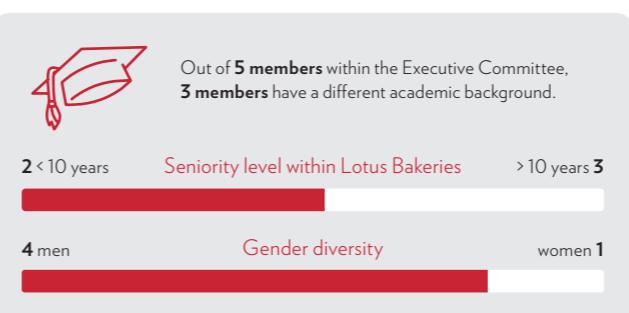
The results of this policy are illustrated in the CVs described above. This means Lotus Bakeries has a balanced Board of Directors in which the majority shareholder, the independent directors and the executive board are sufficiently represented.

A few diversity parameters within the Board of Directors:



Moreover, the Remuneration and Nomination Committee selects the members of the Executive Committee on the basis of knowledge, competencies, experience, background and skills, and aims for diversity in these areas so as to have all knowledge in house to manage Lotus Bakeries with a team specialising in all relevant areas. Within the Executive Committee, there is currently a good balance between members with a financial background and members with a marketing and/or sales background. A good proportion of members with a long history in the company and members with a fresh view of matters is also ensured.

A few diversity parameters within EXCO:



For further information about the diversity policy and diversity ratios within Lotus Bakeries, we refer to page 76 of this annual report



## 5.6 Remuneration report

### 5.6.1 Introduction

The purpose of the 2020 remuneration report is to provide transparent information about the specific remuneration policy adopted by Lotus Bakeries for directors and executive managers. It will be submitted to the Ordinary General Meeting of 18 May 2021 for approval. The 2019 remuneration policy was adopted by 99.96% of the votes at the Ordinary General Meeting of 8 May 2020.

The works council has also been informed in accordance with the provisions of the Act. The report has also been reviewed by the Auditor.

On the advice of the Remuneration and Nomination Committee, the Board of Directors proposes a remuneration policy to shareholders. Although a remuneration policy for members of the Board of Directors has already been approved at the Ordinary General Meeting of 8 May 2020, no remuneration policy has yet been adopted, as required by Article 7:89(1) CAC. This is on the agenda for the Ordinary General Meeting to be held on 18 May 2021. The 2021 remuneration report will then set out how the remuneration complies with the remuneration policy established and how it contributes to the company's long-term performance.

### 5.6.2 Statement on remuneration policy applied in 2020

#### 5.6.2.1 Non-executive and executive directors

The remuneration policy for directors of the company approved at the Ordinary General Meeting of 8 May 2020 comprises a fixed remuneration, paid partly in cash and partly in shares in the Company and set based on the responsibilities of and time spent by the director and the latter's specific role as Chairman or chairman or member of a Committee.

Specifically:

- Each director, except the Chairman, receives an annual remuneration of (i) EUR 20,000 and (ii) 4 shares in the company;
- The Chairman of the Board of Directors receives an annual remuneration of (i) EUR 40,000 and (ii) 10 shares in the company. The Chairman receives additional remuneration of EUR 100,000 for representing the company with respect to interest groups.
- The members of the Audit Committee and the Remuneration and Nomination Committee receive an annual remuneration of EUR 5,000 per mandate.

The non-executive directors must keep the shares they receive by way of remuneration for at least one year after leaving the Board and for at least three years after the awarding of these shares. The non-executive directors receive no performance-based remuneration such as bonuses, stock-related long-term incentive schemes, fringe benefits, pension plan-related benefits or share options.

Besides the fee, all reasonable expenses of members of the Board of Directors incurred with the consent of the Chairman of the Board of Directors are reimbursed.

The provisions concerning the remuneration of non-executive directors apply equally to executive directors in their capacity as directors.

Directors' remuneration is benchmarked every two years against a relevant sample of other listed companies. This enables Lotus Bakeries to attract directors with appropriate competencies in order to realise its ambitions.

An adjustment was made compared to 2019, so that all members of the Board of Directors now also receive shares as remuneration for their directorship.

### Overview of remuneration:

NAME & FUNCTION DIRECTOR	YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		EXTRA- ORDINARY EXPENSES <sup>1</sup>	TOTAL REMUNERATION	RATIO OF FIXED TO VARIABLE REMUNERATION
		Base salary	Allowances	Other benefits	Pension costs	1 year variable	Multiple years variable			
Mercuri Consult BV, represented by Jan Boone, executive (member BoD, CEO)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Nomination and Remuneration Committee)	2020	50,000							100,000	150,000 100% / 0%
	2019	50,000							100,000	150,000 100% / 0%
PMF NV, represented by Johan Boone, non-executive (member BoD)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Anton Stevens, non-executive (member BoD)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Consellent NV, represented by Sofie Boone, non-executive (member BoD)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Peter Bossaert, non-executive (member BoD)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Remuneration and Nomination Committee)	2020	30,000							30,000	100% / 0%
	2019	30,000							30,000	100% / 0%
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	2020	25,000							25,000	100% / 0%
	2019	25,000							25,000	100% / 0%
Sabine Sagaert BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	2020	25,000							25,000	100% / 0%
	2019	25,000							25,000	100% / 0%

<sup>1</sup> Remuneration for representing the company with respect to interest groups



## Overview of remuneration in stock:

NAME & FUNCTION DIRECTOR	MAIN CONDITIONS OF STOCK GRANT PLANS					INFORMATION ABOUT THE REPORTED FINANCIAL YEAR					
	Details of the plan	Performance period	Grant date	Vesting date	End of retention period	Opening balance sheet	During the year		Closing balance sheet		
						Stocks held at the start of the year <sup>1</sup>	Granted stocks	Vested stocks	Stocks subject to performance	Stocks granted but not vested	Stocks subject to a retention period
Mercuru Consult BV, represented by Jan Boone, executive (member BoD, CEO)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding	0	4	4	0	0	4
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Nomination and Remuneration Committee)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding	0	10	10	0	0	10
PMF NV, represented by Johan Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding	0	4	4	0	0	4
Anton Stevens, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding	0	4	4	0	0	4
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding	0	4	4	0	0	4
Consellent NV, represented by Sofie Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding	0	4	4	0	0	4
Peter Bossaert, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding	0	4	4	0	0	4
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Nomination and Remuneration Committee)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding	0	4	4	0	0	4
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	Fixed annual remuneration adopted at AGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding	0	4	4	0	0	4
Sabine Sagaert BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding	0	4	4	0	0	4
<b>Total</b>						<b>0</b>	<b>46</b>	<b>46</b>	<b>0</b>	<b>0</b>	<b>46</b>



### 5.6.2.2 Executive managers

Furthermore, the Remuneration and Nomination Committee makes specific recommendations to the Board of Directors on the remuneration of members of the executive management. In addition to the fixed remuneration, there is a variable compensation for members of the executive management, which depends on the results of the Lotus Bakeries Group.

The variable remuneration is based on well-defined criteria with a one-year evaluation period but also evaluation periods of two and three years. The evaluation criteria used to determine the variable remuneration in 2020 are the key performance indicators based on the objectives for 2020. The criteria used for the long-term incentive plan are the objectives of the strategic plan of the Lotus Bakeries Group. The bonus plan for executive managers provides that the bonus is earned only after approval of the consolidated figures by the Auditor and then by the Remuneration and Nomination Committee.

There is an additional pension plan, on the basis of a predetermined contribution. The pension plan is based on defined contributions as a function of the annual base salary.

There also exists a stock option plan with a fixed number of options for the members of the executive management. Allocated options are not normally deemed to be acquired finally and cannot be exercised during the first three years after being allocated. In the event of early departure, options that are not yet exercisable shall no longer be able to be exercised.

Furthermore, the Board decided that members of the executive management will each have to own at least EUR 250,000 worth of shares in the company by the end of 2022, which must be kept so long as they remain a member of the executive management.

If a member of the executive management is also an executive director, his or her remuneration also includes the compensation he or she receives in the latter capacity.

The remuneration policy for members of the Executive Committee is set every two years based on a proposal by the Remuneration and Nomination Committee. Individual remuneration is reviewed annually. For this Lotus Bakeries uses the services of an international HR consultancy firm, that assesses the functions and presents the corresponding salary package as commonly awarded in the relevant market. The consultant reports directly to the Remuneration and Nomination Committee and provides verbal explanations.

### Overview of remuneration:

NAME & FUNCTION MEMBER EXECUTIVE MANAGEMENT	YEAR	FIXED REMUNERATION			VARIABLE REMUNERATION		EXTRAORDINARY EXPENSES	TOTAL REMUNERATION	RATIO OF FIXED TO VARIABLE REMUNERATION
		Base salary	Allowances	Other benefits <sup>1</sup>	Pension costs	1-year variable			
Mercuur Consult BV, represented by Jan Boone (CEO)	2020	866,379	-	43,064	139,007	456,741	456,741	-	1,961,932 53% / 47%
Other members executive management	2020	1,698,276	-	87,839	270,693	704,556	704,556	-	3,465,920 59% / 41%
	2019	1,587,327	-	87,839	251,635	658,115	710,764	-	3,295,680 58% / 42%

<sup>1</sup> The other benefits relate primarily to insured benefits.



## Overview of compensation (in options):

NAME & FUNCTION MEMBER  
EXECUTIVE MANAGEMENT

## KEY CONDITIONS OF OPTION PLANS

	KEY CONDITIONS OF OPTION PLANS						
	Details of the plan	Performance period	Grant date	Acquisition date	End of retention period	Exercise period	Exercise price of the stock and date
Mercuri Consult BV, represented by Jan Boone (CEO)	O2016		13 May 2016	1 January 2020		01/01/2020-12/05/2021	1,702.49
	Q2017		12 May 2017	1 January 2021		01/01/2021-11/05/2022	2,331.77
	R2018		15 May 2018	1 January 2022		01/01/2022-14/05/2023	2,373.00
	S2019		10 May 2019	1 January 2023		01/01/2023-09/05/2024	2,351.58
	T2020		8 May 2020	1 January 2024		01/01/2024-07/05/2025	2,828.95
Valseba BV, represented by Isabelle Maes (CEO Natural Foods)	O2016		13 May 2016	1 January 2020		01/01/2020-12/05/2021	1,702.49
	Q2017		12 May 2017	1 January 2021		01/01/2021-11/05/2022	2,331.77
	R2018		15 May 2018	1 January 2022		01/01/2022-14/05/2023	2,373.00
	S2019		10 May 2019	1 January 2023		01/01/2023-09/05/2024	2,351.58
	T2020		8 May 2020	1 January 2024		01/01/2024-07/05/2025	2,828.95
Cumaco BV, represented by Mike Cuvelier (CFO)	R2018		15 May 2018	1 January 2022		01/01/2022-14/05/2023	2,373.00
	S2019		10 May 2019	1 January 2023		01/01/2023-09/05/2024	2,351.58
	T2020		8 May 2020	1 January 2024		01/01/2024-07/05/2025	2,828.95
Ignace Heyman (COO)	O2016		13 May 2016	1 January 2020		01/01/2020-12/05/2021	1,702.49
	Q2017		12 May 2017	1 January 2021		01/01/2021-11/05/2022	2,331.77
	R2018		15 May 2018	1 January 2022		01/01/2022-14/05/2023	2,373.00
	S2019		10 May 2019	1 January 2023		01/01/2023-09/05/2024	2,351.58
	T2020		8 May 2020	1 January 2024		01/01/2024-07/05/2025	2,828.95
William Du Pré (Director Procurement, QA en R&D)	O2016		13 May 2016	1 January 2020		01/01/2020-12/05/2021	1,702.49
	Q2017		12 May 2017	1 January 2021		01/01/2021-11/05/2022	2,331.77
	R2018		15 May 2018	1 January 2022		01/01/2022-14/05/2023	2,373.00
	S2019		10 May 2019	1 January 2023		01/01/2023-09/05/2024	2,351.58
	T2020		8 May 2020	1 January 2024		01/01/2024-07/05/2025	2,828.95

**pwc****Total**

Document to which our report dated 15/04/2021 also refers.  
 Initials for identification purposes  
 PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

Opening balance sheet	INFORMATION ABOUT THE REPORTED FINANCIAL YEAR				
	Options granted but not acquired at the start of the year	Options granted	Options acquired	Options subject to performance	Closing balance
366	0	366			0
255	0	0			255
255	0	0			255
255	0	0			255
200	0	0			200
183	0	183			0
128	0	0			128
128	0	0			128
128	0	0			128
100	0	0			100
128	0	0			128
128	0	0			128
100	0	0			100
100	0	100			0
128	0	0			128
128	0	0			128
128	0	0			128
100	0	0			100
75	0	75			0
128	0	0			128
128	0	0			128
128	0	0			128
100	0	0			100
3,497	0	724	0	2,773	0

**Severance pay**

Members of the Executive Committee compensated on a self-employed basis and via directorships are entitled to severance pay equal to 12 months' fixed and variable remuneration. The other member of the Executive Committee is bound by a salaried employee contract. In 2020 no severance pay was paid to members of the Executive Committee.

**5.6.2.3 Senior managers**

Remuneration policy for senior managers ('kaderleden') is set by the Executive Committee. This is then approved by the Remuneration and Nomination Committee. The services of an international HR consultancy are also called upon in this regard. They propose the job weighting and the corresponding salary package as commonly awarded in the relevant market.

	IN THOUSANDS OF EUR					
	2015	2016	2017	2018	2019	2020
<b>Remuneration of non-executive directors</b>						
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Remuneration and Nomination Committee)	20	150	150	150	150	150
	/	750%	100%	100%	100%	100%
PMF NV, represented by Johan Boone, non-executive (member BoD)	20	20	20	20	20	20
	/	100%	100%	100%	100%	100%
Anton Stevens, non-executive (member BoD)	20	20	20	20	20	20
	/	100%	100%	100%	100%	100%
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	20	20	20	20	20	20
	/	100%	100%	100%	100%	100%
Consellent NV, represented by Sofie Boone, non-executive (member BoD)	/	20	20	20	20	20
	/	/	100%	100%	100%	100%
Peter Bossaert, non-executive (member BoD)	/	/	20	20	20	20
	/	/	/	100%	100%	100%
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Remuneration and Nomination Committee)	30	30	30	30	30	30
	/	100%	100%	100%	100%	100%
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	/	/	/	25	25	25
	/	/	/	/	100%	100%
Sabine Sagaert BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	20	20	25	25	25	25
	/	100%	100%	100%	100%	100%

**pwc**

	IN THOUSANDS OF EUR	2015	2016	2017	2018	2019	2020
<b>Remuneration of executive director</b>							
Mercuur Consult BV, represented by Jan Boone, executive CEO		20	20	20	20	20	20
<b>Remuneration CEO</b>							
Jan Boone, CEO	1,208	1,301	1,265	1,458	1,914	1,962	
Evolution (%)	/	108%	97%	115%	131%	102.5%	
<b>Remuneration of other members of the executive management</b>							
Total remuneration	2,039	1,760	1,714	2,358	3,296	3,466	
Number of members executive management	4	4	4	5	5	5	
Evolution (%)	/	86%	97%	138%	140%	105%	
<b>Performance of Lotus Bakeries</b>							
Market capitalization (on 31 dec)	1,420,760	2,031,280	1,724,110	1,753,830	2,113,470	3,002,928	
Evolution market capitalization (%)	/	143%	85%	102%	121%	142%	
Turnover	411,576	507,208	524,055	556,435	612,737	663,289	
Evolution turnover (%)	/	123%	103%	106%	110%	108%	
Rebit	64,764	83,945	89,349	95,030	102,891	111,114	
Evolution Rebit (%)	/	130%	106%	106%	108%	108%	
Rebitda	82,583	101,596	104,333	110,346	123,580	135,683	
Evolution Rebitda (%)	/	123%	103%	106%	112%	110%	
Net result	45,615	62,455	64,633	67,872	75,769	82,545	
Evolution net result (%)	/	137%	103%	105%	112%	109%	
<b>Remuneration other employees</b>							
Total remuneration	88,527	101,639	105,580	111,977	123,493	137,116	
Number of employees (FTE) <sup>1</sup>	1,285	1,464	1,495	1,555	1,821	2,214	
Evolution (%)	/	115%	104%	106%	110%	111%	

<sup>1</sup> Full-time employee calculated as 12-month average

## 5.7 Internal governance policies & procedures

When the Belgian Corporate Governance Committee launched the new Belgian Corporate Governance Code (2020 Code for short) during 2020, containing revised corporate governance regulations for listed companies, Lotus Bakeries revised its current internal Governance policies and procedures. The Board of Directors approved the following documents on 2 April 2020:

### 5.7.1 Corporate Governance Charter

The corporate governance charter is designed to give a detailed and transparent picture of Lotus Bakeries' policy regarding corporate governance and is updated based on developments in such policy and changes in the relevant regulations.

 **More information about our Corporate Governance Charter**  
[www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

### 5.7.2 Dealing Code

The main purpose of the Dealing Code is to prevent the misuse or appearance of misuse of information which directors or employees of Lotus Bakeries may possess about Lotus Bakeries and which is not generally available to investors. Particular attention is paid to those shares, share options or other rewards received under Lotus Bakeries' incentive plans, to those who buy or sell Lotus Bakeries shares, and to those who use Lotus Bakeries shares as collateral for a loan.

 **More information about our Dealing Code**  
[www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

### 5.7.3 Code of Conduct

Lotus Bakeries is committed to act with integrity, honesty, fairness and in full compliance with applicable laws, rules and regulations at all times. It has developed a code of conduct which sets out six key principles that must be respected by all Lotus Bakeries employees at all times.

 **More information about our Code of Conduct**

[www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

The Board of Directors also approved a Remuneration Policy on 24 March 2021.

### 5.7.4 Remuneration Policy

The approved remuneration policy complies with the Second Shareholder Rights Directive, Directive (EU) 2017/828, Article 7:89(1) of the Companies and Associations Code and the Corporate Governance Code 2020. This remuneration policy will be submitted to the Ordinary General Meeting of 18 May 2021 for approval, before being published on the website.

 **More information about our Remuneration Policy**  
[www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

## 5.8 Internal controls and risk management

In running its business, Lotus Bakeries seeks to implement a sustainable policy regarding internal control and risk management.

### 5.8.1 Control environment

The organisation of the finance function is based on three pillars. First, the responsibilities of the various financial departments in the Lotus Bakeries Group are set out in general corporate guidelines ('General Directives') at Group level so that each employee clearly knows his or her role and responsibility. These are set out for all operational finance-related fields such as accounting and consolidation, management reporting, costing, planning, budgeting and forecasting processes, the central master data management, the treasury function, approval of investments, insurance and the internal control environment.

Secondly, the accounting principles and procedures for Lotus Bakeries are standardised within the framework of the International Financial Reporting Standards. These principles form the basis for all financial reporting and are also the basis for our consolidated reporting. At least once a year, training is organised for all relevant financial staff. There are also standards and definitions for management reporting, so that the financial information is interpreted in a uniform way throughout the organisation.

Thirdly, we have opted to implement a single standardised ERP package (SAP). Implementation of integration into the SAP platform is also a priority in case of full acquisitions. This offers extensive possibilities in terms of internal controls and management and facilitates internal audits.

### 5.8.2 Risk management process

Lotus Bakeries implemented an ongoing process of risk management aimed at ensuring that this is organised so that risks are identified, assessed, controlled and monitored in such a way that they can be kept at an acceptable level. The risk management process fits very closely with the implementation of the strategic, operational and financial objectives of the company. The entire risk management process is based on the

COSO Internal Control Framework. The Executive Committee has total responsibility for the risk management process for Lotus Bakeries and also reports on this periodically to the Audit Committee.

The EXCO has defined special risks which are considered to be the most important at group level. These risks, which are defined very specifically, are tackled with the highest priority. A risk owner is appointed for each of these risks. This person puts in place a specific action plan to avert or mitigate the risks or be as well prepared as possible. The risk owner is also responsible for following up the specified actions. The results are reported to the Audit Committee on an annual basis.

### 5.8.3 Control activities

Each month, the results of each area are discussed within the business units and explained by the area manager. The Executive Committee discusses the results on a monthly basis at its meeting. The Corporate Finance department directs the whole process. For this, Lotus Bakeries has developed various KPIs for the sales operations, for the financial reporting of each area and for the consolidated results. There are also KPIs relating to personnel and for factory operations, purchasing and logistics. These KPIs and reports exist for each area separately and are aggregated for the Lotus Bakeries Group.

The Corporate Treasury department monitors the cash position closely.

Finally, the internal audit departments carry out internal audits, working closely with the corporate departments.



#### 5.8.4 Information and communication

Lotus Bakeries has chosen to manage all key business processes through a single ERP package (SAP). This not only offers extensive functionality with regard to internal reporting and communication, but also the ability to manage and audit access rights and authorisation management on a centralised basis.

As mentioned above, the results of each area within the business units are reported in writing on a monthly basis and discussed and explained verbally by the area manager. The Executive Committee also discusses the results on a monthly basis at its meeting. The Corporate Finance department directs the information and communication process. For both internal and external information reporting and communication there exists an annual financial calendar in which all reporting dates are set out and which is communicated to all parties involved.

For the provision of information Lotus Bakeries has developed various KPIs for its sales operations, for the financial reporting, as well as KPIs relating to personnel, factory operations, purchasing and logistics. These reports are available on an individual basis, but also aggregated at area or group level.

#### 5.8.5 Control

Lotus Bakeries evaluates every internal audit and takes appropriate steps to avoid any deficiencies in the future by means of concrete action points.

Employees are asked to constantly question and improve existing procedures and practices based on the Lotus competencies.

First and foremost both the Audit Committee and the Auditor play an important role in internal control and risk management. Any remarks by the Auditor are discussed in the Audit Committee and monitored for improvement.

Finally, the shareholders have a right to ask questions during the General Meeting, and the company falls under the supervision of the Financial Services and Markets Authority (FSMA).

#### 5.9 External audit

PwC Bedrijfsrevisoren BV, represented by Mrs. Lien Winne, 'bedrijfsrevisor', was appointed as Auditor of Lotus Bakeries NV on 10 May 2019 by the Ordinary General Meeting for a term of three years. Its mandate expires immediately after the Ordinary General Meeting of 2022. The compensation received in 2020 for auditing and non-auditing services by PwC Bedrijfsrevisoren and by people connected to PwC Bedrijfsrevisoren, is described in note 38 of the financial supplement.

AUDIT FEE FOR THE GROUP AUDIT 2020	IN THOUSANDS OF EUR
Lotus Bakeries NV	86
Lotus Bakeries Group	373
Total	458



Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

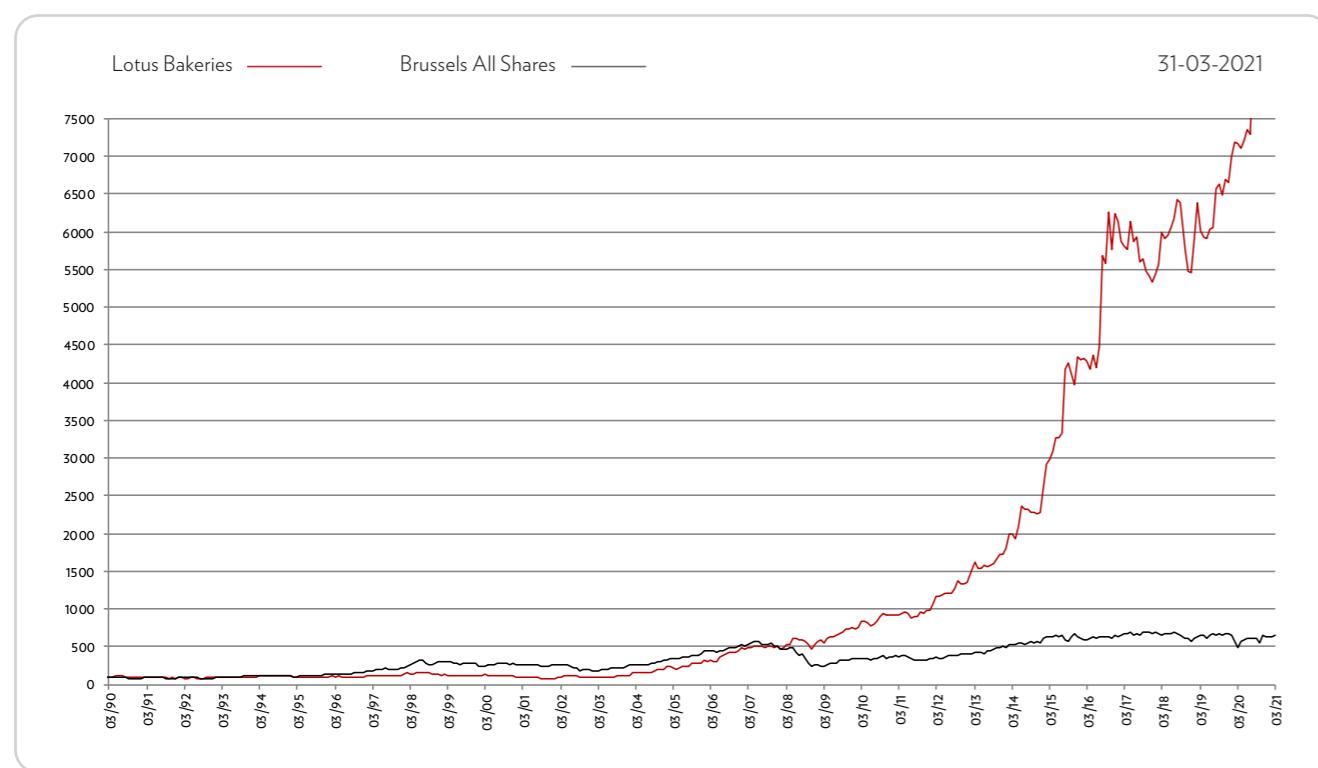


CHAPTER 5

# STOCK MARKET AND SHAREHOLDERS' INFORMATION



## EVOLUTION OF THE LOTUS BAKERIES SHARE IN COMPARISON TO THE BASR-INDEX



### STOCK DATA ABOUT THE LOTUS BAKERIES SHARE IN EUR

	31-03-2021	2020	2019	2018	2017	2016
Highest price till 31/12 (till 31/03 in 2021)	4.550,00	3.770,00	2.680,00	2.690,00	2.529,00	2.617,90
Lowest price till 31/12 (till 31/03 in 2021)	3.630,00	2.500,00	2.080,00	2.010,00	2.025,00	1.550,00
Price per 31/12 (per 31/03 in 2021)	4.510,00	3.680,00	2.590,00	2.150,00	2.116,90	2.500,00
Market capitalisation per 31/12 in millions of EUR (per 31/03 in 2021 in millions of EUR)	3.680,22	3.002,93	2.113,47	1.753,83	1.724,11	2.031,28
Number of shares per 31/12 (per 31/03 in 2021)	816.013,00	816.013	816.013	815.733	814.433	812.513
Ratio price/earnings (PER) <sup>1</sup> per 31/12 (per 31/03 in 2021)	44,56	36,36	28,21	26,21	27,13	33,17

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<sup>1</sup> PER: Price Earnings Ratio: The price at the end of the year (per 31 March in 2021 respectively) divided by net result, per share at the end of the year.

Document to which our report dated

15/04/2021 also refers.

Initials for identification purposes

PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

### 1. Stock market listing

The Lotus Bakeries shares have been listed since the beginning of January 2002 on the continuous market of Euronext (Brussels). Previously, the shares were listed on the spot market with double fixing. The share code is LOTB (ISIN code 0003604155).

### 2. Financial service

Financial servicing for the Lotus Bakeries share is provided by Degroof - Petercam, BNP Paribas Fortis, Belfius, ING Bank and KBC Bank. The main paying agent is BNP Paribas Fortis.

### 3. Liquidity and visibility of the share

Lotus Bakeries has appointed the stock market company Degroof - Petercam as 'liquidity provider'. The liquidity and market activation agreement that was agreed with Degroof - Petercam lies within the context of the care taken by Lotus Bakeries to ensure a sufficiently active market in the share so that in normal circumstances adequate liquidity can be maintained.

### 4. Market capitalization

On 31 December 2020, market capitalization of Lotus Bakeries amounted to EUR 3,002.93 million.

### 5. Evolution of the Lotus Bakeries share

The graph on the previous page shows the evolution of the share price with reinvested net dividend as from 31 December 1988 of the Lotus Bakeries share in comparison to the BASR (Brussels All Share Return) index. The BASR-index reflects the price of the total Belgian market.

### 6. Stock data on the Lotus Bakeries share

The stock market performance data of the Lotus Bakeries share can be found on page 162 of this annual report. For the earnings per share, we refer to note 30 on page 47 in the financial supplement.

### 7. Corporate website

A substantial portion of the corporate website is reserved for investor relations. The website ([www.lotusbakeries.com](http://www.lotusbakeries.com)) thus plays an increasingly important role in the Lotus Bakeries Group's financial communication.

### 8. Financial calendar

#### Wednesday 16 April 2021

Annual Report 2020 available on [www.lotusbakeries.com](http://www.lotusbakeries.com)

#### Tuesday 18 May 2021

Ordinary General Meeting of Shareholders at 4.30 PM

#### Tuesday 25 May 2021

Payment of dividend for the 2020 financial year

#### Monday 16 August 2021

Announcement of the half-year results for 2021

### 9. Annual report

This annual report is also available on the corporate website of Lotus Bakeries: [www.lotusbakeries.com](http://www.lotusbakeries.com) The first part of this annual report, as well as the financial supplement (the second part) is also available in Dutch and in English. In matters of any misinterpretation, the Dutch annual report will prevail.



Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

CHAPTER 6

# FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

In this section of the 2020 annual report, only the consolidated balance sheet, the consolidated income statement and the abridged five-year financial summary for the Lotus Bakeries Group are presented. The financial supplement to this annual report contains the entire consolidated annual account, including the consolidated external Auditor's report, and is available in Dutch and English.

The consolidated financial statements for 2020 shown, are based on the 2020 consolidated annual account, which has been prepared in accordance with IFRS rules as adopted for use within the European Union with comparative IFRS figures for 2019.

The statutory financial statements that have been condensed are presented in the financial supplement and are prepared in accordance with Belgian accounting standards (BGAAP).

Only the consolidated annual financial statements present a faithful picture of the assets, financial position and results of the Lotus Bakeries Group.

In light of the fact that the statutory annual financial statements give only a limited picture of the financial situation of the Group, the Board of Directors considers it appropriate to only present an abridged version of the statutory annual financial statements of Lotus Bakeries NV, in accordance with Article 3:17 of the Belgian Companies and Associations Code.

The full statutory annual financial statements, together with the statutory annual report of the Board of Directors and the statutory audit report of the Auditor, will be submitted to the National Bank of Belgium within the legally prescribed term. These documents are available on the website [www.lotusbakeries.com](http://www.lotusbakeries.com) (Investor Relations) or can be obtained for free from the Corporate Secretary of Lotus Bakeries on simple request.

The Auditor has issued an opinion without reservation with respect to the consolidated and the statutory annual financial statements of Lotus Bakeries NV.

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IN THOUSANDS OF EUR	31-12-2020	31-12-2019	IN THOUSANDS OF EUR	31-12-2020	31-12-2019
<b>ASSETS</b>			<b>EQUITY</b>		
<b>NON CURRENT ASSETS</b>	<b>622,840</b>	<b>641,122</b>	<b>EQUITY AND LIABILITIES</b>	<b>433,744</b>	<b>402,477</b>
Property, plant and equipment	258,182	263,793	Share Capital	16,388	16,388
Goodwill	216,485	229,365	Retained earnings	476,724	422,724
Intangible assets	139,966	142,709	Treasury shares	(11,474)	(15,866)
Investment in other companies	4,403	2,243	Other reserves	(47,961)	(20,848)
Deferred tax assets	3,351	2,505	Non-controlling interests	67	79
Other non-current assets	453	507	<b>NON-CURRENT LIABILITIES</b>	<b>261,841</b>	<b>239,584</b>
			Interest-bearing liabilities	198,156	158,010
<b>CURRENT ASSETS</b>	<b>221,387</b>	<b>171,507</b>	Deferred tax liabilities	57,195	50,737
Inventories	46,827	44,461	Pension liabilities	3,748	3,712
Trade receivables	82,856	79,072	Provisions	282	285
VAT receivables	5,930	5,280	Derivative financial instruments	717	2,340
Income tax receivables	3,142	1,075	Other non-current liabilities	1,743	24,500
Other amounts receivable	256	172	<b>CURRENT LIABILITIES</b>	<b>148,642</b>	<b>170,568</b>
Cash and cash equivalents	81,261	40,093	Interest-bearing liabilities	12,552	36,579
Deferred charges and accrued income	1,115	1,354	Pension liabilities	317	325
			Provisions	21	21
<b>TOTAL ASSETS</b>	<b>844,227</b>	<b>812,629</b>	Trade payables	87,370	88,716
			Employee benefit expenses and social security	26,508	24,146
			VAT payables	145	254
			Tax payables	12,701	11,630
			Other current liabilities	4,624	5,240
			Accrued charges and deferred income	4,404	3,657
			<b>TOTAL EQUITY AND LIABILITIES</b>	<b>844,227</b>	<b>812,629</b>



# CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	2020	2019
<b>TURNOVER</b>		
Raw materials, consumables and goods for resale	663,289	612,737
Services and other goods	(216,376)	(197,799)
Employee benefit expense	(176,804)	(168,966)
Depreciation and amortisation on intangible and tangible assets	(137,116)	(123,493)
Impairment on inventories, contracts in progress and trade debtors	(21,001)	(17,754)
Other operating charges	(2,710)	(2,135)
Other operating income	(5,919)	(3,254)
	7,751	3,555
<b>RECURRENT OPERATING RESULT (REBIT)<sup>1</sup></b>	<b>111,114</b>	<b>102,891</b>
Non-recurrent operating result	(4,593)	(2,292)
<b>OPERATING RESULT (EBIT)<sup>2</sup></b>	<b>106,521</b>	<b>100,599</b>
Financial result	(3,004)	(2,514)
Interest income (cost)	(2,726)	(4,460)
Currency gains (loss)	51	2,232
Other financial income (cost)	(329)	(285)
<b>PROFIT FOR THE YEAR BEFORE TAXES</b>	<b>103,517</b>	<b>98,086</b>
Taxes	(20,972)	(22,317)
<b>RESULT AFTER TAXES</b>	<b>82,545</b>	<b>75,769</b>
<b>NET RESULT</b>	<b>82,545</b>	<b>75,769</b>
Attributable to:		
Non-controlling interests	(48)	857
Equity holders of Lotus Bakeries	82,593	74,912

<sup>1</sup> REBIT is defined as the recurrent trading result, consisting of all the proceeds and costs relating to normal business.

<sup>2</sup> EBIT is defined as recurrent operating result + non-recurrent operating result.

IN THOUSANDS OF EUR	2020	2019
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that may be subsequently reclassified to profit and loss</b>		
Currency translation differences	(27,191)	7,417
Gain/(Loss) on cash flow hedges, net of tax	(27,299)	7,929
<b>Items that will not be reclassified to profit and loss</b>		
Remeasurement gains/(losses) on defined benefit plans	108	(512)
<b>Other comprehensive income</b>		
<b>Total comprehensive income</b>	<b>22</b>	<b>(124)</b>
Attributable to:		
Non-controlling interests	22	(124)
Equity holders of Lotus Bakeries	(27,169)	7,293
<b>EARNINGS PER SHARE (EUR)</b>	<b>55,376</b>	<b>83,062</b>
Weighted average number of shares	55,480	81,220
<b>Basic earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(104)	1,842
Equity holders of Lotus Bakeries	809,664	807,476
<b>Diluted earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(0.06)	1.06
Equity holders of Lotus Bakeries	102,01	92.77
Weighted average number of shares after effect of dilution	811,184	809,848
<b>Earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(0.06)	1.06
Equity holders of Lotus Bakeries	101,82	92.50
Total number of shares <sup>1</sup>	816,013	816,013
<b>Earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(0.06)	1.05
Equity holders of Lotus Bakeries	101,22	91.80

<sup>1</sup> Total number of shares including treasury shares, per 31 December.



# FIVE YEAR FINANCIAL SUMMARY

## Consolidated balance sheet

IN THOUSANDS OF EUR	31-12-2020	31-12-2019	31-12-2018	31-12-2017	31-12-2016
<b>NON CURRENT ASSETS</b>	<b>622,840</b>	<b>641,122</b>	<b>545,647</b>	<b>447,693</b>	<b>437,310</b>
Property, plant and equipment	258,182	263,793	219,897	174,426	161,590
Goodwill	216,485	229,365	177,639	141,001	144,368
Intangible assets	139,966	142,709	138,887	123,924	126,006
Participating interests	-	-	2,488	-	-
Investment in other companies	4,403	2,243	12	12	37
Deferred tax assets	3,351	2,505	3,936	4,310	4,854
Other non-current assets	453	507	2,828	4,020	455
<b>CURRENT ASSETS</b>	<b>221,387</b>	<b>171,507</b>	<b>165,925</b>	<b>149,801</b>	<b>110,692</b>
Inventories	46,827	44,461	39,066	33,653	32,175
Trade receivables	82,856	79,072	71,097	60,104	50,922
Cash and cash equivalents	81,261	40,093	45,597	48,129	19,932
<b>TOTAL ASSETS</b>	<b>844,227</b>	<b>812,629</b>	<b>711,572</b>	<b>597,494</b>	<b>548,002</b>
 <b>EQUITY</b>	 <b>433,744</b>	 <b>402,477</b>	 <b>346,927</b>	 <b>293,213</b>	 <b>248,464</b>
<b>Non-current liabilities</b>	<b>261,841</b>	<b>239,584</b>	<b>198,042</b>	<b>193,923</b>	<b>197,245</b>
Interest-bearing liabilities	198,156	158,010	116,500	117,500	118,500
Deferred tax liabilities	57,195	50,737	52,725	49,206	50,666
Other non-current liabilities	1,743	24,500	22,602	20,987	19,560
<b>Current liabilities</b>	<b>148,642</b>	<b>170,568</b>	<b>166,603</b>	<b>110,358</b>	<b>102,293</b>
Interest-bearing liabilities	12,552	36,579	36,655	1,750	7,533
Trade payables	87,370	88,716	8,794	68,542	54,742
Employee benefit expenses and social security	26,508	24,146	21,330	18,383	18,418
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>844,227</b>	<b>812,629</b>	<b>711,572</b>	<b>597,494</b>	<b>548,002</b>



Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

## Consolidated income statement

IN THOUSANDS OF EUR	2020	2019	2018	2017	2016
<b>TURNOVER</b>	<b>663,289</b>	<b>612,737</b>	<b>556,435</b>	<b>524,055</b>	<b>507,208</b>
<b>RECURRENT OPERATING RESULT (REBIT)</b>	<b>111,114</b>	<b>102,891</b>	<b>95,030</b>	<b>89,349</b>	<b>83,945</b>
Non-recurrent operating result	(4,593)	(2,292)	(3,005)	(91)	4,507
<b>OPERATING RESULT (EBIT)</b>	<b>106,521</b>	<b>100,599</b>	<b>92,025</b>	<b>89,258</b>	<b>88,452</b>
Financial result	(3,004)	(2,514)	(3,324)	(2,228)	(2,675)
<b>PROFIT FOR THE YEAR BEFORE TAXES</b>	<b>103,517</b>	<b>98,086</b>	<b>88,701</b>	<b>87,030</b>	<b>85,777</b>
Taxes	(20,972)	(22,317)	(20,829)	(22,397)	(23,322)
<b>RESULT AFTER TAXES</b>	<b>82,545</b>	<b>75,769</b>	<b>67,872</b>	<b>64,633</b>	<b>62,455</b>
<b>NET RESULT - attributable to:</b>	<b>82,545</b>	<b>75,769</b>	<b>67,872</b>	<b>64,633</b>	<b>62,455</b>
Non-controlling interests	(48)	857	964	1,094	1,210
Equity holders of Lotus Bakeries	82,593	74,912	66,908	63,539	61,245

**REGISTERED OFFICE**

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Gentstraat 1  
B-9971 Lembeke  
**T** + 32 9 376 26 11  
**F** + 32 9 376 26 26  
[www.lotusbakeries.com](http://www.lotusbakeries.com)

Register of legal persons of Ghent,  
Enterprise number 0401.030.860

**CONTACT**

For further information about the data of the annual review or more information about the Lotus Bakeries Group, please contact:

Lotus Bakeries NV  
Corporate Secretary  
Gentstraat 1  
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**T** + 32 9 376 26 11  
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**Concept and realisation**

Focus Advertising and Lotus Bakeries  
[www.focus-advertising.be](http://www.focus-advertising.be)

**Illustration cover**

Flore Deman  
[www.floredeman.com](http://www.floredeman.com)



Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

Waffle factory, Belgium





[www.lotusbakeries.com](http://www.lotusbakeries.com)



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Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.



Jaarverslag 2020— **Financial supplement**

Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

The consolidated financial statements for 2020 shown below have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for application within the European Union with comparative IFRS figures for 2019.

The condensed statutory financial statements are presented in the financial supplement and are prepared in accordance with Belgian accounting standards (BGAAP).

Only the consolidated financial statements, as set out on the following pages, present a faithful picture of the assets, financial position and results of the Lotus Bakeries Group.

In light of the fact that the statutory annual financial statements give only a limited picture of the financial situation of the Group, the Board of Directors considers it appropriate to only present an abridged version of the statutory annual statements of Lotus Bakeries NV, in accordance with Article 3:17 of the Belgian Companies and Associations Code.

The full statutory annual statements, together with the statutory annual report of the Board of Directors and the statutory audit report of the Auditor, will be submitted to the National Bank of Belgium within the legally prescribed term. These documents are available on the corporate website of Lotus Bakeries, [www.lotusbakeries.com](http://www.lotusbakeries.com) (Investor Relations) or can be obtained for free from the Corporate Secretary of Lotus Bakeries on simple request.

This financial supplement is a part of the 2020 annual report of Lotus Bakeries NV. This annual report consists of two parts which are available on the Lotus Bakeries corporate website and also on simple request, separately and free of charge, from the Lotus Bakeries Corporate Secretary.

The Auditor has issued an unqualified audit opinion with respect to the consolidated and the statutory annual statements of Lotus Bakeries NV.



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# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated balance sheet

IN THOUSANDS OF EUR	NOTES	31-12-2020	31-12-2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>		<b>622,840</b>	<b>641,122</b>
Property, plant and equipment	5	258,182	263,793
Goodwill	6	216,485	229,365
Intangible assets	7	139,966	142,709
Investment in other companies	9	4,403	2,243
Deferred tax assets	8	3,351	2,505
Other non-current assets	9, 20	453	507
<b>CURRENT ASSETS</b>		<b>221,387</b>	<b>171,507</b>
Inventories	10	46,827	44,461
Trade receivables	11	82,856	79,072
VAT receivables	11	5,930	5,280
Income tax receivables	11	3,142	1,075
Other amounts receivable	11	256	172
Cash and cash equivalents	12, 13	81,261	40,093
Deferred charges and accrued income		1,115	1,354
<b>TOTAL ASSETS</b>		<b>844,227</b>	<b>812,629</b>

IN THOUSANDS OF EUR	NOTES	31-12-2020	31-12-2019
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>433,744</b>	<b>402,477</b>
Share Capital	14	16,388	16,388
Retained earnings		476,724	422,724
Treasury shares	13, 16, 24	(11,474)	(15,866)
Other reserves	18	(47,961)	(20,848)
Non-controlling interests		67	79
<b>NON-CURRENT LIABILITIES</b>		<b>261,841</b>	<b>239,584</b>
Interest-bearing loans and borrowings	13, 17	198,156	158,010
Deferred tax liabilities	8	57,195	50,737
Net employee defined benefit liabilities	18	3,748	3,712
Provisions	19	282	285
Derivative financial instruments	20	717	2,340
Other non-current liabilities	21	1,743	24,500
<b>CURRENT LIABILITIES</b>		<b>148,642</b>	<b>170,568</b>
Interest-bearing loans and borrowings	13, 17	12,552	36,579
Net employee defined benefit liabilities	18	317	325
Provisions	19	21	21
Trade payables	22	87,370	88,716
Employee benefit expenses and social security	22	26,508	24,146
VAT payables	22	145	254
Tax payables	22	12,701	11,630
Other current liabilities	22	4,624	5,240
Accrued charges and deferred income	22	4,404	3,657
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>844,227</b>	<b>812,629</b>

## Consolidated income statement

IN THOUSANDS OF EUR	NOTES	2020	2019
<b>TURNOVER</b>			
Raw materials, consumables and goods for resale		(216,376)	(197,799)
Services and other goods		(176,804)	(168,966)
Employee benefit expense	23	(137,116)	(123,493)
Depreciation and amortisation on intangible and tangible assets	25	(21,001)	(17,754)
Impairment on inventories, contracts in progress and trade debtors	10, 11	(2,710)	(2,135)
Other operating charges	26	(5,919)	(3,254)
Other operating income	26	7,751	3,555
<b>RECURRENT OPERATING RESULT (REBIT)<sup>(1)</sup></b>		<b>111,114</b>	<b>102,891</b>
Non-recurrent operating result	27	(4,593)	(2,292)
<b>OPERATING RESULT (EBIT)<sup>(2)</sup></b>		<b>106,521</b>	<b>100,599</b>
Financial result	28	(3,004)	(2,514)
Interest income (expense)		(2,726)	(4,460)
Foreign exchange gains (losses)		51	2,232
Other financial income (expense)		(329)	(285)
<b>PROFIT FOR THE YEAR BEFORE TAXES</b>		<b>103,517</b>	<b>98,086</b>
Taxes	8, 29	(20,972)	(22,317)
<b>RESULT AFTER TAXES</b>		<b>82,545</b>	<b>75,769</b>
<b>NET RESULT</b> - attributable to:		<b>82,545</b>	<b>75,769</b>
Non-controlling interests		(48)	857
Equity holders of Lotus Bakeries		82,593	74,912
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be subsequently reclassified to profit and loss		(27,191)	7,417
Currency translation differences		(27,299)	7,929
Gain / (Loss) on cash flow hedges, net of tax		108	(512)
Items that will not be reclassified to profit and loss		22	(124)
Remeasurement gains / (losses) on defined benefit plans	18	22	(124)
<b>Other comprehensive income</b>		<b>(27,169)</b>	<b>7,293</b>
<b>Total comprehensive income</b> - attributable to:		<b>55,376</b>	<b>83,062</b>
Non-controlling interests		(104)	1,842
Equity holders of Lotus Bakeries		55,480	81,220
<b>EARNINGS PER SHARE</b>	30		
Weighted average number of shares		809,664	807,476
<b>Basic earnings per share (EUR)</b> - attributable to:			
Non-controlling interests		(0.06)	1.06
Equity holders of Lotus Bakeries		102.01	92.77
Weighted average number of shares after effect of dilution		811,184	809,848
<b>Diluted earnings per share (EUR)</b> - attributable to:			
Non-controlling interests		(0.06)	1.06
Equity holders of Lotus Bakeries		101.82	92.50
Total number of shares <sup>(3)</sup>		816,013	816,013
<b>Earnings per share (EUR)</b> - attributable to:			
Non-controlling interests		(0.06)	1.05
Equity holders of Lotus Bakeries		101.22	91.80

(1) REBIT is defined as the recurrent operating result, consisting of all the proceeds and costs relating to normal business.

(2) EBIT is defined as recurrent operating result + non-recurrent operating result.

(3) Total number of shares including treasury shares at 31 December.



Document to which our report dated  
15/04/2021 also refers.  
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## Consolidated statement of changes in equity

IN THOUSANDS OF EUR	ISSUED CAPITAL	SHARE PREMIUM	CAPITAL	RETAINED EARNINGS	TREASURY SHARES	TRANSLATION DIFFERENCES	REMEASUREMENT GAINS/(LOSSES) ON DEFINED BENEFIT PLANS	CASH FLOW HEDGE RESERVES	OTHER RESERVES	EQUITY PART OF THE GROUP	NON-CONTROLLING INTERESTS	TOTAL EQUITY
<b>EQUITY as on 1 January 2020</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>422,724</b>	<b>(15,866)</b>	<b>(19,900)</b>	<b>(302)</b>	<b>(646)</b>	<b>(20,848)</b>	<b>402,398</b>	<b>79</b>	<b>402,477</b>
Net result of the Financial Year	-	-	-	82,593	-	-	-	-	-	82,593	(48)	82,545
Currency translation differences	-	-	-	-	-	(27,243)	-	-	(27,243)	(27,243)	(56)	(27,299)
Remeasurement gains / (losses) on defined benefit plans	-	-	-	-	-	-	(47)	-	(47)	(47)	-	(47)
Cash flow hedge reserves	-	-	-	-	-	-	-	144	144	144	-	144
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	69	(36)	33	33	-	33	
Net income / (expense) for the period recognised directly in equity	-	-	-	-	-	(27,243)	22	108	(27,113)	(27,113)	(56)	(27,169)
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,593</b>	<b>-</b>	<b>(27,243)</b>	<b>22</b>	<b>108</b>	<b>(27,113)</b>	<b>55,480</b>	<b>(104)</b>	<b>55,376</b>
Dividends	-	-	-	(26,112)	-	-	-	-	-	(26,112)	-	(26,112)
Acquisition / sale own shares	-	-	-	-	4,392	-	-	-	-	4,392	-	4,392
Employee share-based compensation expense	-	-	-	521	-	-	-	-	-	521	-	521
Impact written put options on non-controlling interests	-	-	-	(4,425)	-	-	-	-	-	(4,425)	92	(4,333)
Other	-	-	-	1,423	-	-	-	-	-	1,423	-	1,423
<b>EQUITY as on 31 December 2020</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>476,724</b>	<b>(11,474)</b>	<b>(47,143)</b>	<b>(280)</b>	<b>(538)</b>	<b>(47,961)</b>	<b>433,677</b>	<b>67</b>	<b>433,744</b>
<b>EQUITY as on 1 January 2019</b>	<b>3,590</b>	<b>12,729</b>	<b>16,319</b>	<b>369,114</b>	<b>(11,406)</b>	<b>(26,844)</b>	<b>(178)</b>	<b>(134)</b>	<b>(27,156)</b>	<b>346,871</b>	<b>56</b>	<b>346,927</b>
Net result of the Financial Year	-	-	-	74,912	-	-	-	-	-	74,912	857	75,769
Currency translation differences	-	-	-	-	-	6,944	-	-	6,944	6,944	1,002	7,946
Remeasurement gains / (losses) on defined benefit plans	-	-	-	-	-	-	(170)	-	(170)	(170)	-	(170)
Cash flow hedge reserves	-	-	-	-	-	-	-	(822)	(822)	(822)	-	(822)
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	46	310	356	356	-	356	
Net income / (expense) for the period recognised directly in equity	-	-	-	-	-	6,944	(124)	(512)	6,308	6,308	1,002	7,310
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,912</b>	<b>-</b>	<b>6,944</b>	<b>(124)</b>	<b>(512)</b>	<b>6,308</b>	<b>81,220</b>	<b>1,859</b>	<b>83,079</b>
Dividend to shareholders	-	-	-	(23,664)	-	-	-	-	-	(23,664)	(603)	(24,267)
Increase in capital	1	68	69	-	-	-	-	-	-	69	-	69
Acquisition / sale own shares	-	-	-	-	(4,460)	-	-	-	-	(4,460)	-	(4,460)
Employee share-based compensation expense	-	-	-	568	-	-	-	-	-	568	-	568
Non-controlling interests following business combinations	-	-	-	(284)	-	-	-	-	-	(284)	34	(250)
Impact written put options on non-controlling interests	-	-	-	530	-	-	-	-	-	530	(1,267)	(737)
Other	-	-	-	1,548	-	-	-	-	-	1,548	-	1,548
<b>EQUITY as on 31 December 2019</b>	<b>3,591</b>	<b>PwC 12,797</b>	<b>16,388</b>	<b>422,724</b>	<b>(15,866)</b>	<b>(19,900)</b>	<b>(302)</b>	<b>(646)</b>	<b>(20,848)</b>	<b>402,398</b>	<b>79</b>	<b>402,477</b>

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated cash flow statement

IN THOUSANDS OF EUR	2020	2019
<b>Operating activities</b>		
Net result (Group)	82,593	74,912
Depreciation and amortisation of (in)tangible assets	21,018	17,763
Net valuation allowance current assets	2,710	2,135
Provisions	242	230
Disposal of fixed assets	121	69
Financial result	3,004	2,514
Taxes	20,972	22,317
Employee share-based compensation expense	521	568
Non-controlling interests	(48)	857
<b>Gross cash provided by operating activities</b>	<b>131,133</b>	<b>121,365</b>
Decrease / (Increase) in inventories	(6,302)	(5,804)
Decrease / (Increase) in trade accounts receivable	(5,092)	(6,870)
Decrease / (Increase) in other assets	(1,077)	3,257
Increase / (Decrease) in trade accounts payable	105	861
Increase / (Decrease) in other liabilities	4,521	(1,515)
<b>Change in operating working capital</b>	<b>(7,845)</b>	<b>(10,071)</b>
Income tax paid	(15,962)	(26,675)
Interest paid	(4,130)	(2,872)
Other financial income and charges received / (paid)	(691)	1,656
<b>Net cash provided by operating activities</b>	<b>102,505</b>	<b>83,403</b>

IN THOUSANDS OF EUR	2020	2019
<b>Investing activities</b>		
(In)tangible assets - acquisitions	(20,565)	(47,478)
(In)tangible assets - other changes	6	514
Acquisition of subsidiaries	(26,108)	(42,281)
Financial assets - other changes	(2,159)	(2,231)
<b>Net cash used in investing activities</b>	<b>(48,826)</b>	<b>(91,476)</b>
<b>Net cash flow before financing activities</b>	<b>53,679</b>	<b>(8,073)</b>
<b>Financing activities</b>		
Dividends paid	(25,920)	(24,059)
Treasury shares	6,129	(3,252)
Proceeds of capital increase	-	69
Proceeds / (Reimbursement) of long-term borrowings	41,497	35,503
Proceeds / (Reimbursement) of short-term borrowings	(24,109)	(3,195)
Leasing debts	(3,274)	(2,892)
Proceeds / (Reimbursement) of long-term receivables	56	(27)
<b>Net cash flow from financing activities</b>	<b>(5,621)</b>	<b>2,147</b>
<b>Net change in cash and cash equivalents</b>	<b>48,058</b>	<b>(5,926)</b>
Cash and cash equivalents on January 1	40,093	45,597
Effect of exchange rate fluctuations on cash and cash equivalents	(1,180)	422
Effect of exchange rate fluctuations on transactions with group entities	(5,710)	-
Cash and cash equivalents on 31 December	81,261	40,093
<b>Net change in cash and cash equivalents</b>	<b>48,058</b>	<b>(5,926)</b>



## 1. Consolidated companies

### 1.1 List of consolidated companies

	ADDRESS	VAT OR NATIONAL NUMBER	31-12-2020	31-12-2019
<b>A. Fully consolidated subsidiaries</b>			%	%
Cremers-Ribert NV	Gentstraat 52, 9971 Lembeke, BE	VAT BE 0427.808.008	100.0	100.0
Interwaffles SA	Rue de Liège 39, 6180 Courcelles, BE	VAT BE 0439.312.406	100.0	100.0
Lotus Bakeries NV	Gentstraat 1, 9971 Lembeke, BE	VAT BE 0401.030.860	100.0	100.0
Lotus Bakeries Corporate NV	Gentstraat 1, 9971 Lembeke, BE	VAT BE 0881.664.870	100.0	100.0
Lotus Bakeries België NV	Gentstraat 52, 9971 Lembeke, BE	VAT BE 0421.694.038	100.0	100.0
Biscuiterie Willems BV	Nieuwendorpse 33 Bus C, 9900 Eeklo, BE	VAT BE 0401.006.413	100.0	100.0
B.W.I. BV	Ambachtenstraat 5, 9900 Eeklo, BE	VAT BE 0898.518.522	100.0	100.0
Lotus Bakeries International und Schweiz AG	Nordstrasse 3, 6300 Zug, CH	VAT CHE 105.424.218	100.0	100.0
Lotus Bakeries CZ s.r.o.	Americká 415/36, 120 00 Praha 2, CZ	VAT CZ 271 447 55	100.0	100.0
Lotus Bakeries GmbH	Rather Strasse 110a, 40476 Düsseldorf, DE	VAT DE 811 842 770	100.0	100.0
Biscuiterie Le Glazik SAS	Zone Industrielle 2, 29510 Briez-de-l'Odé, F	VAT FR95 377 380 985	100.0	100.0
Biscuiterie Vander SAS	Place du Château 9 bis, 59560 Comines, F	VAT FR28 472 500 941	100.0	100.0
Lotus Bakeries France SAS	Place du Château 9 bis, 59560 Comines, F	VAT FR93 320 509 755	100.0	100.0
Lotus Bakeries UK Ltd.	3000 Manchester Business Park, Aviator Way, Manchester, M22 5TG, UK	VAT GB 606 739 232	100.0	100.0
Natural Balance Foods Ltd.	1 Drakes Drive, Long Crendon, Aylesbury, Bucks, HP18 9BA, UK	VAT GB 841 254 348	97.9	67.2
Urban Fresh Foods Ltd.	The Emerson Building, 4-8 Emerson Street, London, SE1 9DU, UK	VAT GB 883 0600 32	100.0	100.0
Lotus Bakeries Réassurances SA	74, Rue de Merl, 2146 Luxembourg, L	R.C.S. Luxembourg B53262	100.0	100.0
Koninklijke Peijnenburg BV	Nieuwendijk 45, 5664 HB Geldrop, NL	VAT NL003897187B01	100.0	100.0
Peijnenburg's Koekfabrieken BV	Nieuwendijk 45, 5664 HB Geldrop, NL	VAT NL001351576B01	100.0	100.0
WK Koek Beheer BV	Streek 71, 8464 NE Sintjohannesga, NL	VAT NL006634199B01	100.0	100.0
WK Koek Bakkerij BV	Streek 71, 8464 NE Sintjohannesga, NL	VAT NL006634151B01	100.0	100.0
Enkhuizer Koekfabriek BV	Oosterdijk 3e, 1601 DA Enkhuizen, NL	VAT NL82301112B01	100.0	100.0
Lotus Bakeries Nederland BV	Oosterdijk 3e, 1601 DA Enkhuizen, NL	VAT NL004458953B01	100.0	100.0
Lotus Bakeries Asia Pacific Limited	Level 54, Hopewell Centre, 183, Queen's Road East, Hong Kong	Inland Revenue Department file no. 22/51477387	100.0	100.0
Lotus Bakeries North America Inc.	1000 Sansome Street Suite 220, San Francisco, CA 94111-1323, USA	IRS 94-3124525	100.0	100.0
Lotus Bakeries US, LLC	2010 Park Center Drive, Mebane NC 27302	IRS 82-1300286	100.0	100.0
Lotus Bakeries US Manufacturing, LLC	2010 Park Center Drive, Mebane NC 27302	IRS 82-2542596	100.0	100.0
NBF USA Inc.	1755 Park Street, Suite 200, Naperville, IL 60563 USA	C3598146	97.9	67.2
Lotus Bakeries España S.L.	C/ Severo Ochoa, 3, 2a Planta Oficina 8A, 28232 Las Rozas (Madrid), Spain	VAT ESB80405137	100.0	100.0

ADDRESS	VAT OR NATIONAL NUMBER	31-12-2020	31-12-2019
		%	%
<b>A. Fully consolidated subsidiaries (continued)</b>			
Annas - Lotus Bakeries Holding AB	Radiovägen 23, SE 135 48 Tyresö, Sweden	Registration no. 556757-7241	100.0
AB Annas Pepparkakor	Radiovägen 23, SE 135 48 Tyresö, Sweden	VAT SE556149914501	100.0
Lotus Bakeries North America Calgary Inc.	L.M. Gordon LAW Office, 2213 - 20th Street P.O. Box 586, Nanton, Alberta, Canada, T0L 1R0	GST 131 644 205	100.0
Lotus Bakeries Chile SpA	Nueva Tajamar #555 OF401, Las Condes, Santiago, Chile 7550099	VAT (RUT) 76.215.081-6	100.0
Lotus Bakeries Biscuits Trading (Shanghai) Company Ltd.	Room 0102, Floor 15, No. 511 Weihai Road, Jing'an District, Shanghai 200041, P.R. China	Registration no. 913100000781169357	100.0
Lotus Bakeries Korea Co. Ltd.	4/F, AIA Tower, 16 Tongil-ro-2-gil, Jung-gu, Seoul 04511, South Korea	Registration no. 128-81-19621	100.0
Lotus Bakeries Austria GmbH	Fleischmarkt 1/6/12, 1010 Wien, Austria	VAT ATU72710827	100.0
Lotus Bakeries Italia S.r.l.	Zona Produttiva Plattl 17, 39040 Ora (Bolzano), Italy	IT03029890211	55.0
Lotus South Africa Manufacturing Ltd.	Erf 4109, Voortrekker Road, Montana, Wolseley, South Africa	4190279762	100.0
FF2032 NV	Gentstraat 1, 9971 Lemeke, BE	VAT BE 0730.550.847	100.0

On the basis of section 2:403 of the Dutch Civil Code, legal entities with a Dutch company number are exempt from the requirements for a local statutory audit. Lotus Bakeries UK Ltd., Natural Balance Foods Ltd., Urban Fresh Foods Ltd. and The Kids Food Company Ltd. are exempt from the requirement for a local statutory audit, based on section 479A of UK company law. The holding entity guarantees the debts of these two companies as at 31 December 2020.

## 1.2 Changes in the group structure in 2020

The following changes to the group structure took place in 2020:

### Kiddylicious International Ltd.

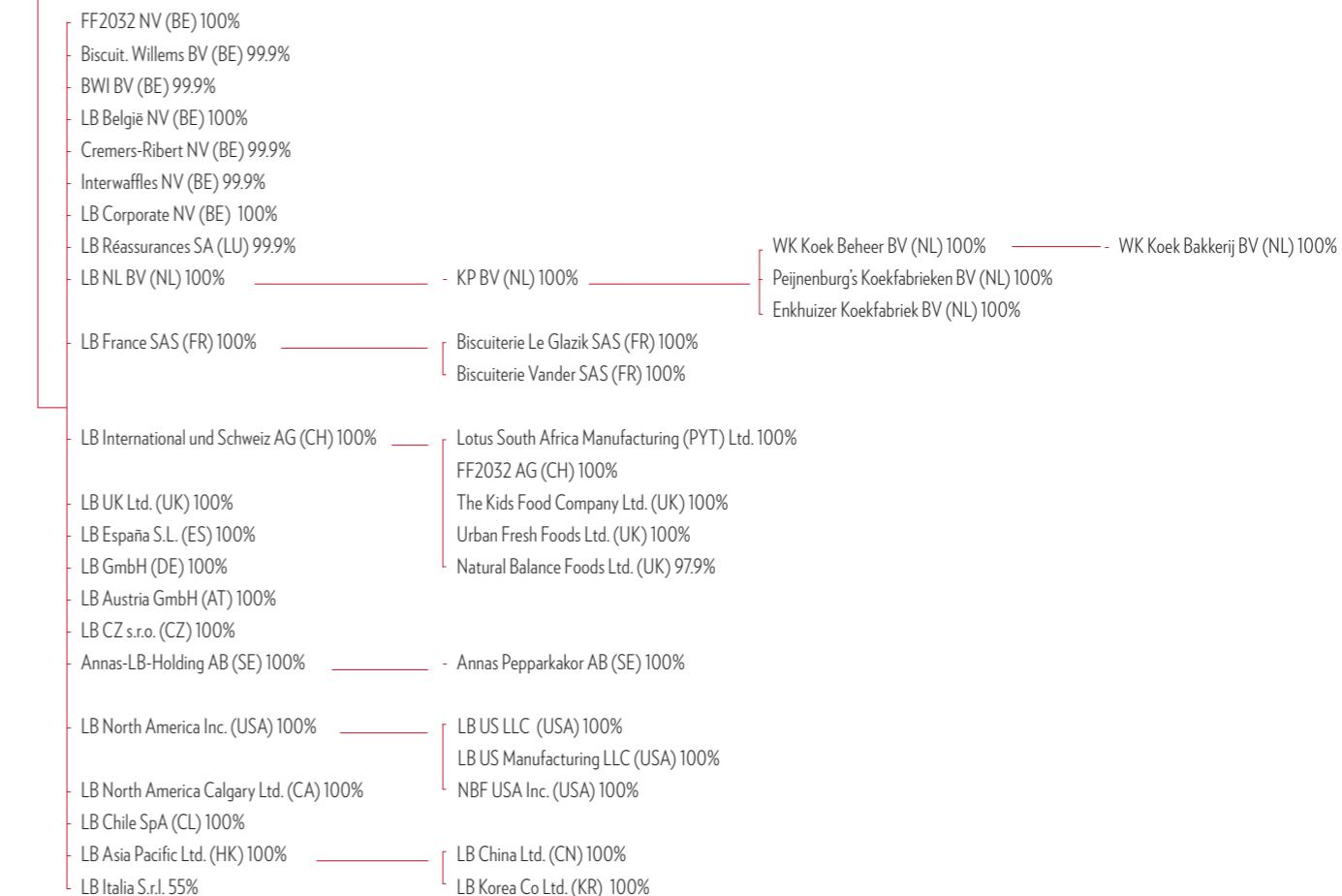
In December 2020, an application was made for the winding-up of Kiddylicious International Ltd. This will be completed automatically in March 2021.

### Lotus Bakeries North America Calgary Inc.

In December 2020, an application was made for the winding-up of Lotus Bakeries North America Calgary Inc. This will be completed automatically in 2021.

## 1.3 Legal Structure of the Lotus Bakeries Group at 31 December 2020

### LOTUS BAKERIES NV (\*)



(\*) Deviations in percentages with note 11 are due to insignificant non-controlling interests held by group entities other than Lotus Bakeries NV.

For reasons of simplicity, they are not included in the above legal structure.

Kids Food Global Ltd. (St. Kitts and Nevis) filed for dissolution 5 September 2019. Will be automatically terminated on 5 September 2021.

Winding-up of Kiddylicious International Ltd. (UK) applied for on 16 December 2020, will be completed automatically on 20 March 2021 (possible delay due to COVID-19).



## 2. Accounting principles

### 2.1 Statement of compliance

The consolidated financial statements for the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). Lotus Bakeries has used IFRS as its only accounting standards since 1 January 2005.

### 2.2 Basis of presentation

The consolidated financial statements are presented in thousands of euros and present the financial situation as of 31 December 2020.

The accounting principles were applied consistently.

The consolidated financial statements are presented on the basis of the historical cost price method, with the exception of the measurement at fair value of derivatives and financial assets available for sale.

The consolidated financial statements are presented before allocation of the parent company's result, as proposed to the General Meeting of Shareholders and approved by the Board of Directors on 5 February 2021 for publication.

#### Recent IFRS pronouncements

##### Endorsement status of the new standards up until and including 31 December 2020

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning 1 January 2020 and have been endorsed by the European Union:

##### - Amendments to References to the Conceptual Framework in IFRS Standards

(effective 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance—in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

##### - Amendments to the definition of material in IAS 1 and IAS 8

(effective 1 January 2020). The amendments clarify the definition of material and make the IFRS standards more consistent. The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information.

It also states that an entity assesses materiality in the context of the financial statements as a whole. The amendment also clarifies the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The amendments are not expected to have a significant impact on the preparation of financial statements.



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- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform, (effective 1 January 2020). The amendments require qualitative and quantitative disclosures to enable users of financial statements to understand how an entity's hedging relationships are affected by the uncertainty arising from interest rate benchmark reform.

##### - Amendments to the guidance of IFRS 3 Business Combinations, that revises the definition of a business

(effective 1 January 2020). The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce. The changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions across all industries, particularly real estate, pharmaceutical, and oil and gas. Application of the changes would also affect the accounting for disposal transactions.

Lotus Bakeries expects that the amendments to the above described IFRS standards do not have a material impact on the consolidated financial statements.

The following new standards and amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2020 and have not been endorsed by the European Union:

##### - Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current'

(effective 1 January 2022). The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.

##### • clarify that the classification of liabilities as current or non-current should be based on rights

that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

##### • clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective 1 January 2022). These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

### 2.3 Consolidation principles

The consolidated financial statements comprise the financial statements of Lotus Bakeries NV and its subsidiaries (collectively referred to as the 'Group'). All material balances and transactions within the Group have been eliminated.

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group has control over an investee when it is exposed to, or has the right to, variable returns arising from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the consolidation scope as from the date that the Group obtains control until the date such control ceases.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021). These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021). These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

Acquisition of subsidiaries is accounted for according to the acquisition method. The financial statements of the subsidiaries have the same financial year as the Group and are prepared in accordance with the accounting principles of the Group.

A list of subsidiaries of the Group is disclosed in the relevant notes.

#### **Liabilities related to put options granted to non-controlling interests**

The Group granted put options to third parties with non-controlling interests in a subsidiary, with these options giving the holders the right to sell part or all of their investment in the subsidiary. These financial liabilities do not bear interest. In accordance with IAS 32, when non-controlling interests hold put options enabling them to sell their investment in the Group, a financial liability is recognised in an amount corresponding to the present value of the estimated exercise price. This financial liability is included in the other non-current liabilities. The counterpart of this liability is a write-down of the value of the non-controlling interest underlying the option. The difference between the value of the non-controlling interest and the fair value of the liability is allocated to the retained earnings (Group share), which are included in shareholders' equity.

The assumptions made for measuring goodwill, intangible assets, post-employment benefits and financial derivatives are included in notes 6, 7, 18 and 20.

This item is adjusted at the end of each reporting period to reflect changes in the estimated exercise price of the option and the carrying amount of non-controlling interests. If the option matures without exercising, the liability is written off against non-controlling interests and retained earnings (Group share).

#### **2.4 Use of estimates**

In order to prepare the financial statements in accordance with IFRS, management has to make judgements, estimates and assumptions which have an impact on the financial statements and notes.

Estimates made on the reporting date reflect existing conditions on that date (for example: market prices, interest rates and foreign exchange rates). Though these estimates are made by management based on maximum knowledge of ongoing business and of the actions that the Group may undertake, the actual results may be different.

The assumptions made for measuring goodwill, intangible assets, post-employment benefits and financial derivatives are included in notes 6, 7, 18 and 20.

#### **2.5 Foreign currencies**

The Group's reporting currency is the euro.

##### **Transactions in foreign currencies**

Transactions in foreign currencies are converted using the exchange rate applicable on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted to the closing rate on the reporting date.

##### **Financial statements of foreign entities**

For foreign entities using a different functional currency than the euro:

- assets and liabilities are converted to the euro using the exchange rate on the reporting date.
- income statements are converted at annual average exchange rate.
- equity items are converted at the historic exchange rate.

Translation differences resulting from conversion of equity into euro using the rate at the end of the reporting period are recognised as translation differences under equity. Translation differences remain in equity up to the disposal of the company. In case of disposal, the deferred cumulative amount included in equity is included in the results for the foreign activity in question.

Goodwill from the acquisition of a foreign entity and possible fair value changes in carrying amount of the acquired assets and liabilities at the moment of acquisition, are considered as assets and liabilities of the foreign activity and are converted using the closing rate.

The Group has no entities in hyper-inflationary economies.

##### **Exchange rates**

The following exchange rates were used in preparing the financial statements:

	CLOSING RATE		AVERAGE RATE	
	2020	2019	2020	2019
EUR/CAD	1.5633	1.4598	1.5380	1.4822
EUR/CHF	1.0802	1.0854	1.0709	1.1111
EUR/CLP	875.3500	834.3130	905.9868	792.2603
EUR/CNY	8.0225	7.8205	7.8975	7.7237
EUR/CZK	26.2420	25.4080	26.4976	25.6588
EUR/GBP	0.8990	0.8508	0.8894	0.8759
EUR/KRW	1.336.0000	1.296.2800	1.350.2375	1.303.1692
EUR/PLN	4.5597	4.2568	4.4680	4.2990
EUR/SEK	10.0343	10.4468	10.4815	10.5824
EUR/USD	1.2271	1.1234	1.1470	1.1195
EUR/ZAR	18.0219	15.7773	18.9139	16.1701

#### **2.6 Intangible assets**

Intangible assets which are acquired separately are measured initially at cost. After initial recognition, intangible assets are measured at cost less cumulative amortisation and impairment. The residual value of intangible assets is assumed to be zero.

Intangible assets acquired upon acquisition of a subsidiary or as a result of the acquisition of a customer portfolio, are recognized separately in the balance sheet at their estimated fair value at acquisition date.

Costs for internally generated goodwill are recognised as costs in the income statement when they occur.

##### **Amortisation**

Intangible assets with a finite life are amortised on a straight-line basis over the estimated useful life and reviewed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation begins when the intangible asset is ready for its intended use.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or whenever there is a valid reason to do so. The indefinite life is re-assessed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made prospectively.

The investments in software and licences are amortised over a period of three to five years.

The brands acquired in acquisitions or the value of the customer portfolios obtained through acquisition are amortised on a straight-line basis over a maximum period of ten years, except when the brand can be regarded as having an indefinite life.

##### **Goodwill**

Goodwill arising from a business combination is initially measured at cost (i.e. the positive difference between the cost of the business combination and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities). After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill is tested for impairment annually or more often if events or changes in circumstances indicate that the carrying amount may have been impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date onwards, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.



## 2.7 Property, plant and equipment

Property, Plant and Equipment is valued at cost less cumulative depreciation and impairment. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of self-produced assets includes direct material costs, direct labour costs and a proportional part of the production overhead.

If the various parts of a tangible asset have different useful lives, they are depreciated according to their respective useful lives.

The depreciation methods, residual value, as well as the useful lives of the Property, Plant and Equipment is reassessed and adjusted if appropriate, annually.

### Subsequent expenditure

Costs of maintenance and repair of Property, Plant and Equipment are capitalised if the cost can be measured reliably and the expenditure will result in a future economic benefit. All other costs are recognised as operating charges when they occur.

### Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Depreciation of an asset begins when the asset is ready for its intended use.

Useful life is assigned as follows:

Buildings and warehouses	25-30 years
Plant and equipment	15 years
Basic machines	20-25 years
Common machines, tools	10-15 years
Furniture	15 years
Office equipment	5 years
Computer equipment	3-5 years
Passenger vehicles	4-5 years
Trucks	10 years

Land is not depreciated given that it has an undefined useful life.

## 2.8 Leasing

A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset is recognised for this in the balance sheet as well as a debt equal to the future lease payments for all leases except those with a term of 12 months or less or an underlying asset lower than EUR 5,000.

The Group recognises right-of-use assets as non-current assets on the date of first use and they are valued at cost price. Cost price comprises the sum of recognised lease liabilities and initial direct costs minus lease discounts received. These assets are depreciated on a straight-line basis over the lease term and are subject to impairment.

Lease liabilities are measured at the discounted value of future lease payments over the lease term in question. This calculation assumes a market interest rate where the interest rate implicit in the lease cannot be determined.

## 2.9 Government grants

Government grants are recognised at fair value when it is probable that they will be received and that the Group will comply with the conditions attached to the grant. If the grant is related to a cost item, the grant is systematically recognised as income over the periods required to attribute these grants to the costs which they are intended to compensate. When the grant is related to an asset, it is presented in the balance sheet deducted from the asset. Grants are recognised in income net of the depreciation of the related asset.

## 2.10 Impairment of non-current assets

For the Group's non-current assets, other than deferred tax assets, the Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal

and the value in use. In assessing value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash generating unit.

When the carrying amount exceeds the recoverable amount, an impairment loss is recognised as an operating charge in the income statement.

### Reversal of impairments

Impairments for financial assets normally held by the Group until maturity or receivables are reversed if a subsequent increase in their net asset value can be objectively associated with an event arising after the recording of the loss.

A previously recognised impairment for other assets is reversed where there has been a change in the assumptions used to determine the recoverable amount. An increase in the carrying amount of an asset resulting from the reversal of an impairment cannot be higher than the carrying amount (after depreciation) that would have been determined had no impairment loss been recognised in prior years.

An impairment loss recognised on goodwill is never reversed in a subsequent period.

## 2.11 Financial assets available for sale

Financial assets available for sale include shares in companies in which the Group does not exercise control nor significant influence.

Financial assets are initially measured at cost. The cost includes the fair value of the compensation provided and acquisition costs associated with the investment.

After the initial recognition, the financial assets are measured at fair value. Changes in fair value are directly recognised in a separate component of other comprehensive income. For listed companies, the share price is the best estimate of the fair value. Investments for which no fair value can be determined, are recognised at historical cost.

The Group assesses at each reporting date whether there is objective evidence that the asset is impaired. Objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

If the financial asset is sold or an impairment loss is recognised, the cumulative profits or losses recognised in equity are transferred to profit or loss. An impairment loss on a financial asset available for sale is not reversed through the income statement, unless it includes a debt instrument.

## 2.12 Other long-term receivables

Long-term receivables are valued at their actual net value based on an average market interest rate in accordance with the useful life of the receivable.

## 2.13 Inventories

Raw materials, consumables and goods for resale are measured at purchase price on a FIFO basis.

Finished products are measured at the standard manufacturing cost price. This includes, in addition to direct production and material costs, a proportional part of the fixed and variable overhead costs based on the normal production capacity. If the purchase price or the manufacturing price exceeds the net realisable value, the stock is measured at the lower net realisable value.

The net realisable value is defined as the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

## 2.14 Trade receivables and other amounts receivable

Trade receivables and other amounts receivable are measured at their nominal value less impairment, if any.

Impairments are recognised in the operating results if it becomes probable that the Group will not be able to collect all outstanding amounts.

At each reporting date, the Group estimates the impairment by evaluating all outstanding amounts individually. An impairment is recognised in the results of the period in which it was identified as such.

## 2.15 Cash and cash equivalents

Cash and cash equivalents include liquid assets and bank balances (current and deposit accounts). In general, investments are held until the expiration date. Profits and losses are recognised in the income statement when the investment is realized or impaired.

For the cash flow statement, cash and cash equivalents include cash and bank balances. Possible negative cash is recognised as short-term interest-bearing loans and borrowings with credit institutions.

## 2.16 Non-current assets (or disposal groups) held for sale and discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

A non-current asset (or a disposal group) is classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset (or a disposal group) classified as held for sale is recognised at the lower of the carrying amount and the fair value less cost to sell.

An impairment test is performed on these assets at the end of each reporting date.

## 2.17 Share capital and treasury shares

For the purchase of treasury shares, the amount paid, including any directly attributable costs, is recognised as a change in this section. Treasury shares purchased are considered as a reduction in equity.

## 2.18 Interest-bearing financial debts

All interest-bearing financial debts are initially recognised at fair value less direct attributable transaction costs. After initial recognition, the interest-bearing financial debts will be recognised at the amortised cost price based on the effective interest rate method.

This lease liability is recognised as equal to the future lease payments for all leases except those with a term of 12 months or less or an underlying asset lower than EUR 5,000.

Lease liabilities are measured at the discounted value of future lease payments over the lease term in question. This calculation assumes a market interest rate where the interest rate implicit in the lease cannot be determined.

## 2.19 Provisions

Provisions are recognised in the balance sheet if the Group has obligations (legal or constructive) resulting from a past event and if it is probable that fulfillment of these commitments will incur expenses that can be estimated reliably on reporting date.

No provisions are recognised for future operating costs. If the effect of the time value of money is material, the provisions are discounted.

### Restructuring

A provision for restructuring is recognised when a formal, detailed restructuring plan is approved by the Group and if this restructuring has either begun or been announced to the ones concerned.

## 2.20 Financial derivatives

The Group uses financial derivatives to limit risks from adverse exchange rate and interest rate fluctuations. No derivatives are used for trading purposes.

Financial derivatives are initially recognised at cost. After initial recognition, these instruments are recognised at their fair value. Changes in fair value of the Group's derivatives that do not meet the criteria of IAS 39 for hedge accounting, are recognised in the income statement.

## 2.23 Revenues

Revenues are included in the income statement when it is probable that the Group will receive economic benefits from the transaction and the revenues can be measured reliably.

### Sale of goods and delivery of services

Revenue is deemed to have been earned when the risks and rewards of the sale are payable by the purchaser and any uncertainty has been removed in terms of the collection of the agreed amount, transaction costs and any return of the goods.

### Financial income

Financial income (interests, dividends, royalties, etc.) are considered to be realised once it is probable that the Group will receive the economic benefits from the transaction and the revenues can be measured reliably.

## 2.21 Trade payables and other debts

Trade payables and other debts are recognised at their nominal value. A financial obligation is derecognised once the obligation is fulfilled, settled or lapsed.

## 2.22 Dividends

Dividends payable to shareholders of the Group are recognised as a liability in the balance sheet in the period in which the dividends are approved by the shareholders of the Group.



## 2.24 Employee benefits

### Pension plans

The Group holds a number of defined contribution plans. These pension plans are funded by members of personnel and the employer and are recognised in the income statement of the reporting period to which they refer.

In addition, there is also a defined benefit pension plan in the subsidiary in Germany and the Netherlands.

There are also provisions in some companies for early retirement (Belgium) and pension obligations arising from legal requirements (France). These are classified as employment benefits of the defined benefit pension plans.

For the defined benefit pension plans, provisions are measured by calculating the present value of future amounts payable to the employees.

Defined benefit costs are divided into 2 categories:

- Current service cost, past service cost, gains and losses on curtailments and settlements;
- Net interest expense or income.

The current and past service cost, the net interest expense, the remeasurement of other long term personnel expenses, administrative expenses and taxes for the reporting period are included in the personnel expenses in the statement of profit or loss. The remeasurement on the net defined benefit liability as a consequence of actuarial gains or losses is included in the statement of comprehensive income as part of other comprehensive income.

### Share-based payment

The stock option plan and the warrant plan allow employees to acquire shares in the company at relatively advantageous conditions. The exercise price of the option and warrant is equal to the average stock market closing price of the Lotus Bakeries share during the thirty calendar days preceding the date of offering. A personnel cost is recognised for options and warrants granted to employees as part of the stock option plan or warrant plan. The cost is determined based on the fair value of the stock options and warrants on the grant date and, together with an equal increase in equity, is recognised over the vesting period, ending on the date when the employees receive full right to the options. When the options or warrants are exercised, equity is increased by the amount of the revenues. The final warrants owned by executives and senior management were exercised during the first half of 2019.

### Bonuses

Bonuses for employees and management are calculated based on key financial objectives and individual objectives. The estimated amount of the bonuses is recognised as a charge for the financial year based on an estimate on the reporting date.

## 2.25 Income tax

Income taxes in the result of the reporting period include current and deferred taxes. Both taxes are recognised in the income statement except if they have been recognised directly in other comprehensive income. If so, these taxes are also directly recognised in other comprehensive income.

Current taxes include the amount of tax payable on the taxable earnings for the period calculated at the tax rate applicable on the reporting date. They also include adjustments of fiscal liabilities for previous years. In line with IAS 12§46 'Income Taxes', management assesses on a periodic basis the positions taken in tax declarations in respect of items subject to interpretation in the tax legislation, and records – if necessary – additional income tax liabilities based on the expected amounts payable to the tax authorities. The evaluation is made for all fiscal periods still subject to controls by the authorities.

Deferred taxes are calculated using the balance sheet method and result mainly from temporary differences between the carrying amount of both assets and liabilities in the balance sheet and their respective taxable base. Deferred taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Deferred taxes are recognised at their nominal value and are not discounted.

Deferred tax assets from deductible temporary differences and unused tax loss carry forwards are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reassessed at each reporting date and reduced when it is no longer probable that the related tax savings can be generated. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profits allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2.26 Earnings per share

The Group calculates the ordinary profit per share on the basis of the weighted average of the number of outstanding shares during the period. For the diluted profit per share, the dilutive effect of stock options during the period is also taken into account.

## 2.27 Segment reporting

Group turnover is centralised around a number of products that are all included in the traditional and natural snacking segment. For these products, the Group is organised according to geographical regions for sales, production and internal reporting. As a result, segment reporting presents the geographical markets.

The results of a segment include the income and charges directly generated by a segment. To this is added the portion of the income and charges that can be reasonably attributed to the segment. Intersegment price-fixing is defined based on the 'at arm's length' principle.

The assets and liabilities of a segment are reported excluding taxes and after deduction of depreciation, impairments and valuation allowances.



### 3. Segment reporting by geographical region

#### Segment reporting by geographical region (2020)

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions. The regions presented in the segment reporting, which are based on the internal reporting system, are composed as follows:

- UK: sales by Sales Office UK, Natural Balance Foods, Urban Fresh Foods and Kiddylicious, and the production of Lotus South Africa Manufacturing
- Other: sales from Belgium to countries without own Sales Office and by own Sales Offices in Germany, Austria, Switzerland, the Czech Republic/Slovakia, United States, Spain, Italy, China, South Korea, Sweden/Finland plus production in Sweden.
- France: sales by Sales Office France and intra-group sales by factories in France
- The Netherlands: sales by Sales Office Netherlands and intra-group sales by factories in the Netherlands

Sales between the various segments are carried out at arm's length.

YEAR ENDED 31 DECEMBER 2020							CONTINUING OPERATIONS						
IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL						
<b>TURNOVER</b>													
Sales to external customers	161,104	86,913	86,307	147,091	181,874	-	663,289						
Inter-segment sales	132,619	12,669	3,849	10,232	1,148	(160,517)	-						
<b>Total turnover</b>	<b>293,723</b>	<b>99,582</b>	<b>90,156</b>	<b>157,323</b>	<b>183,022</b>	<b>(160,517)</b>	<b>663,289</b>						
<b>RESULTS</b>													
Segment result REBIT	40,850	6,969	15,396	18,058	23,730	6,111	111,114						
Non-recurrent operating result	(2,689)	(158)	-	(89)	(1,312)	(345)	(4,593)						
Segment result EBIT	-	-	-	-	-	-	106,521						
Financial result	-	-	-	-	-	-	(3,004)						
Profit for the year before taxes	-	-	-	-	-	-	103,517						
Taxes	-	-	-	-	-	-	(20,972)						
<b>Result after taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,545</b>						
<b>ASSETS AND LIABILITIES</b>													
Non-current assets	149,088	8,552	101,349	231,475	97,293	31,732	622,840						
Segment assets	149,088	8,552	101,349	231,475	97,293	31,732	619,489						
Unallocated assets:							3,351						
Deferred taxes							3,351						



Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

IN THOUSANDS OF EUR	YEAR ENDED 31 DECEMBER 2020					CONTINUING OPERATIONS					ELIMINATIONS + CORPORATE COMPANIES	TOTAL
	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER		
Current assets	40,439	13,723	15,134	33,739	23,264	4,755	221,387					
Segment assets	40,439	13,723	15,134	33,739	23,264	4,755	131,054					
Unallocated assets:												
VAT receivables												
Income tax receivables												
Cash and cash equivalents												
<b>Total assets</b>	<b>189,527</b>	<b>22,275</b>	<b>116,483</b>	<b>265,214</b>	<b>120,557</b>	<b>36,487</b>	<b>844,227</b>					
Non-current liabilities	1,703	796	517	-	639	1,092	261,841					
Segment liabilities	1,703	796	517	-	639	1,092	4,747					
Unallocated liabilities:												
Deferred tax liabilities												
Interest-bearing loans and borrowings												
Other non-current liabilities												
Current liabilities	37,042	14,418	9,531	25,272	17,582	19,399	148,642					
Segment liabilities	37,042	14,418	9,531	25,272	17,582	19,399	123,244					
Unallocated liabilities:												
VAT payables												
Tax payables												
Interest-bearing loans and borrowings												
<b>Total liabilities</b>	<b>38,745</b>	<b>15,214</b>	<b>10,048</b>	<b>25,272</b>	<b>18,223</b>	<b>20,491</b>	<b>410,483</b>					
<b>OTHER SEGMENT INFORMATION</b>												
Capital expenditure:												
Tangible fixed assets	11,637	755	1,837	2,031	1,331	1,224	18,814					
Intangible fixed assets	-	-	-	-	317	1,376	975					
Depreciation	9,653	1,100	2,826	889	4,544	1,989	21,001					
Increase / (decrease) in amounts written off stocks, contracts in progress and trade debtors	1,025	198	232	468	740	48	2,710					

## Segment reporting by geographical region (2019)

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions. The regions presented in the segment reporting, which are based on the internal reporting system, are composed as follows:

- Belgium: sales by Sales Office Belgium and intra-group sales by factories in Belgium
- France: sales by Sales Office France and intra-group sales by factories in France
- The Netherlands: sales by Sales Office Netherlands and intra-group sales by factories in the Netherlands

- UK: sales by Sales Office UK, Natural Balance Foods, Urban Fresh Foods and Kiddylicious, and the production of Lotus South Africa Manufacturing
- Other: sales from Belgium to countries without own Sales Office and by own Sales Offices in Germany, Austria, Switzerland, the Czech Republic/Slovakia, United States, Spain, Italy, China, South Korea, Sweden/Finland plus production in Sweden.

Sales between the various segments are carried out at arm's length.

## YEAR ENDED 31 DECEMBER 2019

	CONTINUING OPERATIONS						ELIMINATIONS + CORPORATE COMPANIES	TOTAL
	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER			
<b>TURNOVER</b>								
Sales to external customers	154,722	76,439	87,482	137,557	156,537	-	612,737	
Inter-segment sales	118,073	13,281	3,520	8,768	751	(144,393)	-	
<b>Total turnover</b>	<b>272,795</b>	<b>89,720</b>	<b>91,002</b>	<b>146,325</b>	<b>157,288</b>	<b>(144,393)</b>	<b>612,737</b>	
<b>RESULTS</b>								
Segment result REBIT	38,537	3,801	15,506	13,774	24,650	6,623	102,891	
Non-recurrent operating result	(108)				(3,988)	1,804	(2,292)	
Segment result EBIT							100,599	
Financial result							(2,514)	
Profit for the year before taxes							98,086	
Taxes							(22,317)	
<b>Result after taxes</b>							<b>75,769</b>	
<b>ASSETS AND LIABILITIES</b>								
Non-current assets	146,703	8,663	102,114	252,769	99,291	29,076	641,122	
Segment assets	146,703	8,663	102,114	252,769	99,291	29,076	638,617	
Unallocated assets:							2,505	
Deferred taxes							2,505	



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## YEAR ENDED 31 DECEMBER 2019

	CONTINUING OPERATIONS						ELIMINATIONS + CORPORATE COMPANIES	TOTAL
	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER			
<b>IN THOUSANDS OF EUR</b>								
Current assets	37,085	13,679	14,947	36,151	18,477		4,720	171,507
Segment assets	37,085	13,679	14,947	36,151	18,477		4,720	125,059
Unallocated assets:								46,448
VAT receivables								5,280
Income tax receivables								1,075
Cash and cash equivalents								40,093
<b>Total assets</b>	<b>183,788</b>	<b>22,342</b>	<b>117,061</b>	<b>288,920</b>	<b>117,768</b>		<b>33,796</b>	<b>812,629</b>
Non-current liabilities	1,717	591	762	-	591		2,676	239,584
Segment liabilities	1,717	591	762	-	591		2,676	6,337
Unallocated liabilities:								233,247
Deferred tax liabilities								50,737
Interest-bearing loans and borrowings								158,010
Other non-current liabilities								24,500
Current liabilities	39,786	9,968	11,078	27,108	16,158		18,007	170,568
Segment liabilities	39,786	9,968	11,078	27,108	16,158		18,007	122,105
Unallocated liabilities:								48,463
VAT payables								254
Tax payables								11,630
Interest-bearing loans and borrowings								36,579
<b>Total liabilities</b>	<b>41,503</b>	<b>10,559</b>	<b>11,840</b>	<b>27,108</b>	<b>16,749</b>		<b>20,683</b>	<b>410,152</b>
<b>OTHER SEGMENT INFORMATION</b>								
Capital expenditure:								
Tangible fixed assets	10,363	787	2,181	1,437	29,059		1,656	45,483
Intangible fixed assets	8	-	-	-	-		1,184	1,192
Depreciation	9,139	1,026	2,675	712	2,588		1,614	17,754
Increase / (decrease) in amounts written off stocks, contracts in progress and trade debtors	961	289	459	52	360		14	2,135

#### 4. Acquisitions and disposal of subsidiaries

In 2019, Lotus Bakeries acquired control of Lotus South Africa Manufacturing Ltd., the company which manufactures BEAR products. The integration of the production activities followed the successful commercial integration in 2015 which paved the way for the acquisition of BEAR, a brand that stands for healthy, pure fruit snacks. BEAR only uses gently baked, freshly picked seasonal fruits. The products are free from added sugars, concentrate, preservatives and stabilisers.

In December 2019, the fair value of the acquired assets and liabilities was determined in order to calculate provisionally the goodwill arising from this. Further analyses in 2020 confirmed that no adjustment was required to the fair value. Thus, the final value of the acquired assets and liabilities was calculated over a period of twelve months following the acquisition date.

The total purchase price was EUR 46.5 million, broken down as set out below:

IN THOUSANDS OF EUR	FAIR VALUE
<b>Purchase price</b>	<b>46,532</b>
Property, plant and equipment	3,308
Stocks	1,005
Trade and other receivables	473
Cash and cash equivalents	773
Trade and other payables	(1,114)
Tax payables	(130)
<b>TOTAL NET ASSETS</b>	<b>4,315</b>
<b>GOODWILL</b>	<b>42,217</b>
Translation differences 2020	(4,329)
<b>Goodwill 2020</b>	<b>37,888</b>

The goodwill of EUR 42.2 million arising from the acquisition relates to a variety of components. With this acquisition, Lotus Bakeries set up a vertical integration to achieve greater quality control of BEAR production activities and boost flexibility for new product development. There is also direct access to suppliers of fresh fruit in the Ceres valley. The results of Lotus South Africa Manufacturing Ltd. are included in the consolidation as from June 2019.

#### 5. Tangible assets

Tangible assets are purchased by and are the full property of Lotus Bakeries. This includes land and buildings, machinery and office equipment. The right-of-use assets arising from the new IFRS 16 Leases standard are an exception to this. The tangible assets are unencumbered with the exception of the notes included in 32.3.

In 2020, EUR 18.8 million were invested in property, plant and equipment, the majority in relation to the new Biscoff® Sandwich Cookie line in Lembeke. Further investments were made in the expansion of capacity at the BEAR factory in South Africa and the factory in the United States.

IN THOUSANDS OF EUR	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FURNITURE, OFFICE EQUIPMENT AND VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
<b>On 31 December 2020</b>					
<b>Acquisition cost</b>					
At the end of the preceding year	171,017	319,943	24,114	9,448	524,521
Acquisition during the year	3,228	11,389	865	3,332	18,814
Sales and disposals	(18)	(581)	(489)	-	(1,088)
Transfers from one heading to another	309	6,092	354	(6,755)	-
Acquisition during the year leases standard	1,704	6	1,872	-	3,582
Sales and disposals leases standard	(2,117)	(5)	(814)	-	(2,936)
Translation differences	(3,924)	(1,907)	(187)	(58)	(6,075)
<b>Total acquisition cost</b>	<b>170,199</b>	<b>334,937</b>	<b>25,715</b>	<b>5,967</b>	<b>536,818</b>
<b>Depreciation and amounts written down</b>					
At the end of the preceding year	(49,718)	(194,487)	(16,374)	(150)	(260,729)
Depreciation during the year	(4,328)	(11,421)	(1,032)	-	(16,782)
Sales and disposals	18	567	446	-	1,031
Depreciation leases standard	(1,403)	(41)	(1,840)	-	(3,284)
Sales and disposals leases standard	751	2	692	-	1,445
Translation differences	(76)	(235)	(8)	1	(317)
<b>Total depreciation and amounts written down</b>	<b>(54,756)</b>	<b>(205,615)</b>	<b>(18,116)</b>	<b>(149)</b>	<b>(278,636)</b>
<b>NET BOOK VALUE</b>	<b>115,443</b>	<b>129,322</b>	<b>7,599</b>	<b>5,818</b>	<b>258,182</b>

During 2020 no newly granted capital grants were received and kEUR 53 of capital grants were taken into the income statement, giving at year end a remaining balance of kEUR 946, which is deducted from the net book value as reported in the above tables of movements.

INVESTMENT GRANTS	2020	2019
On 31 December		
At the end of the preceding year	(1,000)	(1,060)
Taken into the income statement	54	60
<b>At the end of the year</b>	<b>(946)</b>	<b>(1,000)</b>



IN THOUSANDS OF EUR	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FURNITURE, OFFICE EQUIPMENT AND VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
<b>On 31 December 2019</b>					
<b>Acquisition cost</b>					
At the end of the preceding year	119,754	287,074	16,798	40,516	464,142
Acquisition during the year	3,326	5,227	1,746	35,184	45,483
Sales and disposals	(533)	(234)	(276)	-	(1,042)
Transfers from one heading to another	39,392	27,024	467	(66,882)	0
Amendment to accounting principles (IFRS 16 leases standard)	6,447	219	5,114	-	11,780
Translation differences	50	(55)	84	630	709
Acquisition through business combinations	2,581	688	180		3,449
<b>Total acquisition cost</b>	<b>171,017</b>	<b>319,943</b>	<b>24,114</b>	<b>9,448</b>	<b>524,521</b>
<b>Depreciation and amounts written down</b>					
At the end of the preceding year	(45,168)	(184,902)	(14,011)	(164)	(244,245)
Depreciation during the year	(3,415)	(9,870)	(878)	-	(14,163)
Sales and disposals	53	223	144	-	420
Amendment to accounting principles (IFRS 16 leases standard)	(1,303)	(41)	(1,604)	-	(2,948)
Translation differences	143	172	(6)	14	322
Acquisition through business combinations	(26)	(70)	(19)	-	(115)
<b>Total depreciation and amounts written down</b>	<b>(49,718)</b>	<b>(194,487)</b>	<b>(16,374)</b>	<b>(150)</b>	<b>(260,729)</b>
<b>NET BOOK VALUE</b>	<b>121,299</b>	<b>125,455</b>	<b>7,740</b>	<b>9,298</b>	<b>263,793</b>

## 6. Goodwill

The carrying value of goodwill at the end of 2020 is EUR 216.5 million.

For sales, production and internal reporting, the Group is organised into geographic regions (see also geographic segment information). The segments consist of underlying business units. These business units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. These business units are the cash generating units to which goodwill is allocated.

The net carrying value of goodwill has been allocated to the various independent cash generating units as follows:

Cash flow-generating unit	Amount kEUR
Netherlands (Koninklijke Peijnenburg)	17,151
Spain (Lotus Bakeries España S.L.)	1,695
Sweden (AB Annas Pepparkakor)	6,109
Customer Brand Business (Biscuiterie Willems BV and B.W.I. BV)	20,773
Lotus Bakeries Korea Co. Ltd.	9,285
Natural Foods	161,472
<b>Total</b>	<b>216,485</b>

The change for the year is due to conversion differences for the pound sterling and the South African rand.

IN THOUSANDS OF EUR	2020	2019
<b>Acquisition cost</b>		
Balance at end of previous year	229,365	177,639
Acquisitions of subsidiaries		44,355
Effect of movements in foreign exchange rates	(12,880)	7,371
<b>Balance at end of year</b>	<b>216,485</b>	<b>229,365</b>

Goodwill, representing approximately 26% of the total assets of Lotus Bakeries at 31 December 2020, is tested for impairment every year (or whenever there is a specific reason to do so) by comparing the carrying value of each cash generating unit (CGU) with its recoverable amount. The recoverable amount of a cash generating unit is determined on the basis of the calculated value in use.

The value in use is determined as the present value of expected future cash flows based on the current long-term planning of the Group. The discount rate used in determining the present value of expected future cash flows is based on a weighted average cost of capital (WACC). The impairment test for goodwill is based on a number of critical judgements, estimates and assumptions.

The assumptions are consistent and realistic for the six cash generating units, which are mainly located in Europe and the UK:

- Revenue and gross profit margin: revenue and gross profit margin reflect management's expectations based on past experience and taking into account the risks specific to the reportable business unit.

- The first year of the model is based on the budget for the year; the budget is taking into account historical results and is management's best estimate of the free cash flow outlook for the current year.

- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country by country, based on realistic internal plans that take into account the specific market situation and the past.

- Cash flows beyond the first five years are extrapolated by applying a growth rate to free cash flows, lying between 1% and 3%.

- Projections are discounted at the weighted average cost of capital after tax, which lies between 4.3% and 6.5%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS 36.

End 2020, Lotus Bakeries has completed its annual impairment test on goodwill and concluded from this that no further impairment allowance is necessary. Lotus Bakeries believes all of its estimates to be reasonable: they are consistent with the internal reporting and reflect management's best estimates.

As a part of the valuation test, Lotus Bakeries carried out a sensitivity analysis for important assumptions used, including the weighted average capital costs and long term growth percentage. Here, a fall in the long-term growth percentage by 100 basis points and an increase in the weighted average capital costs before tax by 100 basis points were applied. A change in the estimates used, as described above, does not lead to a potential material impairment.

Although Lotus Bakeries believes that its assessments, assumptions and estimates are suitable, actual results may differ from these estimates in the event of changed assumptions and conditions.



## 7. Intangible assets

Intangible assets refer to brands, software and an acquired customer portfolio.

The brands relate to:

- the Peijnenburg brand
- the Annas brand
- the Näkd brand
- the BEAR brand
- the Dinosaurus brand
- the Kiddylicious brand

The value of these brands was established as part of the valuation at fair value of the asset and liability components upon first consolidation.

As the Peijnenburg brand serves as the base brand in the Netherlands, it is not amortised. In accordance with the valuation rules, its fair value is tested annually, using the DCF method.

The Annas brand is used as the base brand for the Nordic region and as the base brand for its pepparkakor products outside the Nordic region. This brand is not being amortised. Here too, the fair value is tested annually using the DCF method. The activity in the Nordic region plus the pepparkakor activity outside this region are defined as a cash generating unit. This cash generating unit is part of the segment 'Other' in note 3.

In 2012 the intellectual property rights in the Dinosaurus brand were acquired. Based on an analysis of all relevant factors, there is no foreseeable limit to the period of time over which this brand is expected to generate cash flows. The Dinosaurus brand has been assigned indefinite useful life and therefore is not amortised.

In 2015, the Näkd brand was acquired as part of the acquisition of Natural Balance Foods. Näkd is loved by customers for its delicious, innovative products made from 100% natural ingredients with no added sugar. They are dairy, wheat and gluten free. Since Näkd is the base brand of Natural Balance Foods in the UK and elsewhere, it is not amortised.

In accordance with the valuation rules, its fair value is tested annually, using the DCF method. Accordingly, the sale of Näkd products in the UK and elsewhere is treated as a cash generating unit.

At the end of 2015, the BEAR brand was acquired as part of the acquisition of Urban Fresh Foods. The BEAR brand is the market leader in the UK for pure fruit snacks for children. Since BEAR is the base brand of Urban Fresh Foods in the UK and elsewhere, it is not amortised. In accordance with the valuation rules, its fair value is tested annually, using the DCF method. Accordingly, the sale of BEAR products in the UK and elsewhere is treated as a cash generating unit.

In 2018, the Kiddylicious brand was acquired as part of the acquisition of Kiddylicious. Delicious, nutritious, portion-controlled snacks for growing babies, toddlers and pre-schoolers are marketed under this brand. Since Kiddylicious is the base brand in the UK and elsewhere, it is not amortised. In accordance with the valuation rules, its fair value is tested annually, using the DCF method. Accordingly, the sale of Kiddylicious products in the UK and elsewhere is treated as a cash generating unit.

At year-end 2020, the Group tested the value of these brands for possible impairment. Taking into account the assumptions used, the value in use of the unit exceeds its carrying amount and no impairment loss was recognised.

The main judgements, assumptions and estimates are:

- Revenue and gross profit margin: revenue and gross profit margin reflect management's expectations based on past experience and taking into account the risks specific to the cash generating unit.
- The first year of the model is based on the budget for the year, taking into account historical results and is management's best estimate of the free cash flow outlook for the current year.
- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country by country, based on internal plans that take into account the specific market situation and the past.
- Cash flows beyond the first five years are extrapolated by applying a growth rate to free cash flows, lying between 1% and 3%.
- Projections are discounted at the weighted average pre-tax cost of capital, which lies between 4.3% and 4.9%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS 36.

As a part of the valuation test, Lotus Bakeries carried out a sensitivity analysis for important assumptions used, including the weighted average capital costs and long term growth percentage. Here, a fall in the long-term growth percentage by 100 basis points and an increase in the weighted average capital costs before tax by 100 basis points were applied. A change in the estimates used, as included above, does not lead to a potential material impairment.

Although Lotus Bakeries believes that its assessments, assumptions and estimates are suitable, actual results may differ from these estimates in the event of changed assumptions and conditions.

Software relates mainly to the capitalised external and internal costs connected with the further rollout of the ERP information system SAP across the Lotus Bakeries Group.

The portfolio concerns Spanish out-of-home customers purchased in 2011.



IN THOUSANDS OF EUR	INDEFINITE LIFE BRANDS	DEFINITE LIFE BRANDS	SOFTWARE	CUSTOMER PORTFOLIO	TOTAL
<b>On 31 December 2020</b>					
<b>Acquisition cost</b>					
At the end of the preceding year	140,757	4,627	11,781	1,030	158,195
Acquisitions during the year	-	-	1,693	-	1,693
Translation differences	(3,517)	-	(17)	-	(3,534)
<b>Total acquisition cost</b>	<b>137,240</b>	<b>4,627</b>	<b>13,457</b>	<b>1,030</b>	<b>156,354</b>
<b>Depreciations and amounts written down</b>					
At the end of the preceding year	-	(4,627)	(10,018)	(841)	(15,486)
Depreciation during the year	-	-	(813)	(103)	(916)
Translation differences	-	-	14	-	(2)
<b>Total depreciation and amounts written down</b>	<b>-</b>	<b>(4,627)</b>	<b>(10,817)</b>	<b>(944)</b>	<b>(16,388)</b>
<b>NET BOOK VALUE</b>	<b>137,240</b>	<b>-</b>	<b>2,640</b>	<b>86</b>	<b>139,966</b>

IN THOUSANDS OF EUR	INDEFINITE LIFE BRANDS	DEFINITE LIFE BRANDS	SOFTWARE	CUSTOMER PORTFOLIO	TOTAL
<b>On 31 December 2019</b>					
<b>Acquisition cost</b>					
At the end of the preceding year	137,489	4,627	10,578	1,030	153,724
Acquisitions during the year	-	-	1,192	-	1,192
Translation differences	3,268	-	11	-	3,279
<b>Total acquisition cost</b>	<b>140,757</b>	<b>4,627</b>	<b>11,781</b>	<b>1,030</b>	<b>158,195</b>
<b>Depreciation and amounts written down</b>					
At the end of the preceding year	-	(4,627)	(9,463)	(747)	(14,837)
Depreciation during the year	-	-	(550)	(94)	(644)
Translation differences	-	-	(5)	-	(5)
<b>Total depreciation and amounts written down</b>	<b>-</b>	<b>(4,627)</b>	<b>(10,018)</b>	<b>(841)</b>	<b>(15,486)</b>
<b>NET BOOK VALUE</b>	<b>140,757</b>	<b>-</b>	<b>1,763</b>	<b>189</b>	<b>142,709</b>



## 8. Deferred taxes

Deferred tax assets are included for the companies which have a loss at the end of the year. The recognition of these deferred tax assets is supported by profit expectations in the foreseeable future.

IN THOUSANDS OF EUR	ON 31 DECEMBER 2019	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO EQUITY	CHARGED/ CREDITED ACQUISITION	EXCHANGE DIFFERENCES	ON 31 DECEMBER 2020
Property, plant and equipment and intangible assets	(56,651)	(2,379)	-	-	1,092	(57,938)
Inventories	373	(26)	-	-	3	350
Pension liabilities	767	126	(92)	-	(1)	800
Tax effect of tax loss carry-forwards	9,002	(8)	-	-	(200)	8,794
Provisions	(2,061)	52	-	-	(9)	(2,018)
Derivative financial instruments	582	(370)	36	-	-	248
Other	(244)	(3,752)	23	36	(143)	(4,080)
<b>Total deferred tax</b>	<b>(48,232)</b>	<b>(6,357)</b>	<b>(33)</b>	<b>36</b>	<b>742</b>	<b>(53,844)</b>

IN THOUSANDS OF EUR	ON 31 DECEMBER 2018	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO EQUITY	CHARGED/ CREDITED ACQUISITION	EXCHANGE DIFFERENCES	ON 31 DECEMBER 2019
Property, plant and equipment and intangible assets	(47,580)	(8,495)	-	(77)	(499)	(56,651)
Inventories	415	(50)	-	-	8	373
Pension liabilities	702	19	46	-	-	767
Tax effect of tax loss carry-forwards	2,239	6,820	-	-	(57)	9,002
Provisions	(2,006)	(55)	-	-	-	(2,061)
Derivative financial instruments	(98)	370	310	-	-	582
Other	(2,461)	1,673	-	470	74	(244)
<b>Total deferred tax</b>	<b>(48,789)</b>	<b>282</b>	<b>356</b>	<b>393</b>	<b>(474)</b>	<b>(48,232)</b>

## 9. Participations, investments in other companies and other long-term receivables

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Participating interests	4,403	2,243

In 2019, Lotus Bakeries set up corporate venture fund FF2032 NV, creating a platform for investment in promising brands and growth companies offering innovative products, technologies or market approaches within the food sector. In 2020, the fund invested in two businesses that are both in keeping with this investment focus.

In August 2020, FF2032 NV made an initial investment in Love Brands Inc., an American company which markets delicious crunchy corn snacks under the LOVE Corn name. In December 2021, a minority stake was closed in Partake Foods, operating in the American market with cookies free from the top eight allergens. Previously in 2019, FF2032 NV invested in Peter's Yard, a British company that markets sourdough crackers & crispbreads in the UK. All three businesses in which the fund has a stake are associated companies of Lotus Bakeries.

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Cash guarantees	442	513
Other long-term receivables	11	(6)
<b>Total</b>	<b>453</b>	<b>507</b>

## 10. Inventories

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Raw materials and consumables	13,418	11,419
Work in progress	2,340	3,038
Goods for resale and finished goods	31,069	30,004
<b>Total</b>	<b>46,827</b>	<b>44,461</b>

Valuation allowances of kEUR 2,548 relate mainly to raw materials (kEUR 177), packaging material (kEUR 757), finished products and goods for resale (kEUR 1,614). In 2019, valuation allowances amounted to kEUR 2,236.

## 11. Trade receivables and other amounts receivable

The amount of valuation allowances in 2020 is kEUR 162. In 2019, kEUR 140 of valuation allowances were charged. The trade receivables represent an average of 48 days of sales outstanding (2019: 47 days).

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
<b>Trade receivables</b>	<b>82,856</b>	<b>79,072</b>
<b>Tax receivables</b>		
VAT receivables	5,930	5,280
Income tax receivables	3,142	1,075
<b>Total</b>	<b>9,072</b>	<b>6,355</b>
<b>Other amounts receivable</b>	<b>256</b>	<b>172</b>

The other current amounts receivables item includes amongst others the proportion of long-term receivables that are due within one year and empties in custody.

### Movements on valuation allowances of trade receivables:

IN THOUSANDS OF EUR	2020	2019
<b>Amounts written off on 1 January</b>	<b>681</b>	<b>611</b>
Increase of amounts written off	162	140
Amounts written off used during the year	(146)	(70)
<b>Amounts written off on 31 December</b>	<b>697</b>	<b>681</b>

With regard to trade receivables there are no indications that debtors will not meet their payment obligations. Nor are there any customers representing more than 10% of the consolidated turnover. IFRS 9 requires Lotus Bakeries to establish a provision for expected losses on the recovery of trade receivables. The application of this IFRS standard has no material impact. More information regarding the credit risk is included in the chapter 'Report of the Board of Directors' in part 1 of the Lotus Bakeries 2020 annual report.

## 12. Cash and cash equivalents

Cash and cash equivalents are balances on bank accounts remunerated at market conditions. The market value of these cash and cash equivalents is therefore equal to the carrying value.

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Cash and cash equivalents	81,261	40,093
<b>Total</b>	<b>81,261</b>	<b>40,093</b>

## 13. Net financial debt

Net financial debt is defined as interest-bearing financial debt less monetary investments, cash and cash equivalents and treasury shares.

Net financial debt has dropped by kEUR 19,234 compared with the end of the previous financial year due to a very strong operational cash flow.

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Non-current interest-bearing liabilities	(193,500)	(152,003)
Short term interest-bearing liabilities	(9,692)	(33,647)
Cash and cash equivalents	81,261	40,093
Treasury shares	11,474	15,866
<b>Net financial debt excl. IFRS 16 leases standard</b>	<b>(110,457)</b>	<b>(129,691)</b>
IFRS 16 leases standard	(7,516)	(8,939)
<b>Total</b>	<b>(117,973)</b>	<b>(138,630)</b>



## 14. Issued capital

All shares are ordinary shares, registered or dematerialised. The treasury shares have been purchased as part of the share option plans mentioned in note 24.

### Ordinary shares, issued and fully paid

	2020	2019
IN THOUSANDS OF EUR		
On 1 January	3,591	3,590
Increase	-	1
On 31 December	3,591	3,591
 Number of ordinary shares		
On 1 January	816,013	815,733
Increase	-	280
On 31 December	816,013	816,013
Less: treasury shares held at 31 December	(5,542)	(9,681)
Shares outstanding at 31 December	810,471	806,332
 Amounts of authorized capital, not issued		
IN THOUSANDS OF EUR	1,197	942

### Structure of shareholdings

Further details of the shareholding structure of Lotus Bakeries NV as of 31 December 2020 are contained in the Corporate Governance Statement in part 1 of the 2020 annual report of Lotus Bakeries.

### Capital risk management

The goal of Lotus Bakeries as far as capital management is concerned is to ensure that Lotus Bakeries can continue to operate as a going concern in order to generate a return for shareholders and provide benefits for other stakeholders. Furthermore, Lotus Bakeries aims for a capital structure (balance between debt and equity) that gives it the required financial flexibility to implement its growth strategy. The aim is to maintain the ratio of net financial debt (defined as interest-bearing financial debt less monetary investments, cash equivalents and treasury shares) to recurring operating cash flow (REBITDA) at what is considered as a normal healthy level in the financial market.

## 15. Dividends

IN THOUSANDS OF EUR	2020	2019
<b>Dividend payments in</b>		
Gross dividend per ordinary share (EUR)	32.00	29.00
Number of ordinary shares	816,013	816,013
Gross dividend on ordinary shares	26,112	23,664
<b>Proposed dividend per ordinary share (EUR)</b>	<b>35.50</b>	<b>32.00</b>
Gross dividend on ordinary shares	28,968	26,112

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 18 May 2021 to pay a gross dividend of EUR 35.50 per share for 2020 compared to EUR 32.00 per share in 2019.

This amount is not recognised as a debt on 31 December.

## 16. Treasury shares

Treasury shares purchased as part of the stock option plans as declared in note 24 are subtracted from equity.

IN THOUSANDS OF EUR	2020	2019
On 1 January	15,866	11,406
Purchased during the year	-	5,625
Sold during the year	(4,392)	(1,165)
On 31 December	11,474	15,866
 Number of treasury shares		
On 1 January	9,681	9,740
Purchased during the year	-	2,250
Sold during the year	(4,139)	(2,309)
On 31 December	5,542	9,681



Document to which our report dated 15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

## 17. Interest-bearing liabilities

Non-current financial debts, excluding lease liabilities, with an initial maturity of more than 1 year increased by kEUR 41,497. The current interest-bearing liabilities decreased by kEUR 23,955. The currency of all non-current interest-bearing liabilities is euro. Current interest-bearing liabilities are mainly expressed in euro. The interest due on interest-bearing liabilities at the end of 2020 amounts to kEUR 8,827. The majority of this (kEUR 6,411) relates to a period of more than one year, but less than five years. The interest due within one year or after five years amounts to kEUR 1,840 and kEUR 576 respectively.

All interest-bearing liabilities were contracted at market conditions and therefore the carrying amount approximates the fair value.

IN THOUSANDS OF EUR	DUE WITHIN 1 YEAR	DUE BETWEEN 1 TO 5 YEARS	DUE AFTER 5 YEARS	TOTAL
Non-current interest-bearing liabilities	-	127,500	66,000	193,500
Current interest-bearing liabilities	9,692	-	-	9,692
<b>Total interest-bearing liabilities 2020</b>	<b>9,692</b>	<b>127,500</b>	<b>66,000</b>	<b>203,192</b>
IFRS 16 leases standard	2,860	4,656	-	7,516
 <b>Total on 31 December 2019</b>	<b>12,552</b>	<b>132,156</b>	<b>66,000</b>	<b>210,708</b>

IN THOUSANDS OF EUR	DUE WITHIN 1 YEAR	DUE BETWEEN 1 TO 5 YEARS	DUE AFTER 5 YEARS	TOTAL
Non-current interest-bearing liabilities	-	122,003	30,000	152,003
Current interest-bearing liabilities	33,647	-	-	33,647
<b>Total interest-bearing liabilities 2019</b>	<b>33,647</b>	<b>122,003</b>	<b>30,000</b>	<b>185,650</b>
IFRS 16 leases standard	2,932	6,007	-	8,939
 <b>Total on 31 December 2019</b>	<b>36,579</b>	<b>128,010</b>	<b>30,000</b>	<b>194,589</b>
Interests due on non-current interest-bearing liabilities	1,823	4,746	529	7,098

The interests due on the loans with variable interest rate are calculated at the actual interest rate.

The unused committed credit lines amounted to kEUR 160,570 on 31 December 2020.

## 18. Pension liabilities

On 31 December 2020, the net debts of defined benefit pension plans amount to kEUR 4,056 as opposed to kEUR 4,036 at the end of 2019. This debt consists mainly of provisions for early retirement pensions ('bridging pensions') in Belgium, and for defined benefit pension plans in the Netherlands, France and Germany.

IN THOUSANDS OF EUR	2020	2019
<b>Net periodic cost</b>		
Service cost	270	102
Interest charges	15	46
(Gains) / losses	(82)	81
<b>NET PERIODIC COST</b>	<b>203</b>	<b>229</b>
<b>Remeasurements (recognised in OCI)</b>		
Remeasurements on the defined benefit obligation	47	170
<b>REMEASUREMENTS</b>	<b>47</b>	<b>170</b>
<b>Movement in the net liability</b>		
Net debts as at 1 January	4,036	3,754
Service cost	270	102
Interest charges	15	46
Remeasurements	47	170
Employers contribution	(84)	(117)
(Gains) / losses	(82)	81
Other	(137)	-
<b>NET DEBT AS AT 31 DECEMBER</b>	<b>4,065</b>	<b>4,036</b>

Defined benefit costs are split into 2 categories:

- Current service cost, past-service cost, gains and losses on curtailments and settlements;
- Net interest expense or income.

The total service cost, the net interest expense, the remeasurement of other long term personnel charges, administrative expenses and taxes for the year are included in the personnel charges in the consolidated income statement. The remeasurement

on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income.

For the defined benefit pension plan, provisions are formed by calculating the actuarial value of future payments to the employees in question. No investments are held in respect of these pension plans.

The actuarial calculation for the Belgian companies is based on the following assumptions:

	2020	2019
Discount rate	0.02%	0.27%
Inflation rate	1.80% p.a.	1.80% p.a.

No major adaptations were required in the past for pension liabilities.

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Changes in bond yields: a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Salary risk: the majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, a higher than expected salary increase of plan members will lead to higher liabilities.
- Longevity risk: pension plans provide for benefits for the life of the plan members, so increases in life expectancy will result in an increase in the plan's liabilities.

The actuary has performed a sensitivity analysis on actuarial assumptions used. In this respect, both the discount rate and the inflation rate were altered by 50 basis points. A change in the estimates used, as recorded above, does not lead to a possible material impact on Lotus Bakeries' financial statements.



Document to which our report dated  
15/04/2021 also refers.  
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PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

### Defined contribution plan

As part of a defined contribution plan, the Group pays contributions to well-defined insurance institutions. Management of the pension plan is outsourced to an insurance company. These employer contributions are subtracted from the results for the year concerned. The Group has no further payment obligations in addition to these contributions.

Because of the Belgian legislation applicable to 2<sup>nd</sup> pillar pension plans (so-called 'Law Vandenbroucke'), all Belgian defined contribution plans have to be considered under IFRS as defined benefit plans. This 'Law Vandenbroucke', which came into force in 2004, states that in the context of defined contribution plans, the employer must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions. As from 1 January 2016, these percentages will be replaced by a single percentage which changes in line with market rates, subject to a minimum of 1.75% and a maximum of 3.75%, reducing the risk for the employer.

Because of this minimum guaranteed return for defined contribution plans in Belgium, the employer is exposed to a financial risk (there is a legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods). These plans should therefore in principle be classified and accounted for as defined benefit plans under IAS 19.

In the past the company did not apply the defined benefit accounting for these plans because the return on plan assets provided by insurance companies was sufficient to cover the minimum guaranteed return. As a result of continuous low interest rates offered by the European financial markets, the employers in Belgium effectively assumed a higher financial risk related to the pension plans with a minimum fixed guaranteed return than in the past, requiring them to measure the potential impact of defined benefit accounting for these plans. We made an estimate of the potential additional liabilities as at 31 December 2020 and these are assessed as not significant.

The Group expects to pay around kEUR 3,802 of contributions to these defined contribution plans in 2021.

## 19. Provisions

The provisions mainly relate to contractual or legal obligations towards personnel.

IN THOUSANDS OF EUR TOTAL

<b>Provisions on 1 January 2020</b>	<b>306</b>
Reversal of unutilized provisions	(3)
Provisions used during the year	-
<b>Provisions on 31 December 2020</b>	<b>303</b>

Long term 282  
Short term 21

IN THOUSANDS OF EUR TOTAL

<b>Provisions on 1 January 2019</b>	<b>398</b>
Reversal of unutilized provisions	(2)
Provisions used during the year	(90)
<b>Provisions on 31 December 2019</b>	<b>306</b>

Long term 285  
Short term 21

Current provisions are expected to be settled within 12 months.

## 20. Financial derivatives

The Lotus Bakeries Group uses financial derivatives to cover risks from adverse exchange rate and interest rate fluctuations. No derivatives are used for trading purposes. Financial derivatives are initially valued at cost price and thereafter at fair value. The financial instruments are level 2 instruments. The fair value is calculated on the basis of the available market information. With respect to put options on non-controlling interests, please refer to note 21.

### Interest rate hedges

The interest rate contracts cover the interest rate risk of the financial liabilities with variable interest rates based on the Euribor. The fair value of the interest rate derivatives is calculated using a model that takes into account the available market information on current and expected interest rates (level 2 valuation).

In 2019, a new long-term finance agreement was signed, under which some of the past long-term loans were repaid early in 2019 and 2020. Together with the repayment, new long-term finance was also arranged, at a fixed rate. The market value of the interest rate swaps was partly recognised in 2019 (kEUR -1,478), repayment of these interest rate swaps took place in 2020, the difference between both is recognised in 2020.

Lotus Bakeries also has a loan agreement from 2015 for which an interest rate agreement was entered into at the same time (variable for fixed) to hedge against fluctuations in cash flow caused by changes in interest rates. As of 31 December 2020, the market value of the existing interest rate swaps was kEUR -717, and is included in equity as a change in market value under other comprehensive income (loss on cash flow hedge, kEUR 144).

### Exchange rate hedges

The Group is subject to foreign currency risks. The main foreign currency transactions take place in USD, GBP, ZAR, CHF, SEK, CNY and KRW. The net foreign exchange risk of these currencies are hedged by forward contracts whenever there exists a material uncovered net risk for the Group. At the end of 2020, Lotus Bakeries did not own a material foreign currency derivative.

## 21. Other non-current liabilities

At the end of 2019, other non-current financial liabilities stood at EUR 24.5 million. These mainly arise from the impact of the financial liabilities relating to put options granted to third parties with respect to the entire non-controlling interest in Natural Balance Foods Ltd., where these put options give holders the right to sell part or the whole of their investment in this subsidiary. In May 2020, these put options were almost fully exercised by the founders. At the end of December 2020, Lotus Bakeries held 97.9% of the shares, with the remaining 2.1% still held by the founders. Other non-current liabilities stood at EUR 1.7 million at the end of December 2020 and mostly relate to the put options for the 2.1% of shares not yet held by Lotus Bakeries.

These put options are unconditional and the exercise price depends on the future results (turnover and operating result) of Natural Balance Foods Ltd. In accordance with IAS 32, where non-controlling interests hold put options giving them the right to sell their investment, a financial liability is recorded for the present value of the exercise price expected to be paid. These put options are level 3 instruments.

The counterpart of this liability is a cancellation of the underlying non-controlling interest. The difference between the value of the non-controlling interest and the fair value of the liability is added to the consolidated reserves, which are included in shareholders' equity. This item is adjusted at the end of each reporting period to take into account changes in the exercise price expected to be paid for the option and non-controlling interests. If the option expires without being exercised, the liability is cancelled with the non-controlling interests and consolidated reserves.

## 22. Trade payables and other liabilities

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Trade payables	87,370	88,716
Remuneration and social security	26,508	24,146
<b>Tax payables</b>		
VAT payables	145	254
Tax payables	12,701	11,650
<b>Total</b>	<b>12,846</b>	<b>11,884</b>
Other current liabilities	4,624	5,240
Accrued charges and deferred income	4,404	3,657
<b>TOTAL</b>	<b>135,752</b>	<b>133,643</b>

The increase in 2020 is mainly due to the increase in staff liabilities due to a higher number of employees, including at the factories in Mebane, Lembek and South Africa.



## 23. Personnel costs

IN THOUSANDS OF EUR	2020	2019
Salaries and wages	92,461	83,848
Social security contributions	17,103	15,358
Contributions for company pension plans with fixed contribution	3,965	3,491
Other personnel costs	23,587	20,796
<b>Total personnel costs</b>	<b>137,116</b>	<b>123,493</b>
Average number of members of personnel	2,214	1,821
Number of members of personnel as at the end of the year	2,155	2,056

The other personnel costs include among other things the costs of temporary staff, training costs and compensation for directors.

Personnel costs increased in 2020 compared with 2019 due to the increase in the number of staff.

## 24. Share-based payments

The stock option plan ratified by the Board of Directors of March 2012 stipulates that options are granted each financial year to executives and senior management, based on category, results and evaluation.

One option gives the holder the right to purchase one normal Lotus Bakeries share at the fixed exercise price. The exercise price is equal to the average closing stock market price of the underlying share during the thirty calendar days prior to offering date. The standing options have a term of five years. After the exercise period, the options are no longer valid. The exercise period of the options granted in 2007 has been extended by five years under the terms of the Economic Recovery Act ('Herstelwet'). To retain their exercise rights, option holders must remain attached to Lotus Bakeries or an Affiliated Company as an employee or executive director. These rights remain in their entirety in the event of pension retirement, early pension retirement, invalidity or death. Options are exercised via equity.

In 2020, 962 share options were granted to and accepted by Lotus Bakeries employees. In 2019, 1,199 share options were granted to and accepted by Lotus Bakeries employees.

The share options and warrants outstanding at the end of 2020 have a weighted average term of two years and seven months (2019: two years and one month).

The fair value of the options is estimated at the time of allotment, using the binomial valuation method. This valuation model is based on the following market data and assumptions: the share price at the time of allotment, the exercise price, the exercise arrangements, the estimated volatility, the dividend expectations and the risk-free interest rate. The fair value of the share options and warrants is charged to the vesting period.

For all allotted and accepted options, a charge of kEUR 521 was recorded in the income statement in 2020 (kEUR 568 in 2019). For share options exercised during 2020, the weighted average share price at exercise date was EUR 2,851.54 (2019: EUR 2,460.50).

The final warrants owned by senior management and executives of Lotus Bakeries were exercised during the first half of 2019 and the weighted average share price at exercise date was 2,390 euros.

Number of options and warrants	2020	2019
<b>Outstanding at 1 January</b>	<b>8,568</b>	<b>9,998</b>
Options granted during the year	962	1,199
Options exercised during the year	(4,140)	(2,249)
Options expired during the year	(123)	(100)
Warrants exercised during the year	-	(280)
<b>Outstanding at 31 December</b>	<b>5,267</b>	<b>8,568</b>
Exercisable at 31 December	341	2,182
Charge recorded in the income statement (kEUR)	<b>521</b>	<b>568</b>

The weighted average exercise price of options and warrants is as follows:

IN EUR	2020	2019
<b>Outstanding at 1 January</b>	<b>1,891.03</b>	<b>1,591.17</b>
Options granted during the year	2,828.95	2,351.58
Options exercised during the year	1,464.49	1,029.04
Options expired during the year	1,991.64	1,425.23
Warrants exercised during the year	-	246.02
<b>Outstanding at 31 December</b>	<b>2,395.26</b>	<b>1,891.03</b>
Exercisable at 31 December	1,702.49	1,246.75

The weighted fair value of the options and assumptions used in applying the option pricing model are as follows:

	2020	2019
Number of years	2	2
Number of months	7	1



ALLOTTED IN		NUMBER ALLOTTED <sup>(1)</sup>	NUMBER EXERCISED <sup>(2)</sup>	AVAILABLE BALANCE	EXERCISE PRICE	EXERCISE PERIOD
2015	Options	3,302	3,302	-	1,243.57	01/01/2019 - 07/05/2020
2016	Options	2,334	1,993	341	1,702.49	01/01/2020 - 12/05/2021
2017	Options	1,626	-	1,626	2,331.77	01/01/2021 - 11/05/2022
2018	Options	1,139	-	1,139	2,373.0	01/01/2022 - 14/05/2023
2019	Options	1,199	-	1,199	2,351.58	01/01/2023 - 09/05/2024
<b>2020</b>	Options	962	-	962	2,828.95	01/01/2024 - 07/05/2025
<b>Total</b>		<b>10,562</b>	<b>5,295</b>	<b>5,267</b>		

(1) Cumulated number allocated minus cumulative number lapsed.

(2) Cumulative number exercised.

The weighted fair value of the options and assumptions used in applying the option pricing model are as follows:

	2020	2019
Fair value of options granted	471.65	331.55
Share price	2,890.00	2,330.00
Exercise price	2,828.95	2,351.58
Expected volatility	25.07%	23.14%
Expected dividends	0.95%	0.92%
Risk-free interest rate	(0.36%)	(0.29%)

The volatility measured at the standard deviation is based on daily share prices of Lotus Bakeries over the last three years.

## 25. Depreciation and amortisation of (in)tangible assets

IN THOUSANDS OF EUR	2020	2019
Depreciation of intangible assets	916	644
Depreciation of property, plant & equipment	20,085	17,110
<b>Total</b>	<b>21,001</b>	<b>17,754</b>

The increase in depreciation is largely attributable to the US Biscoff® factory, which has been operational since August 2019. The application of the new IFRS 16 standard has an impact of kEUR 3,284 on depreciation on property, plant and equipment in 2020, against an impact of kEUR 2,948 in 2019. See notes 5, 7 and 27 concerning tangible assets, intangible assets and non-recurrent operating result.

## 26. Other operating income and charges

IN THOUSANDS OF EUR	2020	2019
<b>Other costs</b>		
Other taxes	3,054	2,982
Other operating charges	2,865	272
<b>Total</b>	<b>5,919</b>	<b>3,254</b>
<b>Other revenues</b>		
Transport charges	26	(9)
Fixed assets - own construction	(856)	(850)
Other operating income	(6,921)	(2,696)
<b>Total</b>	<b>(7,751)</b>	<b>(3,555)</b>
<b>Other operating charges (income)</b>	<b>(1,832)</b>	<b>(301)</b>

The other charges are mainly local indirect taxes (property taxes, municipal taxes, packaging tax, etc.), losses on sales of fixed assets and compensation amounts.

The other income consists primarily of external sales of raw materials, various costs recovered at the time of sale, contributions to the cost of training, and damage compensation payments.

## 27. Non-recurrent operating result

Grouped under non-recurrent operating result are those operating income items and charges that do not belong to or derive from the recurrent operating activities of the Group. This category includes primarily results from the disposal of fixed assets, any goodwill impairment losses, write-downs or impairment losses on brands from takeovers, project costs for the start-up of new factories under construction, provisions, costs and income for restructuring, pandemics and takeovers.

The non-recurrent operating result at the end of 2020 amounts to kEUR -4,593. This is primarily made up of COVID-19-related costs in order to guarantee continuity and safety in the factories. In addition, further expenses were incurred in the first half of the year in the United States to support the Biscoff® factory and for the installation of the BEAR packaging line.

In 2019, the non-recurrent operating result amounted to kEUR -2,292. This is made up of the project and start-up costs for the factory in the United States and the result of the acquisition of the factory in South Africa.



**28. Financial results**

IN THOUSANDS OF EUR	2020	2019
<b>Interest expense (income)</b>	<b>2,726</b>	<b>4,460</b>
Interest charges	2,933	3,306
Fair value valuation of the financial instruments	-	1,478
Interest income	(207)	(324)
<b>Foreign exchange losses (gains)</b>	<b>(51)</b>	<b>(2,232)</b>
Exchange rate losses	5,480	2,497
Exchange rate gains	(5,531)	(4,729)
<b>Other financial expenses (income)</b>	<b>329</b>	<b>286</b>
<b>Financial results</b>	<b>3,004</b>	<b>2,514</b>

On an annual basis, the Group reports a financial charge of kEUR 3,004 versus kEUR 2,514 in 2019. The net financial result for 2020 consists mostly of interest expenses. This decrease is partly explained by the refinancing of long-term debts at the end of 2019. In addition the negative market value of interest rate swaps was included in the result for 2019. These interest rate swaps were repaid in 2020. The change in the foreign exchange result is related to the realisation of the revaluation of balance sheet positions in pounds sterling, which delivered a profit in 2019.

**29. Taxes**

Income tax amounted to EUR 21 million and fell by 6% compared with 2019. The lowering of the tax rate from 29.58% to 25% in Belgium and the release from deferred tax on the foreign exchange result arising on the repayment of an intercompany debt had a positive impact on the tax expense. The tax expense also includes a negative impact on deferred taxes as a result of the rollback of the rate reduction proposed in the Netherlands in 2021. The average effective tax rate was 20.3% in 2020 compared with 22.8% in 2019.

IN THOUSANDS OF EUR	2020	2019
<b>Income taxes on the results</b>		
Income taxes on the results of the current year	20,143	24,481
Tax adjustments for prior years	(5,528)	(1,882)
Deferred taxes of the current year	6,357	(282)
<b>Total tax charge reported in the income statement</b>	<b>20,972</b>	<b>22,317</b>
<b>Accounting profit before tax</b>	<b>103,517</b>	<b>98,086</b>
Effective tax rate of the year	20.26%	22.75%
<b>Reconciliation between theoretical and effective tax rate</b>		
Results before taxation	103,517	98,086
Legal tax rate	25.00%	29.58%
Legal income tax expense	25,879	29,014
Effect of different tax rates in other countries	(901)	(2,786)
Deductions of taxable income (Deduction Notional Interest + various tax credits)	(1,493)	(1,259)
Tax adjustments for prior years	(1,437)	(1,175)
Taxes on dividend income	48	-
Disallowable expenses	2,350	784
Tax free income	(206)	(462)
Tax losses used for which no deferred tax asset has been recorded	(110)	(232)
Changes in tax rate or new taxes	1,818	(1,747)
Deferred taxes on the foreign exchange result through repayment intercompany debt	(4,951)	0
Other	(25)	180
<b>Effective tax</b>	<b>20,972</b>	<b>22,317</b>
Effective tax rate	20.26%	22.75%



Document to which our report dated 15/04/2021 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

**Financial supplement****30. Earnings per share**

Earnings per share is calculated by dividing the Group's share in net profit by the weighted average number of outstanding shares over the year (total number of shares - treasury shares).

Diluted earnings per share is calculated by dividing the Group's share in net profit by the weighted average number of outstanding shares over the year, adjusted for the potential dilution of ordinary shares as a result of options and warrants granted under the stock option plan for management (see note 24).

IN THOUSANDS OF EUR	2020	2019
<b>Net result - attributable to:</b>	<b>82,545</b>	<b>75,769</b>
Non-controlling interests	(48)	857
Equity holders of Lotus Bakeries	82,593	74,912
Weighted average number of shares	809,664	807,476
<b>Ordinary earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(0.06)	1.06
Equity holders of Lotus Bakeries	102.01	92.77
<b>Dilutive effect</b>	<b>1,520</b>	<b>2,372</b>
Weighted average number of shares under option	5,655	8,712
Weighted average number of shares which should be issued at average market rate	(4,135)	(6,340)
Weighted average number of shares after effect of dilution	811,184	809,848
<b>Diluted earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(0.06)	1.06
Equity holders of Lotus Bakeries	101.82	92.50
Total number of shares	816,013	816,013
<b>Earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(0.06)	1.05
Equity holders of Lotus Bakeries	101.22	91.80
Total number of shares less treasury shares	810,471	806,332
<b>Earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(0.06)	1.06
Equity holders of Lotus Bakeries	101.91	92.90

**31. Related parties**

A list of all Group companies is provided in note 1. Further details of the shareholding structure of Lotus Bakeries NV as of 31 December 2020 are contained in the Corporate Governance Statement in part 1 of the 2020 annual report of Lotus Bakeries.

For information on the remuneration of the CEO and the remuneration of the executive managers in 2020, we refer to the remuneration report included in part 1 of the 2020 annual report.

Apart from remuneration and transactions between companies included in the scope of consolidation, no significant transactions took place with related parties.

## 32. Rights and commitments not reflected in the balance sheet

### 1. Commitments to acquire tangible fixed assets

As per 31 December 2020, the Group had kEUR 4,070 of commitments (2019: kEUR 6,642) for the purchase of fixed assets.

### 2. Contracts for raw materials and finished products

Purchased but not yet delivered raw materials and finished products in 2021 and 2022 amount to kEUR 108,780, as detailed below.

IN THOUSANDS OF EUR	2020	2019
Less than one year	87,705	72,728
More than one year and less than five years	21,075	18,840

### 3. Other rights and commitments

Bank guarantees as per 31 December 2020: kEUR 1,530 (as per 31/12/2019: kEUR 1,041).

Lotus Bakeries commits itself not to dispose of, mortgage or pledge any fixed assets without prior consultation with the credit-granting institutions. These assets serve as guarantee for the loans ('full negative pledge').

## 33. Financial risk management

The Lotus Bakeries Group's greatest market risks are fluctuations in raw material and packaging prices, exchange rates and interest rates.

For a description of these risks, please refer to the financial information contained in the report of the Board of Directors in part 1 of the 2020 annual report of Lotus Bakeries.

## 34. Categories and fair value of financial instruments

### Financial Assets by Class and Measurement Category

Financial assets (trade receivables, cash and cash equivalents) are measured at amortised cost. Financial liabilities (interest-bearing liabilities, trade payables) are recognised at amortised cost. The amortised cost approximates the fair value as closely as possible. The put options included in the other non-current liabilities are valued based on the market approach (multiple). Derivative financial instruments are measured at fair value.

### Financial Liabilities by Class and Measurement Category

		31 DECEMBER 2020					
		IN THOUSANDS OF EUR	NOTE	LOANS AND RECEIVABLES	DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	AVAILABLE FOR SALE THROUGH EQUITY
Trade receivables			11	82,856	-	-	-
Cash and cash equivalents			12,13	81,261	-	-	-
<b>Total financial assets</b>				<b>164,117</b>	-	-	<b>164,117</b>

### Financial Liabilities by Class and Measurement Category

		31 DECEMBER 2019					
		IN THOUSANDS OF EUR	NOTE	LOANS AND RECEIVABLES	DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	AVAILABLE FOR SALE THROUGH EQUITY
Trade receivables			11	79,072	-	-	-
Cash and cash equivalents			12,13	40,093	-	-	-
<b>Total financial assets</b>				<b>119,165</b>	-	-	<b>119,165</b>



Financial Liabilities by Class and Measurement Category		31 DECEMBER 2020				
IN THOUSANDS OF EUR	NOTE	FINANCIAL LIABILITIES AT FAIR VALUE				
		FINANCIAL LIABILITIES AT AMORTISED COST	DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	FAIR VALUE HIERARCHY	TOTAL
Interest-bearing liabilities	13, 17	193,500	-	-	-	193,500
Derivative financial instruments	20	-	-	(717)	Level 2	(717)
Other non-current liabilities	21	5	-	1,738	Level 3	1,743
Interest-bearing liabilities IFRS 16 leases standard	13, 17	4,656	-	-	-	4,656
<b>Non-current liabilities</b>		<b>198,161</b>	-	<b>1,021</b>	-	<b>199,182</b>
Interest-bearing liabilities	13, 17	9,692	-	-	-	9,692
Trade payables	22	87,370	-	-	-	87,370
Interest-bearing liabilities IFRS 16 leases standard	13, 17	2,860	-	-	-	2,860
<b>Current liabilities</b>		<b>99,922</b>	-	-	-	<b>99,922</b>
<b>Total financial liabilities</b>		<b>298,083</b>	-	<b>1,021</b>	-	<b>299,104</b>

Financial Liabilities by Class and Measurement Category		31 DECEMBER 2019				
IN THOUSANDS OF EUR	NOTE	FINANCIAL LIABILITIES AT FAIR VALUE				
		FINANCIAL LIABILITIES AT AMORTISED COST	DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	FAIR VALUE HIERARCHY	TOTAL
Interest-bearing liabilities	13, 17	152,003	-	-	-	152,003
Derivative financial instruments	20	-	1,478	862	Level 2	2,340
Other non-current liabilities	21	-	-	24,495	Level 3	24,495
<b>Non-current liabilities</b>		<b>152,003</b>	<b>1,478</b>	<b>25,357</b>	-	<b>178,838</b>
Interest-bearing liabilities	13, 17	33,647	-	-	-	33,647
Trade payables	22	88,716	-	-	-	88,716
<b>Current liabilities</b>		<b>122,363</b>	-	-	-	<b>122,363</b>
Interest-bearing liabilities IFRS 16 leases standard	13, 17	8,939	-	-	-	8,939
<b>Total financial liabilities</b>		<b>283,305</b>	<b>1,478</b>	<b>pwc</b>	-	<b>310,140</b>

Document to which our report dated  
15/04/2021 also refers.  
Initials for identification purposes  
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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 requires, for financial instruments that are measured in the balance sheet at fair value, the disclosure of fair value measurements by level of fair value measurement hierarchy. For financial instruments not measured at fair value, the disclosure of their fair value and the fair value measurement level is necessary.

The fair value measurements have to be categorised by the following level of fair value measurement hierarchy:

**Level 1:** The fair value of a financial instrument that is traded in an active market is measured based on quoted (unadjusted) prices for identical assets or liabilities. A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency. Those prices represent actual and regularly occurring market transactions on an arm's length basis.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs used in applying the valuation technique is not based on observable market data, the financial instrument is included in Level 3.

No transfers between the different fair value hierarchy levels took place in 2020 and 2019.

### 35. Research and development

External and internal costs of research and development are expensed to the income statement during the year in which they are incurred. For 2020 these costs amounted to kEUR 1,627.

YEAR	EXTERNAL AND INTERNAL COSTS OF RESEARCH AND DEVELOPMENT IN THOUSANDS OF EUR
2020	1,627
2019	1,539
2018	1,623
2017	1,568
2016	1,320

### 36. Subsequent events

No significant facts have occurred after 31 December 2020 with a material impact on the 2020 financial statements.

### 37. Management responsibility statement

We hereby certify that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS (International Financial Reporting Standards), give us a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the subsidiaries included in the consolidation as a whole, and that the annual report includes a fair review of the important events that have occurred during the year 2020 and of the major transactions with the related parties, and their impact on the consolidated financial statements, together with a description of the principal risks and uncertainties with which the company is confronted.

Lembeke, 15 April 2021  
On behalf of the Board of Directors

Jan Boone, CEO

### 38. Information about the Statutory Auditor, its remuneration and additional services rendered

The company's Statutory Auditor is PwC Bedrijfsrevisoren BV, represented by Lien Winne.

IN THOUSANDS OF EUR	
<b>Audit fee for the Group audit 2020</b>	
Lotus Bakeries NV	86
Lotus Bakeries Group	373
<b>Total</b>	<b>458</b>
Fees for the mandates of PwC Bedrijfsrevisoren	
Fees for the mandates of persons related to PwC bedrijfsrevisoren	127
<b>Group's Auditor fees for additional services rendered</b>	
Other audit-related fees	8
Tax fees	-
Other non-audit fees	-
<b>Fees for additional services rendered by persons related to PwC Bedrijfsrevisoren</b>	
Other audit-related fees	15
Tax fees	97
Other non-audit fees	-



Document to which our report dated 15/04/2021 also refers.  
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# AUDITOR'S REPORT

## STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Lotus Bakeries NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 10 May 2019, following the proposal formulated by the board of directors and following the recommendation by the audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2021. We have performed the statutory audit of the Company's consolidated accounts for 14 consecutive years.

### Report on the consolidated accounts

#### Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated balance sheet total of EUR'000 844,227 and a profit for the year, attributable to equity holders of Lotus Bakeries, of EUR'000 82,593

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

#### Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Impairment testing of goodwill and other intangible assets - Notes 6 and 7

#### Description of the Key Audit Matter

The carrying value of the Group's goodwill and other intangible assets with an indefinite life amounts to EUR'000 216,485 and EUR'000 137,239 respectively at 31 December 2020.

These assets are subject to impairment testing on an annual basis or more frequently if there are indicators of impairment.

We consider this as most significant to our audit because the determination of whether or not an impairment charge is necessary involves significant judgement in estimating the future results of the business.

#### How our Audit addressed the Key Audit Matter

We evaluated the appropriateness of the Group's accounting policies and assessed compliance with the policies in accordance with IFRS.

We evaluated management's annual impairment testing and assessment of the indicators of impairment and challenged impairment calculations by assessing the future cash flow forecasts used in the models, and the process by which they were drawn up, including comparing them to the latest budgets approved by the board of directors.

We understood and challenged:

- Assumptions used in the Group's budget and internal forecasts and the long-term growth rates by comparing them to economic and industry forecasts;
- The discount rate by assessing the cost of capital and other inputs including benchmarking with comparable organizations;
- The historical accuracy of budgets to actual results to determine whether cash flow forecasts are reliable based on past experience;
- The mechanics of the underlying calculations.

In performing the above work, we utilized our internal valuation experts to provide challenge and external market data to assess the reasonableness of the assumptions used by management.

We evaluated the sensitivity analysis around the key drivers within the cash flow forecasts to ascertain the extent of change in those assumptions and also considered the likelihood of such a movement in those key assumptions arising.

Whilst recognizing that cash flow forecasting, impairment modelling and valuations are all inherently judgmental, we concluded that the assumptions used by management were within an acceptable range of reasonable estimates.

#### Revenue recognition relating to commercial arrangements – Note 2

#### Description of the key audit matter

As described in Note 2 on the applied accounting policies, the Group enters into commercial agreements with its customers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are contractually agreed. The Group measures revenue, cost of sales and cost of services & other goods taken into consideration the estimated amount based on those contractual agreements and the specific classification criteria in accordance with IFRS.

Due to the nature of some arrangements there is a risk that these arrangements are not appropriately accounted for and as a result revenue would be misstated.

We consider this as most significant to our audit because the assessment of customer allowances requires significant judgement from management concerning:

- The nature and level of fulfilment of the company's obligations under the contractual agreements;
- Estimates with respect to sales volumes to support the required provision to fulfil the current obligation towards the customers.

#### How our audit addressed the key audit matter

We evaluated the appropriateness of the Group's revenue recognition accounting policies, in particular those relating to volume rebates and promotional & marketing allowances and assessed compliance with the policies in accordance with IFRS.

We tested the effectiveness of the Group's controls over accounting for commercial arrangements and the accuracy of the contractual agreements registered in the accounting system.

In addition, we challenged management's assumptions used in determining the commercial accruals through discussions with management and performing specific substantive procedures including:

- A sample basis on which we agreed the recorded amounts to contractual evidence;
- Inspecting supporting documentation for a sample of manual journals posted to revenue accounts;
- Testing credit notes issued after period end to assess the completeness of the commercial accruals recorded;
- A run down on prior years' commercial accruals to evaluate the reliability of management's estimates.

Our procedures confirmed that management's assumptions and estimates in respect of accounting for commercial arrangements are appropriate in all material aspects.

#### Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going

concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.



## Other legal and regulatory requirements

### Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts and the separate report on non-financial information and the other information included in the annual report on the consolidated accounts.

### Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts and to report on these matters.

### Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts are materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report in chapter 5 'Corporate social responsibility' on the consolidated accounts. The Company has prepared the non-financial information, based on the Sustainable Development Goals (SDG) framework. However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the Sustainable Development Goals (SDG) framework as disclosed in the directors' report on the consolidated accounts.

### Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

### Other statements

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

15 April 2021

The statutory auditor

PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV  
Represented by

Lien Winne

Réviseur d'Entreprises / Bedrijfsrevisor



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## ABRIDGED FIVE-YEAR FINANCIAL SUMMARY

### GROUP LOTUS BAKERIES

#### Consolidated balance sheet

IN THOUSANDS OF EUR	31-12-2020	31-12-2019	31-12-2018	31-12-2017	31-12-2016
<b>NON CURRENT ASSETS</b>	<b>622,840</b>	<b>641,122</b>	<b>545,647</b>	<b>447,693</b>	<b>437,310</b>
Property, plant and equipment	258,182	263,793	219,897	174,426	161,590
Goodwill	216,485	229,365	177,639	141,001	144,368
Intangible assets	139,966	142,709	138,887	123,924	126,006
Participating interests	-	-	2,448	-	-
Investment in other companies	4,403	2,243	12	12	37
Deferred tax assets	3,351	2,505	3,936	4,310	4,854
Other non-current assets	453	507	2,828	4,020	455
<b>CURRENT ASSETS</b>	<b>221,387</b>	<b>171,507</b>	<b>165,925</b>	<b>149,801</b>	<b>110,692</b>
Inventories	46,827	44,461	39,066	33,653	32,175
Trade receivables	82,856	79,072	71,097	60,104	50,922
Cash and cash equivalents	81,261	40,093	45,597	48,129	19,932
<b>TOTAL ASSETS</b>	<b>844,227</b>	<b>812,629</b>	<b>711,572</b>	<b>597,494</b>	<b>548,002</b>
 <b>EQUITY</b>	 <b>433,744</b>	 <b>402,477</b>	 <b>346,927</b>	 <b>293,213</b>	 <b>248,464</b>
<b>Non-current liabilities</b>	<b>261,841</b>	<b>239,584</b>	<b>198,042</b>	<b>193,923</b>	<b>197,245</b>
Interest-bearing liabilities	198,156	158,010	116,500	117,500	118,500
Deferred tax liabilities	57,195	50,737	52,725	49,206	50,666
Other non-current liabilities	1,743	24,500	22,602	20,987	19,560
<b>Current liabilities</b>	<b>148,642</b>	<b>170,568</b>	<b>166,603</b>	<b>110,358</b>	<b>102,293</b>
Interest-bearing liabilities	12,552	36,579	36,655	1,750	7,533
Trade payables	87,370	88,716	86,794	68,542	54,742
Employee benefit expenses and social security	26,508	24,146	21,330	18,383	18,418
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>844,227</b>	<b>812,629</b>	<b>711,572</b>	<b>597,494</b>	<b>548,002</b>



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#### Consolidated income statement

IN THOUSANDS OF EUR	2020	2019	2018	2017	2016
<b>TURNOVER</b>	<b>663,289</b>	<b>612,737</b>	<b>556,435</b>	<b>524,055</b>	<b>507,208</b>
<b>RECURRENT OPERATING RESULT (REBIT)</b>	<b>111,114</b>	<b>102,891</b>	<b>95,030</b>	<b>89,349</b>	<b>83,945</b>
Non-recurrent operating result	(4,593)	(2,292)	(3,005)	(91)	4,507
<b>OPERATING RESULT (EBIT)</b>	<b>106,521</b>	<b>100,599</b>	<b>92,025</b>	<b>89,258</b>	<b>88,452</b>
Financial result	(3,004)	(2,514)	(3,324)	(2,228)	(2,675)
<b>PROFIT FOR THE YEAR BEFORE TAXES</b>	<b>103,517</b>	<b>98,086</b>	<b>88,701</b>	<b>87,030</b>	<b>85,777</b>
Taxes	(20,972)	(22,317)	(20,829)	(22,397)	(23,322)
<b>RESULT AFTER TAXES</b>	<b>82,545</b>	<b>75,769</b>	<b>67,872</b>	<b>64,633</b>	<b>62,455</b>
<b>NET RESULT - attributable to:</b>	<b>82,545</b>	<b>75,769</b>	<b>67,872</b>	<b>64,633</b>	<b>62,455</b>
Non-controlling interests	(48)	857	964	1,094	1,210
Equity holders of Lotus Bakeries	82,593	74,912	66,908	63,539	61,245

# ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

## Balance sheet after appropriation of profit

ASSETS IN THOUSANDS OF EUR	31-12-2020	31-12-2019
<b>Fixed Assets</b>	<b>626,973</b>	<b>432,258</b>
<b>II. Intangible assets</b>	<b>2,994</b>	<b>4,490</b>
<b>IV. Financial assets</b>	<b>623,980</b>	<b>427,768</b>
A. Affiliated enterprises	623,980	427,768
1. Participating interests	623,980	427,768
<b>Current Assets</b>	<b>31,460</b>	<b>30,758</b>
<b>VII. Amounts receivable within one year</b>	<b>17,383</b>	<b>14,512</b>
A. Trade debtors	16,160	13,665
B. Other amounts receivable	1,223	847
<b>VIII. Current investments</b>	<b>11,474</b>	<b>15,866</b>
A. Own shares	11,474	15,866
<b>IX. Cash at bank and in hand</b>	<b>2,583</b>	<b>360</b>
<b>X. Deferred charges and accrued income</b>	<b>20</b>	<b>20</b>
<b>TOTAL ASSETS</b>	<b>658,433</b>	<b>463,016</b>

LIABILITIES IN THOUSANDS OF EUR	31-12-2020	31-12-2019
<b>Equity</b>	<b>152,284</b>	<b>64,473</b>
<b>I. Capital</b>	<b>3,591</b>	<b>3,591</b>
A. Issued capital	3,591	3,591
<b>II. Share premium account</b>	<b>12,797</b>	<b>12,797</b>
<b>IV. Reserves</b>	<b>135,896</b>	<b>48,085</b>
A. Legal reserve	359	359
B. Reserves not available for distribution	11,546	15,938
1. Own shares	11,474	15,866
2. Other	72	72
C. Untaxed reserves	545	545
D. Reserves available for distribution	123,446	31,243
<b>Amounts payable</b>	<b>506,149</b>	<b>398,543</b>
<b>VIII. Amounts payable after one year</b>	<b>208,168</b>	<b>107,712</b>
A. Financial debts	198,455	98,140
5. Other loans	198,455	98,140
D. Other debts	9,713	9,572
<b>IX. Amounts payable within one year</b>	<b>297,981</b>	<b>290,823</b>
B. Financial debts	259,813	258,039
2. Other loans	259,813	258,039
C. Trade debts	5,895	5,888
1. Suppliers	5,895	5,888
E. Taxes, remuneration and social security	3,037	517
1. Taxes	3,037	517
F. Other amounts payable	29,236	26,379
<b>X. Accrued charges and deferred income</b>	<b>-</b>	<b>8</b>
<b>TOTAL LIABILITIES</b>	<b>658,433</b>	<b>463,016</b>



## Non-consolidated income statement

IN THOUSANDS OF EUR	2020	2019
<b>I. Operating income</b>	<b>16,160</b>	<b>13,595</b>
D. Other operating income	16,160	13,595
<b>II. Operating charges</b>	<b>(5,813)</b>	<b>(5,036)</b>
B. Services and other goods	4,243	3,500
D. Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	1,497	1,497
G. Other operating charges	45	39
H. Non-recurring operating charges	30	-
<b>III. Operating profit</b>	<b>10,347</b>	<b>8,559</b>
<b>IV. Financial income</b>	<b>126,376</b>	<b>31,371</b>
A. Income from financial fixed assets	122,621	30,004
C. Other financial income	3,755	1,367
<b>V. Financial charges</b>	<b>(17,328)</b>	<b>(3,576)</b>
A. Debt charges	2,927	3,568
C. Other financial charges	794	8
D. Non-recurrent financial charges	13,607	-
<b>IX. Profit for the year before taxes</b>	<b>119,395</b>	<b>36,354</b>
<b>X. Income taxes</b>	<b>(2,365)</b>	<b>(1,474)</b>
A. Income taxes	2,365	1,474
<b>XI. Profit for the year</b>	<b>117,030</b>	<b>34,880</b>
<b>XIII. Profit for the year available for appropriation</b>	<b>117,030</b>	<b>34,880</b>

## Appropriation of the result

IN THOUSANDS OF EUR	2020	2019
A. Profit to be appropriated	117,030	34,880
1. Profit for the year available for appropriation	117,030	34,880
C. Transfer to capital and reserves	(87,812)	(8,518)
3. To other reserves	87,812	8,518
F. Distribution of profit	(29,218)	(26,362)
1. Dividends	28,968	26,112
2. Directors' entitlements	250	250

## Extract from the notes

VIII. Statement of capital	2020	2019	2020
	IN THOUSANDS OF EUR	IN THOUSANDS OF EUR	NUMBER OF SHARES
<b>A. Capital</b>			
1. Issued capital			
At the end of the preceding year	3,591	3,590	
At the end of the year	3,591	3,591	
2. Structure of the capital			
2.1. Different categories of shares			
Ordinary shares	3,591	3,591	816,013
2.2. Registered shares and dematerialised shares			
Registered			494,111
Dematerialised			321,902
<b>C. Treasury shares held by:</b>			
The company itself	11,474	15,866	5,542
<b>E. Amounts of authorised capital, not issued</b>	<b>1,197</b>	<b>942</b>	

## ACCOUNTING PRINCIPLES

### 1. Assets

#### 1.1. Formation expenses

Formation expenses are recorded at cost and depreciated at 100%.

#### 1.2. Intangible fixed assets

Intangible fixed assets are recorded at purchase or transfer price.

The amortisation percentages applied are:

- brand: 10%
- software: 33%

#### 1.3. Financial fixed assets

Financial fixed assets are valued at acquisition price or contribution value without supplementary costs.

Reductions in value are applied where the estimated value of the financial fixed assets is less than the accounting value and where the loss of value so determined is of a lasting nature in the opinion of the Board of Directors.

The estimated value of the financial fixed assets is determined at the end of the accounting period based on the most recent available balance sheet and on one or more criteria.

Reductions in value are reversed, up to the amount of the previously recorded reductions in value, where the valuation at the closing date of the accounting period concerned significantly exceeds the previous valuation.

### 2. Liabilities

#### 1.4. Receivables

The necessary reductions in value are applied to receivables, the collection of which is in doubt.

Receivables are recorded at their nominal value, less any credit notes remaining to be drawn up.

Receivables in foreign currencies are converted at the exchange rate applying on the balance sheet date.

Negative exchange rate differences in non-euro currencies are included in the income statement as in the past.

#### 1.5. Investments and cash at bank and in hand

Treasury shares are valued at purchase price.

Cash at bank and in hand in foreign currency is converted at the exchange rate applying on the balance sheet date.

Both the negative and the positive conversion differences are included in the profit and loss account.

### 3. Additional information

The company is part of a VAT unit which was formed within the Group and to which the following companies belong:

- Lotus Bakeries NV
- Lotus Bakeries België NV
- Cremers-Ribert NV
- Interwaffles SA
- Lotus Bakeries Corporate NV
- Biscuiterie Willems BV

Consequently, the company is jointly and severally liable for the tax debts of all the above companies.



## NOTES



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## NOTES



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**REGISTERED OFFICE**

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Lotus Bakeries  
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**T + 32 9 376 26 11**  
[www.lotusbakeries.com](http://www.lotusbakeries.com)

Register of legal persons  
of Ghent,  
Enterprise number  
0401.030.860

**CONTACT**

For further information  
about the data of the  
annual report or more  
information about the  
Lotus Bakeries Group,  
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Corporate Secretary  
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Concept and realisation



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