

# LOTUS BAKERIES HALF-YEAR REPORT 2022



# TABLE OF CONTENTS

## 01

### CONSOLIDATED KEY FIGURES

4

## 02

### MANAGEMENT COMMENTS

5

2.1 COMMENTS ON THE CONSOLIDATED KEY FIGURES

5

2.2 LOTUS BAKERIES SECURES STABLE LONG-TERM FINANCING  
IN A TIMELY MANNER

6

2.3 LOTUS BAKERIES PLANS IN ASIA FOR A THIRD BISCOFF® PLANT

6

2.4 THE ADDITIONAL BISCOFF® CAPACITY IN BELGIUM AND THE US OPERATIONAL BY END OF 2022

7

2.5 FURTHER INVESTMENTS IN CAPACITY FOR LOTUS® BISCOFF® IN THE US IN 2023

7

2.6 LOTUS BAKERIES ACQUIRES KUNG OSCAR, A BRAND WITH A RICH PEPPARKAKOR TRADITION

7

2.7 PETER'S YARD IS THE NEWEST ADDITION TO THE LOTUS™ NATURAL FOODS FAMILY

7

2.8 CONCLUSION AND OUTLOOK

7

## 03

### CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9

3.1 CONSOLIDATED INCOME STATEMENT

9

3.2 CONSOLIDATED BALANCE SHEET

10

3.3 CONSOLIDATED CASH FLOW STATEMENT

11

3.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

12



# 04

<b>NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>14</b>
4.1 DECLARATION OF CONFORMITY	14
4.2 OPERATING SEGMENTS	14
4.3 TREASURY SHARES	16
4.4 DIVIDENDS	16
4.5 COMMITMENTS TO ACQUIRE TANGIBLE FIXED ASSETS	16

# 05

<b>RISKS AND UNCERTAINTIES</b>	<b>16</b>
--------------------------------	-----------

# 06

<b>TRANSACTIONS WITH RELATED PARTIES</b>	<b>16</b>
--	-----------

# 07

<b>AUDITOR'S REPORT</b>	<b>17</b>
-------------------------	-----------

# 08

<b>DECLARATION BY THE PERSONS RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT</b>	<b>18</b>
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# 1. CONSOLIDATED KEY FIGURES

INCOME STATEMENT <sup>(1)</sup> (IN THOUSANDS OF EUR)	30/06/2022	30/06/2021	CHANGE %
<b>REVENUE</b>	<b>416,771</b>	<b>365,248</b>	<b>14.1%</b>
Recurring operating result (REBIT) <sup>(2)</sup>	68,619	64,460	6.5%
<b>RECURRING OPERATING CASH FLOW (REBITDA)<sup>(3)</sup></b>	<b>82,510</b>	<b>77,344</b>	<b>6.7%</b>
Non-recurring operating result	(2,106)	(1,294)	
Operating result (EBIT) <sup>(4)</sup>	66,514	63,166	5.3%
Financial result	(406)	(1,506)	
Result for the period before taxes	66,107	61,660	7.2%
Income taxes	(15,009)	(13,890)	8.1%
Net result	51,098	47,770	7.0%
<b>RECURRING NET RESULT</b>	<b>52,726</b>	<b>48,774</b>	<b>8.1%</b>
Total number of shares as per 30 June <sup>(5)</sup>	810,763	811,837	
<b>KEY FIGURES PER SHARE (IN EUR)</b>			
Recurring operating result (REBIT)	84.64	79.40	6.6%
Recurring operating cash flow (REBITDA)	101.77	95.27	6.8%
<b>BALANCE SHEET (IN THOUSANDS OF EUR)</b>			
Total balance sheet	1,041,357	911,519	14.2%
Equity	535,432	471,226	13.6%
Investments <sup>(6)</sup>	58,930	17,630	234.3%
Net financial debt <sup>(7)</sup>	133,094	129,640	2.7%

1 For more details on the income statement and the balance sheet, we refer to part 3 and 4 of this interim financial report.

2 REBIT is defined as the recurring operating result, consisting of all the proceeds and costs relating to normal business.

3 Recurring operating cash flow is defined as recurring operating result + depreciations + provisions and amounts written off + non-cash costs valuation option and warrant plan.

4 EBIT is defined as recurring operating result + non-recurring operating result.

5 Total number of shares as per 30 June, excluding treasury shares.

6 Investments in tangible assets, intangible assets and participating interests.

7 Net financial debt is defined as interest-bearing financial debts - investments - cash and cash equivalents - treasury shares, and are reported excluding the "lease liability" that results from the implementation of IFRS 16 Leases. Including this "lease liability", the net financial debt amounts to EUR 150 million.

The statutory auditor, PwC bedrijfsrevisoren bv, represented by Lien Winne, has confirmed that the review has not to date revealed any material misstatement in the consolidated half year financial information, and that the accounting data reported in the interim financial report is consistent, in all material respects, with the consolidated half year financial information from which it has been derived.

## 2. MANAGEMENT COMMENTS

### 2.1 COMMENTS ON THE CONSOLIDATED KEY FIGURES

#### 2.1.1 Lotus Bakeries Group revenue up by more than EUR 51 million to EUR 416.8 million

In the first half of 2022, Lotus Bakeries built on last year's momentum with consolidated revenue growth of 14.1% or EUR 51.5 million to EUR 416.8 million. Despite the global challenges of high inflation and slowing economic growth, Lotus Bakeries has succeeded in growing volumes by 6.1%. Price increases, including positive exchange rate effects, represent 8% of total growth.

The two strategic pillars, Lotus® Biscoff® and Lotus™ Natural Foods, are again the drivers of this strong organic growth with sales increases of 17% and 30% respectively.

#### International growth of Lotus® Biscoff® continues

**Lotus® Biscoff®**, the Group's first and largest strategic pillar, grew by 17% in the first half. The planned price increases have been implemented globally and the international growth of Lotus® Biscoff® continues unabated. Consumers remain loyal to the unique Biscoff® taste. Double-digit growth has been achieved in many countries and on all continents. This is the case in North America, both in the United States and Canada. In Europe, there is double-digit growth in Germany, Spain, Italy, the Czech Republic and Switzerland. And also in several countries in the Middle East and Asia-Pacific including the Emirates, Saudi Arabia, South Korea, Malaysia, Singapore, Australia and New Zealand.

Good productivity and availability of personnel in the factories on the one hand, and a reliable and solid supply chain of raw materials on the other, have been crucial to realise this growth.

#### Lotus™ Natural Foods demonstrates very strong double-digit volume growth

In 2021, **Lotus™ Natural Foods**, the second strategic pillar of Lotus Bakeries, made a strong recovery from the COVID-19 pandemic with 25% growth in the second half of the year. In 2022 as well, the Lotus™ Natural Foods brands all continue to grow strongly, resulting in a 30% increase in revenue for the pillar. Showing resilience against the necessary price increases, the Natural Foods brands each demonstrate strong double-digit volume growth. Lotus™ Natural Foods builds further on its strategic growth poles with a focus on accelerated international growth on one hand and maintaining market leadership combined with strong innovation in the UK on the other.

International Lotus™ Natural Foods activities outside the UK grew by more than 50% in the first six months of this year and already represent almost 30% of total Lotus™ Natural Foods sales. The strong growth of BEAR in the United States, among others, continues. In the UK there has also been double-digit growth for Lotus™ Natural Foods in the first six months. Kiddylicious, for instance, has now become the clear market leader in the baby snacking category.

The third pillar of the Lotus Bakeries strategy is to focus on the “local heroes” in the home markets: Belgium, the Netherlands, France and Sweden. The necessary price increases were also implemented for all “local heroes”. Sales in Belgium, France and Sweden continued to evolve positively. In the Netherlands, revenue of the Peijnenburg and Snelle Jelle gingerbread brands developed less

favourably. The implemented price increases prevented both brands from growing. Peijnenburg experienced a drop in sales whereas Snelle Jelle remained stable.

#### 2.1.2 REBITDA increases almost 7% compared to a historically high first half of 2021

The recurring operating result REBIT (EUR 68.6 million or 16.5% of revenue) and the recurring operating cash flow REBITDA (EUR 82.5 million or 19.8% on revenue) increased respectively by EUR 4.2 and 5.2 million compared with last year.

The rise of the recurring operating result REBIT and recurring operating cash flow REBITDA of 6.5% and 6.7% respectively, in the context of accelerated cost inflation in the first half of the year, confirms the resilience of the Group and robustness of the business. A 14.1% increase in revenue is the result of solid volume increases of more than 6% on the one hand and price increases, including positive currency effects, of 8% on the other. The level of media support continues to be maintained in a disciplined and selective manner and is in line with the first half of 2021. The increase of REBIT and REBITDA is moreover achieved against a comparison of record profitability both in terms of percentage and in absolute value in the first half of 2021. REBIT and REBITDA margins of 16.5% and 19.8% respectively are also above those of the second half of 2021 and are in line with profitability for the full year 2021.

The non-recurring operating result of EUR -2.1 million relates mainly to organisational restructurings and costs to support capacity extensions for Lotus® Biscoff®.

The financial result of EUR -0.4 million consists mainly of interest expenses, which are significantly offset by positive realised and unrealised exchange rate results on balance sheet positions in foreign currencies.

The tax expense amounts to EUR 15.0 million or 22.7% of the profit before tax. The tax charge is therefore in line with the Group's provided effective tax rate.

Net profit increases by EUR 3.3 million compared to the first half of 2021 and amounts to EUR 51.1 million or 12.3% of revenue. Earnings Per Share (EPS) increased by 7% to EUR 63.01 per share. Recurring net result increases by over 8% to EUR 52.7 million or 12.7% of revenue. The recurring net result is the reported net result for the period excluding non-recurring income and expenses.

#### 2.1.3 Net financial debt remains stable despite record investment amount

The reported net financial debt of Lotus Bakeries amounts to EUR 150.4 million and includes EUR 17.3 million of debt to be expressed by applying IFRS 16 Leases.

Over the past 12 months Lotus Bakeries has generated a new record operating cash flow (REBITDA) of EUR 156.1 million. Net financial debt at the end of June 2022 amounts to EUR 133.1 million. This is in line with the debt position on 30 June 2021 despite a record investment amount in the past 12 months of more than EUR 100 million. The ratio of net financial debt/REBITDA is even slightly lower than a year ago, at less than 0.9.

## 2.2 LOTUS BAKERIES SECURES STABLE LONG-TERM FINANCING IN A TIMELY MANNER

In the first half of 2022, Lotus Bakeries anticipated the refinancing of bank loans due for repayment in the first half of 2023. Before the recent interest rate hikes, new bilateral financing agreements were concluded with the three house banks Belfius, BNP Paribas Fortis and KBC for a total amount of EUR 100 million. The bullet loans have fixed interest rates and a maturity of 7 years until 2030. The funds will be taken up in the next 12 months. Next to the refinancing of debt, the EUR 100 million also supports the ongoing capacity investment programme.

## 2.3 LOTUS BAKERIES PLANS IN ASIA FOR A THIRD BISCOFF® PLANT

As announced last week, 3 August, Lotus Bakeries has plans to start up a production facility for Biscoff® in Asia to further support its growth ambitions for Lotus® Biscoff®.

The Asia-Pacific region has become increasingly important for Lotus® Biscoff® over the past few years. For many years already, Lotus Bakeries has sales offices and its own teams in China and South Korea, while the Lotus Bakeries team in Hong Kong manages the other countries in the region in partnership with its distributors. Sales have increased significantly with a double digit CAGR in the past 5 years. On the other hand, awareness of Lotus® Biscoff® and its availability to the hundreds of millions of consumers in this region are still limited and evolving. The growth potential for Lotus® Biscoff® in these large, growing consumer markets thus remains immense.

The rationale for a third Biscoff® plant is straightforward. The new plant will provide the necessary additional capacity for the Group, bring fresher cookies to the consumer, will be able to respond faster and better to local opportunities, and will save transport costs and further reduce the ecological footprint of the company. Recent experience with the construction and start-up of the second Biscoff® plant in the US provides the Group with a project framework and strongly reduces the project risk.

In recent months, the project team has been working in an initial phase to select the country within this large region. At the end of this exercise, Thailand was selected as the new home country for this investment.

In a second phase, the site for the construction of the new factory was also chosen. Lotus Bakeries reached an agreement in principle with an internationally renowned developer for the purchase of a piece of industrial land in Chonburi province. This province is part of the so-called Eastern Economic Corridor that is being developed by the Thai government as a key economic zone for the region.

The actual project will start in the next few months after the formal closing of the purchase of the land. According to the current timescale, the first line will be operational in 2026.

CEO Jan Boone shares his enthusiasm and proudness on the new plans:

**“I’m very proud of the announcement last week of a new milestone in the company’s history. Less than three years after inaugurating our Biscoff® plant in the US, we announced plans to start production of Lotus® Biscoff® in Asia. This underlines once more our belief in the future of Lotus® Biscoff® and the immense growth potential in the Asia-Pacific region. Now that we have acquired the land, the real work starts, but I have full confidence in the project team and we have broad experience in-house to successfully execute this milestone project.”**

## 2.4 THE ADDITIONAL BISCOFF® CAPACITY IN BELGIUM AND THE US OPERATIONAL BY END OF 2022

Lotus® Biscoff®'s faster than anticipated growth in recent years, combined with the ambitions for the future necessitate a further urgent capacity expansion for Lotus® Biscoff®.

At this stage, the net impact of shortages of building materials, machine parts and technical components on the delivery of the planned investments is fairly limited. The following investments are still aimed to come onstream by the end of 2022 and within the predefined investment budgets:

In the Biscoff® plant in Belgium:

- A second dough preparation room will be operational by end of September of this year and is crucial to supporting the further growth of Lotus® Biscoff® Cookies and Lotus® Biscoff® Spread.
- A new Lotus® Biscoff® Sandwich Cookie production line will start up by the end of this year.

In the Biscoff® plant in the US:

- A second production hall with two new Lotus® Biscoff® production lines will be operational by the end of this year. With that, capacity will be doubled from two to four lines at the start of 2023.

## 2.5 FURTHER INVESTMENTS IN CAPACITY FOR LOTUS® BISCOFF® IN THE US IN 2023

Already this year but primarily in 2023, Lotus Bakeries will furthermore invest in more Lotus® Biscoff® capacity in the US. Next to the two lines that will come onstream by the end of 2022, two additional production lines, of which one is for the production of Lotus® Biscoff® Sandwich Cookies, have been ordered and will be installed in the same second production hall. The second hall will be fully utilized at that time.

In addition, plans are being worked out to erect a third production hall. The latter will again make room for a minimum of four additional production lines.

## 2.6 LOTUS BAKERIES ACQUIRES KUNG OSCAR, A BRAND WITH A RICH PEPPARKAKOR TRADITION

In recent years, Annas Pepparkakor has grown to be the undisputed market leader in the pepparkakor category in Sweden. To invigorate its market leadership and further develop the category, Lotus Bakeries took the opportunity in the first half of the year to acquire the brand "Kung Oscar" from the Orkla Group.

The production of the cookie is already integrated in the plant in Tyresö and the existing sales team guarantees the commercialization of the brand. The acquisition does not involve personnel. The yearly sales of Kung Oscar amount to approximately EUR 0.7 million. As part of Lotus Bakeries and the Annas Pepparkakor team in Sweden, the brand will be further developed as a cookie with a rich tradition that nicely complements Annas Pepparkakor in terms of recipe and positioning.

## 2.7 PETER'S YARD IS THE NEWEST ADDITION TO THE LOTUS™ NATURAL FOODS FAMILY

As announced on 27 June, Lotus Bakeries acquired 100% of the shares of Peter's Yard. In July 2019, Lotus Bakeries first acquired a 20% stake in Peter's Yard via its venture capital vehicle, Fast Forward 2032 ("FF2032"). Peter's Yard is a British artisanal sourdough company that produces healthy and delicious sourdough crackers and sourdough crisps made from only natural ingredients. As a brand, it has grown significantly over the last three years, doubling sales in the UK to around GBP 6 million in 2021. The price paid represents a multiple of c2x Net Sales.

Peter's Yard was founded in 2008 by Ian Tencor & Wendy Wilson-Bett. Inspired by the traditional sourdough techniques used in Sweden, Wendy and Ian decided to start building their own sourdough cracker brand in the UK. Today, Peter's Yard's products are all manufactured in a bakery in the UK, still following the original Swedish recipe and using a 45-year-old sourdough starter.

The business offers a broad range of healthy crackers, crispbreads and flatbreads that can be enjoyed as toast, an alternative to bread or simply as a healthy snack. The recent launch of sourdough bites into the crisps category has further extended the company's footprint to the broader snacking category.

Peter's Yard has become part of the Lotus™ Natural Foods business under the leadership of Isabelle Maes, CEO Natural Foods. The initial focus for Peter's Yard will be to further accelerate growth in the UK. The brand complements the existing Lotus™ Natural Foods portfolio that contains the strong brands of näkd, BEAR, TREK and Kiddylicious.

## 2.8 CONCLUSION AND OUTLOOK

The first half of 2022 was set to be challenging. There were unprecedented increases in costs and accompanying necessary price increases, large and urgent capacity investments that need to come onstream and increased risk of disruptions and delays in the supply chain. On top of that, the war in Ukraine led to increased uncertainties in energy and raw material markets and further rising input costs for raw materials, packaging materials, utilities, transport and labour as a consequence.

Notwithstanding the challenges, Lotus Bakeries showed strong resilience in the first half year of 2022. The capacity extensions previously announced are on schedule to be operational by the end of the year and the company realises double-digit organic growth. Lotus Bakeries' strong brands exhibited strength and resilience through the carrying out of the price increases. In this challenging environment, Lotus® Biscoff® and Lotus™ Natural Foods continue to attract more consumers resulting in strong volume growth for both pillars.

A strong belief in the future growth warrants the expansion and acceleration of the investment programme. The total of expansion and maintenance investments forecast for this year, including purchase of land in Asia announced on 3 August 2022 and prepayments for future expansion in the US, is estimated at EUR 140 million. For 2023, total investments are estimated to be higher than EUR 100 million, however below the 2022 level.

In the near and medium term future, the macro-economic and inflation outlook is unclear and volatile. Realising its growth potential and ambitions remains the strategic priority for Lotus Bakeries. To sustain the continued increase of household penetration, it is crucial that the brands and products remain affordable for consumers. Price increases towards customers are implemented in a fair and transparent way. However, Lotus Bakeries is also absorbing part of the current inflationary shock. Therefore the company will continue to support margins and profitability through savings, improved operational and logistical efficiencies, product mix and pricing. For the remainder of 2022, raw materials, packaging materials and energy are to a large extent contractually fixed. It is obvious that since the end of 2021 any renewal of purchase contracts is at higher price levels, increasing gradually cost levels for 2022 and beyond.

CEO Jan Boone at end of the first half year:

**“The strategic foundations of our company remain intact despite the global challenges in the short term, and allow us to realise the exceptional growth potential for both Lotus® Biscoff® and Lotus™ Natural Foods in the years to come. This first half year once again proves that to be true. We’ve grown by more than 50 million euros in just six months. And the level of operational cashflow that was generated, allowed us to invest more than 100 million euros in the last twelve months while maintaining a low level of net financial debt representing less than 0.9 times REBITDA.**

**It took a lot of effort and follow-up of everybody but it’s crucial that the urgently needed capacity extensions for Biscoff® in Belgium and the US will be operational by the end of 2022 in spite of global supply chain disruptions and cost inflation. This guarantees the continued growth in 2023.”**



CEO Jan Boone



## 3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3.1 CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	JAN-JUNE 2022	JAN-JUNE 2021
<b>REVENUE</b>	<b>416,771</b>	<b>365,248</b>
Raw materials, packaging and co-manufacturing	(141,955)	(116,825)
Services and other goods	(106,303)	(94,266)
Employee benefit expense	(85,321)	(75,507)
Depreciation and amortisation on intangible and tangible assets	(12,258)	(10,912)
Impairment on inventories and trade receivables	(1,430)	(1,771)
Other operating expenses	(3,616)	(3,533)
Other operating income	2,732	2,024
<b>RECURRING OPERATING RESULT (REBIT) <sup>(1)</sup></b>	<b>68,619</b>	<b>64,460</b>
Non-recurring operating result	(2,106)	(1,294)
<b>OPERATING RESULT (EBIT) <sup>(2)</sup></b>	<b>66,514</b>	<b>63,166</b>
Financial result	(406)	(1,506)
Interest income (expense)	(1,344)	(1,342)
Foreign exchange gains (losses)	1,301	94
Other financial income (expenses)	(363)	(258)
<b>RESULT FOR THE PERIOD BEFORE TAXES</b>	<b>66,107</b>	<b>61,660</b>
Income taxes	(15,009)	(13,890)
<b>NET RESULT</b>	<b>51,098</b>	<b>47,770</b>
<b>Net result - attributable to:</b>		
Non-controlling interests	21	5
Equity holders of Lotus Bakeries	51,078	47,765
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may be subsequently reclassified to profit and loss	6,314	15,760
Currency translation differences	5,976	15,626
Gain/(Loss) on cash flow hedges, net of tax	338	134
Items that will not be reclassified to profit and loss	(64)	-
Remeasurement gains/(losses) on defined benefit plans, net of tax	(64)	-
<b>Other comprehensive income</b>	<b>6,250</b>	<b>15,760</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>57,348</b>	<b>63,530</b>
Attributable to non-controlling interests	(5)	42
Attributable to equity holders of Lotus Bakeries	57,354	63,488
<b>EARNINGS PER SHARE</b>		
Weighted average number of shares	810,935	811,208
Basic earnings per share (EUR) - attributable to:		
Non-controlling interests	0.03	0.01
Equity holders of Lotus Bakeries	62.99	58.88
Weighted average number of shares after effect of dilution	812,436	813,078
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	0.03	0.01
Equity holders of Lotus Bakeries	62.87	58.75
Total number of shares <sup>(3)</sup>	816,013	816,013
Earnings per share (EUR) - attributable to:		
Non-controlling interests	0.03	0.01
Equity holders of Lotus Bakeries	62.59	58.53

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

2 EBIT is defined as recurring operating result + non-recurring operating result.

3 Total number of shares including treasury shares..

### 3.2 CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF EUR	30/06/2022	31/12/2021
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>	<b>749,933</b>	<b>690,120</b>
Goodwill	224,306	224,846
Intangible assets	143,634	144,745
Property, plant and equipment	365,142	307,725
Investments in other companies	13,833	9,755
Deferred tax assets	2,086	2,182
Other non-current assets	932	867
<b>CURRENT ASSETS</b>	<b>291,424</b>	<b>301,972</b>
Inventories	73,221	57,901
Trade receivables	103,518	94,549
Other receivables	11,460	10,615
Current tax assets	8,243	5,276
Other financial assets	101	-
Cash and cash equivalents	91,050	132,160
Other current assets	3,831	1,471
<b>TOTAL ASSETS</b>	<b>1,041,357</b>	<b>992,092</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>535,432</b>	<b>519,532</b>
Share Capital	16,388	16,388
Retained earnings	559,310	539,590
Treasury shares	(19,355)	(9,514)
Other reserves	(20,910)	(26,932)
Non-controlling interests	-	-
<b>NON-CURRENT LIABILITIES</b>	<b>286,812</b>	<b>289,450</b>
Interest-bearing liabilities	215,563	218,837
Deferred tax liabilities	65,290	64,243
Net employee defined benefit liabilities	4,007	4,020
Provisions	106	116
Derivative financial instruments	23	371
Other non-current liabilities	1,824	1,863
<b>CURRENT LIABILITIES</b>	<b>219,113</b>	<b>183,110</b>
Interest-bearing liabilities	45,225	17,439
Net employee defined benefit liabilities	333	333
Provisions	21	21
Trade payables	128,843	125,315
Employee benefit expenses and social security	28,438	26,515
VAT payables	1,066	402
Current tax liabilities	5,944	5,850
Other payables	2,610	2,144
Other current liabilities	6,633	5,091
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,041,357</b>	<b>992,092</b>

### 3.3 CONSOLIDATED CASH FLOW STATEMENT

IN THOUSANDS OF EUR	JAN-JUNE 2022	JAN-JUNE 2021
<b>OPERATING ACTIVITIES</b>		
Net result	51,098	47,770
Depreciation and amortisation on (in)tangible assets	12,258	10,912
Impairment on inventories and trade receivables	1,430	1,771
Financial result	406	1,506
Income taxes	15,009	13,890
Employee share-based compensation expense	222	208
Other	-	15
<b>GROSS CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>80,423</b>	<b>76,072</b>
Decrease/(Increase) in inventories	(15,992)	(11,226)
Decrease/(Increase) in trade receivables	(8,958)	(21,760)
Decrease/(Increase) in other assets	(3,164)	(2,279)
Increase/(Decrease) in trade payables	3,231	1,282
Increase/(Decrease) in other liabilities	4,013	379
<b>CHANGE IN OPERATING WORKING CAPITAL</b>	<b>(20,870)</b>	<b>(33,604)</b>
Income taxes paid	(17,169)	(17,827)
Interests paid	(1,392)	(1,445)
Other financial income and expenses received/(paid)	162	615
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>41,154</b>	<b>23,811</b>
<b>INVESTING ACTIVITIES</b>		
(In)tangible assets - Acquisitions	(54,837)	(12,978)
(In)tangible assets - Disposals	15	-
Acquisition of subsidiaries	-	(274)
Financial assets - Investments	(4,078)	(2,700)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(58,900)</b>	<b>(15,952)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(32,679)	(27,557)
(Acquisition)/Disposal of treasury shares	(9,263)	2,969
Proceeds / (Reimbursement) of long-term borrowings	(7,000)	23,000
Proceeds / (Reimbursement) of short-term borrowings	27,000	4,480
Reimbursement of lease liabilities	(2,259)	(1,687)
Proceeds / (Reimbursement) of long-term receivables	(80)	(42)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(24,282)</b>	<b>1,163</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(42,028)</b>	<b>9,022</b>
Cash and cash equivalents on 1 January	132,160	81,261
Effect of exchange rate fluctuations	918	954
<b>CASH AND CASH EQUIVALENTS ON 30 JUNE</b>	<b>91,050</b>	<b>91,237</b>

### 3.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN THOUSANDS OF EUR	ISSUED CAPITAL	SHARE PREMIUM	SHARE CAPITAL	RETAINED EARNINGS
<b>EQUITY AS ON 1 JANUARY 2022</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>539,590</b>
Net result of the period	-	-	-	51,078
Currency translation differences	-	-	-	-
Remeasurement gains/(losses) on defined benefit plans	-	-	-	-
Gain/(Loss) on cash flow hedges	-	-	-	-
Income taxes related to other comprehensive income	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,078</b>
Dividend to shareholders	-	-	-	(32,428)
Acquisition/sale treasury shares	-	-	-	578
Employee share-based compensation expense	-	-	-	222
Impact written put options on Non-controlling interests	-	-	-	(43)
Other	-	-	-	313
<b>EQUITY AS ON 30 JUNE 2022</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>559,310</b>
<b>EQUITY AS ON 1 JANUARY 2021</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>476,724</b>
Net result of the period	-	-	-	47,765
Currency translation differences	-	-	-	-
Gain/(Loss) on cash flow hedges	-	-	-	-
Income taxes related to other comprehensive income	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,765</b>
Dividend to shareholders	-	-	-	(28,968)
Acquisition/sale treasury shares	-	-	-	-
Employee share-based compensation expense	-	-	-	208
Non-controlling interests resulting from business combinations	-	-	-	(207)
Impact written put options on Non-controlling interests	-	-	-	42
Other	-	-	-	1,134
<b>EQUITY AS ON 30 JUNE 2021</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>496,698</b>

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
(9,514)	(26,040)	(613)	(279)	(26,932)	519,532	-	519,532
-	-	-	-	-	51,078	21	51,098
-	6,002	-	-	6,002	6,002	(26)	5,976
-	-	(49)	-	(49)	(49)	-	(49)
-	-	-	450	450	450	-	450
-	-	(15)	(112)	(127)	(127)	-	(127)
-	6,002	(64)	338	6,276	6,276	(26)	6,250
-	6,002	(64)	338	6,276	57,354	(5)	57,348
-	-	-	-	-	(32,428)	(293)	(32,721)
(9,841)	-	-	-	-	(9,263)	-	(9,263)
-	-	-	-	-	222	-	222
-	(255)	-	-	(255)	(298)	298	-
-	-	-	-	-	313	-	313
(19,355)	(20,293)	(677)	59	(20,911)	535,432	-	535,431
(11,474)	(47,143)	(280)	(538)	(47,961)	433,677	67	433,744
-	-	-	-	-	47,765	5	47,770
-	15,590	-	-	15,590	15,590	37	15,627
-	-	-	179	179	179	-	179
-	-	-	(45)	(45)	(45)	-	(45)
-	15,590	-	134	15,724	15,724	37	15,761
-	15,590	-	134	15,724	63,489	42	63,531
-	-	-	-	-	(28,968)	-	(28,968)
1,851	-	-	-	-	1,851	-	1,851
-	-	-	-	-	208	-	208
-	-	-	-	-	(207)	(67)	(274)
-	-	-	-	-	42	(42)	-
-	-	-	-	-	1,134	-	1,134
(9,623)	(31,553)	(280)	(404)	(32,237)	471,226	-	471,226

## 4. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4.1 DECLARATION OF CONFORMITY

These condensed consolidated financial statements for the half-year ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union. These half-year financial statements also meet the requirements imposed by the Royal Decree of 14 November 2007.

The activity of the Group is only in limited cases subject to seasonality throughout the year. Therefore, the additional disclosure of financial information for the 12-month period ended on the interim reporting date, encouraged in IAS 34.21, is not provided.

The accounting principles applied in this report are the same as those used in the previous financial year. The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2022 but have no impact on the results, reporting or financial statements of Lotus Bakeries:

- Amendments to IFRS 3 – Business Combinations: Reference to the Conceptual Framework
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements 2018-2020
- Amendment to IFRS 16 – Leases: Covid 19-Related Rent Concessions beyond 30 June 2021

A number of new standards, amendments to existing standards and annual improvement cycles have been published and are mandatory for the first time for reporting periods beginning on or after 1 January 2023 and have not been early adopted. The most relevant ones are set out below.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective 1 January 2023, but not yet endorsed in EU): The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting policies (effective 1 January 2023).
- Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023, but not yet endorsed in EU). The amendment to IAS 8 clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.
- Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023, but not yet endorsed in EU). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12. Accordingly, the initial recognition exemption does

not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The above-mentioned amendments are not expected to have a significant impact on the consolidated financial statements.

### 4.2 OPERATING SEGMENTS

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 and the US.

Sales between the various segments are carried out at arm's length.

**PERIOD ENDED 30 JUNE 2022**

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + GROUP	TOTAL
<b>REVENUE</b>							
Revenue to external customers	88,797	48,140	38,965	95,868	145,001	-	416,771
Intersegment sales	89,490	6,457	528	12,512	13,676	(122,663)	-
<b>Total revenue</b>	<b>178,287</b>	<b>54,597</b>	<b>39,493</b>	<b>108,380</b>	<b>158,677</b>	<b>(122,663)</b>	<b>416,771</b>
<b>RESULTS</b>							
Segment result REBIT	19,690	3,502	4,370	17,879	19,920	3,259	68,619
Non-recurring operating result	(5)	-	(365)	306	(1,879)	(163)	(2,106)
Segment result EBIT							66,514
Financial result							(406)
Result for the period before taxes							66,107
Income taxes							(15,009)
<b>Net result</b>							<b>51,098</b>
<b>OTHER SEGMENT INFORMATION</b>							
Capital expenditure:							
Tangible assets	21,735	187	341	1,883	28,090	1,605	53,841
Intangible assets	-	-	-	-	530	467	997
Depreciations and amortisations on (in)tangible assets	5,469	595	1,478	624	2,708	1,384	12,258

**PERIOD ENDED 30 JUNE 2022**

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + GROUP	TOTAL
<b>REVENUE</b>							
Revenue to external customers	82,710	46,500	40,932	87,236	107,869	-	365,248
Intersegment sales	82,068	6,256	2,371	7,369	528	(98,592)	-
<b>Total revenue</b>	<b>164,777</b>	<b>52,757</b>	<b>43,303</b>	<b>94,605</b>	<b>108,398</b>	<b>(98,592)</b>	<b>365,248</b>
<b>RESULTS</b>							
Segment result REBIT	21,787	2,740	5,326	16,069	15,992	2,546	64,460
Non-recurring operating result	(435)	(12)	(115)	(298)	(364)	(70)	(1,294)
Segment result EBIT							63,166
Financial result							(1,506)
Result for the period before taxes							61,660
Income taxes							(13,890)
<b>Net result</b>							<b>47,770</b>
<b>OTHER SEGMENT INFORMATION</b>							
Capital expenditure:							
Tangible assets	5,423	136	544	1,617	4,829	750	13,299
Intangible assets	-	-	-	-	11	1,243	1,254
Depreciations and amortisations on (in)tangible assets	5,042	603	1,428	324	2,450	1,065	10,912

#### 4.3 TREASURY SHARES

On 30 June 2022, Lotus Bakeries owned 5,250 out of the 816,013 total issued shares. These treasury shares, which have been purchased for the purpose of the option plans programme for senior staff members and Group management, have been deducted from equity.

On 31 December 2021, Lotus Bakeries owned 4,110 out of the 816,013 total issued shares.

#### 4.4 DIVIDENDS

On 13 May 2022, EUR 32,640,520 of gross dividends in respect of the financial year 2021 became payable.

On 18 May 2021, EUR 28,968,462 of gross dividends in respect of the financial year 2020 became payable.

#### 4.5 COMMITMENTS TO ACQUIRE TANGIBLE FIXED ASSETS

On 30 June 2022, the Group has outstanding commitments for the acquisition of property, plant and equipment of EUR 63.7 million (EUR 35.7 million as of 31 December 2021).

### 5. RISKS AND UNCERTAINTIES

There are no material changes related to the risks and uncertainties for the Group as explained in the 'Report of the Board of Directors' of the 2021 annual report.

The information on risks and uncertainties has been disclosed in the 2021 annual report (Chapter 4 – Report of the Board of Directors).

Lotus Bakeries has limited exposure to Russia and Ukraine with sales representing less than 0,1% of total sales. The company has no legal entity nor personnel in these countries.

### 6. TRANSACTIONS WITH RELATED PARTIES

The related party transactions with shareholders and parties related to the shareholders have not substantially changed in nature and impact compared to the year ended 31 December 2021 and hence no updated information is included in these interim financial statements.

The remuneration of the members of the Board of Directors and key management is determined on an annual basis, for which reason no further details are included in these financial statements.



## 7. AUDITOR'S REPORT

### STATUTORY AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

#### INTRODUCTION

We have reviewed the accompanying consolidated balance sheet of Lotus Bakeries NV and its subsidiaries as of 30 June 2022 and the related consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the 6-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review.

#### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Ghent, 11 August 2022

PwC Bedrijfsrevisoren BV  
represented by

Lien Winne  
Registered auditor

## **8. DECLARATION BY THE PERSONS RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT**

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the six-months period ended 30 June 2022, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, give us a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the scope of consolidation, and that the Half-Year Financial Report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties.

In the name of and for the account of the Board of Directors,

Jan Boone

CEO

Lembeke, 11 August 2022

## CONTACT

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

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